


LEADERSHIP
IN GLOBAL TALENT DEVELOPMENT

NIIT


Growth strategies in volatile times

Financial Results
Quarter ended September 30, 2009
October 26, 2009

Environment : Q2 FY10



- Characterized by "Green Shoots" optimism in conversations but 'Limited Realization' on ground:
 - Hiring in IT and BFSI sector continued to be low
 - State Government decisions delayed
 - Consumer sentiment improves but delays in decision were still seen
 - Cost conservation by corporates continued
- A stable Government, 6.5% projected GDP growth in India and education and skills policy announcements were punctuated by H1N1, draught, floods and state elections
- However, there is general consensus that 'the worst is over':
 - Robust Labor market forecast in India. Net Employment Outlook is a bright 34%, up 11% QoQ. (Manpower-India)
 - IT spending world-over to increase 3.3% to \$3.3 Trillion in 2010 (Gartner)
 - IT/ITES Sector majors and Banks and Insurance Companies announcing definitive hiring plans
- Outlook going into Second Half:
 - India: Individual / Corporate: Improving sentiments and growth in business. Schools: a function of Government decisions on outstanding tenders
 - International: USA / Europe : Though Leading Economic Indicators seem to have turned corner, Coincident / Lagging Indicators still weak (Morgan Stanley). Bersin Corporate Learning Factbook 2009 predicts the near term outlook for training functions to be "weak" . Forex volatility expected to continue



Encouraging Outlook in most markets

Q2'10 – Financial Highlights



- Consolidated System wide revenues Rs. 5,556 mn , up 19% YoY
- Net Revenues up 16% at Rs. 3,598 mn
- EBITDA Rs. 496 million; up 22% YOY, EBITDA margin improved by 67 bps YoY and 283 bps sequentially.
- Net Profit Rs. 262 million, down 12% YoY, up 165% QoQ.
- Aggressive actions in India and emerging economies, while US / Europe faced challenges, helped in overall revenue growth of 16% YOY
- Market share gains in focused segments, high execution efficiency and sustained cost management actions led to 22% YoY EBITDA growth
- Successful implementation of 3,500 schools YTD, the highest ever, demonstrated capability in execution excellence in large projects leading to 175% growth in SLS



Improved profitability (EBITDA) in challenging times

Q2'10 – Business Highlights



- ILS net revenues at Rs. 1,311 million; Up 7% YoY.
- ILS EBITDA margin at 27%, improvement of 149 bps YoY, EBITDA at Rs 354 mn reflects a growth of +13% YOY
- CLS revenues at Rs 1,345 million; EBITDA margin improvement of 492 bps YOY, Order Intake of \$ 31M
- SLS revenues up 175% YoY to reach Rs. 878 million with ; Order intake of Rs. 95 million, EBITDA growth +76% YoY



Strong revenues in SLS and ILS. All round EBITDA improvements

Q2'10 – Business Highlights

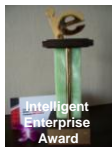


- Individual Learning Solutions (ILS -IT): Enrolments grew 8% with 15% growth in Edgeineers range of programs and 43% in Infrastructure Management Services courses. Placements continued to be strong, taking the CYD growth to 45%.
- Schools Learning Solutions (SLS): Timely execution of large Govt. contracts for a record 3,500 schools in H1'10 contributes to significant revenue growth. Success in eGuru Interactive Class Room solutions results in addition of 82 private schools in Q2'10. Teacher training business takes off with an order to train 25,500 teachers.
- Corporate Learning Solutions (CLS): Performance similar to Q1. 16% growth in Learning Products, a total order intake of \$31mn, stronger India business and continuing benefit of cost actions help weather a challenged global market place, profitably.



Gained market-share in identified segments

Q2'10 – Awards & Recognitions



- ✓ Dataquest 'Top IT Training Company Award, 2009' for the 17th Consecutive year
- ✓ Gold Excellence for eLearning Award by the Chief Learning Officers' Magazine, USA (2nd year in a row)
- ✓ TechAmerica's "Outstanding contribution to Leadership in Technology Education" Award
- ✓ 5 Awards by China Education Ministry for NIIT including "Best IT Training Institution in China" and Top 10 Brand in Education, Student Job Placement and Franchising
- ✓ "ICT Gold Medal" for the 4th successive year in Vietnam
- ✓ Three Awards at India's largest ICT event, "the eINDIA 2009" event – includes Best ICT enabled School
- ✓ Polycom Intelligent Enterprise Award at the Technology Senate 2009 for the Synchronous Learning Technology ("Early mover & Pioneer in the Education Segment")



Recognitions across continents

Q2'10 Consolidated Financials



(Rs. in mn)	Q2'10	Q2'09	YoY (%)
System wide Revenues	5,556	4,680	19%
Net Revenues	3,598	3,095	16%
Operating expenses	3,102	2,689	15%
EBITDA	496	406	22%
EBITDA%	14%	13%	67 bps
Depreciation	198	146	36%
Other Income	-78	21	-99 mn
Profit before Tax	219	281	-22%
Tax	39	73	-47%
Operational Net Profit	181	208	-13%
Share of Profits from Associates	81	89	-9%
PAT	262	297	-12%
Basic EPS (Rs.)	1.6	1.8	-12%

- 1 Impact of Forex hedging 7M
- 2 Indirect expenses down 40 M YOY
- 3 Implementation of New Projects / products
- 4 One time impact of other income LY



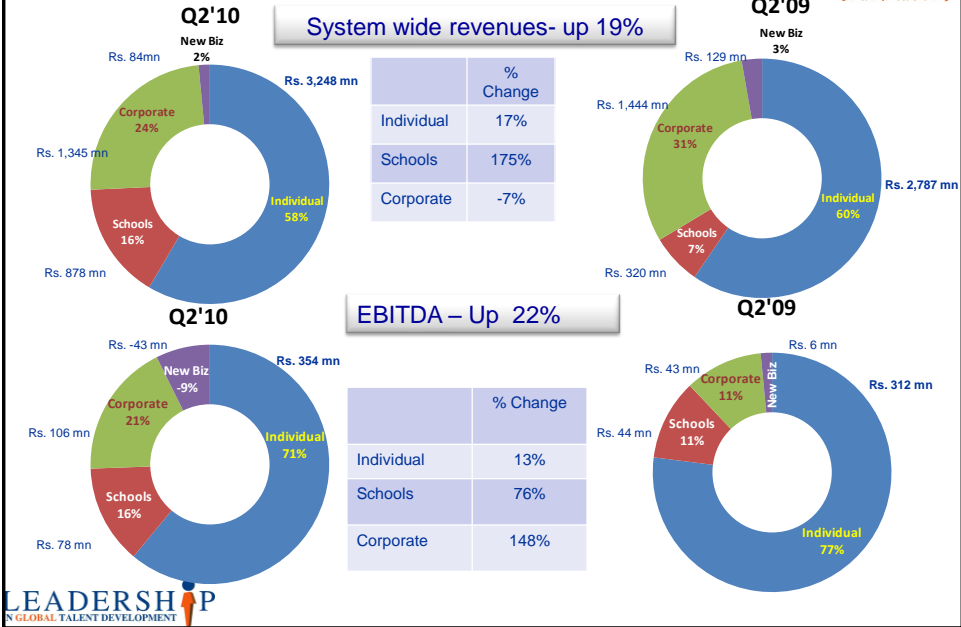
Q2'10- Financial Summary By Business Line



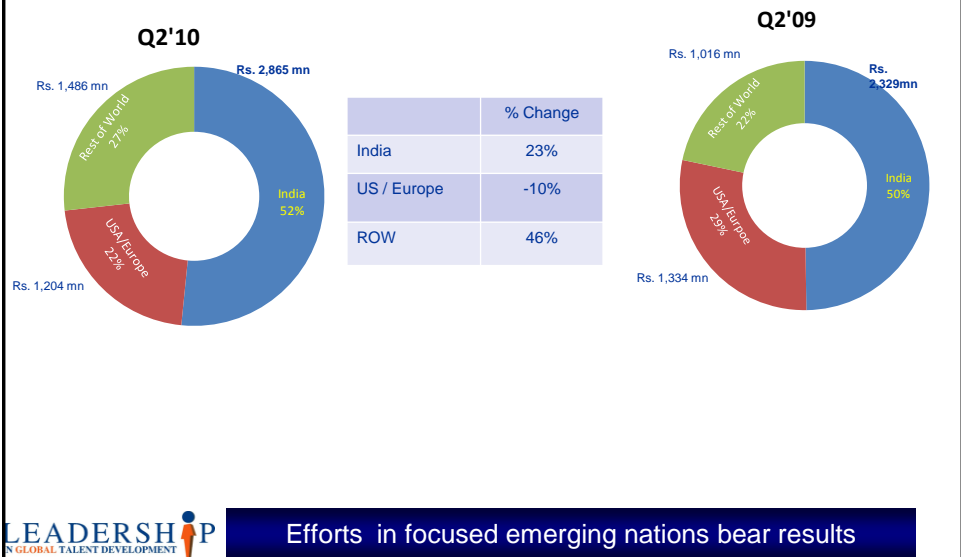
(Rs. in mn)	Individual	Schools	Corporate	New Biz	NIIT
System wide Revenues	3,248	878	1,345	84	5,556
YoY,%	17%	175%	-7%	-35%	19%
Net Revenues	1,311	878	1,345	63	3,598
YoY,%	7%	175%	-7%	-41%	16%
Operating expenses	957	800	1,239	106	3,102
EBITDA	354	78	106	-43	496
EBITDA%	27%	9%	8%	-67%	14%
Depreciation					198
Other Income					-78
Profit before tax					219
Tax					39
Operational Net Profit					181
Share of Profits from Associates					81
PAT					262
Basic EPS (Rs.)					1.6



Q2'10 – Business Mix



Q2'10 – system wide revenue-Geo Mix



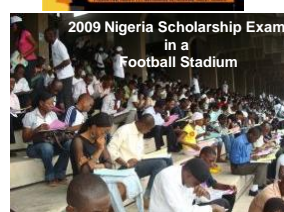
Individual - IT



Rs. Mn	Q2'10	Q2'09	% G, YoY	Q1'10	% G, QoQ
System wide Revenues	3,248	2,787	17%	1,918	69%
Net Revenues	1,311	1,224	7%	856	53%
EBITDA	354	312	13%	160	121%
OM	27%	26%	149 bps	19%	828 bps

Q2'10

- ❖ SWR Geo Mix: India 54%, ROW 27%, China 18%
- ❖ Enrolments grew 8%: Edgeineers @15% and IMS @ 43%.
- ❖ Placements continue growth, CYD @ 45% YOY
- ❖ Revenue Capacity Utilization constant YOY at 67%, +11% QOQ
- ❖ IMS track in GNIIT, Diploma in Finance & Accounts and ERP training for SMB segments were launched
- ❖ Chengdu and Dalian PPP centers launched in China
- ❖ Nearly 1,000 students enrolled in the Kwa Zulu Natal South Africa project for IT and BPO training



School Learning Solutions



Rs. Mn	Q2'10	Q2'09	% G, YoY	Q1'10	% G, QoQ
Net Revenues	878	320	175%	359	144%
EBITDA	78	44	76%	66	18%
OM	9%	14%	-495 bps	18%	-946 bps

Q2'10

- ❖ Large Government orders execution completed. Reflected in revenue peak this quarter.
- ❖ Pending order book at Rs 3,188Mn; up 11% YOY; 32% executable in next 12 months
- ❖ eGuru Interactive Class Room solution's acceptance contributes to an addition of 82 private schools
- ❖ Teacher training takes off with an order for training 25,500 teachers
- ❖ Multiple new tenders, decision making slowed by state elections



Corporate Learning Solutions



Rs. Mn	Q2'10	Q2'09	% G, YoY	Q1'10	% G, QoQ
Net Revenues	1,345	1,444	-7%	1,345	0%
EBITDA	106	43	148%	102	4%
OM	8%	3%	492 bps	8%	32 bps

Q2'10

- ❖ Online Learning Products: 16% YOY. Significant competitive take-aways.
- ❖ Order Intake \$ 31 Mn
- ❖ Pending order book at \$ 83 Mn; 57% executable in next 12 months
- ❖ Product mix change helps margin growth. Learning Products now 31% of product mix (up 6% YOY)
- ❖ Cost Management results in EBITDA improvement of 492 bps YoY and 32 bps sequentially. Increased 'Variabilization' of expense structure to help long term profitability

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New Businesses

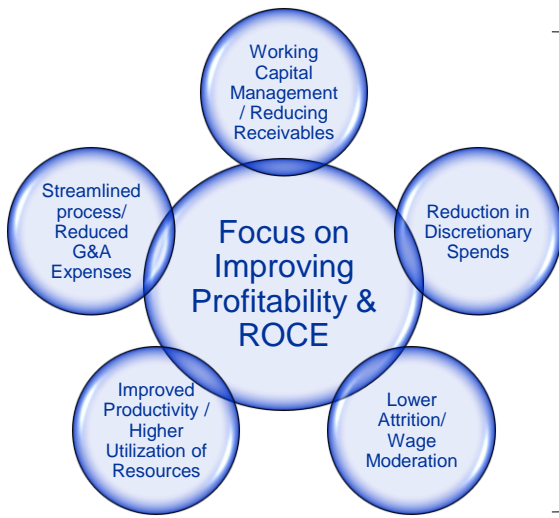


Rs. Mn	Q2'10	Q2'09	% G, YoY	Q1'10	% G, QoQ
System wide Revenues	84	129	-35%	65	29%
Net Revenues	63	107	-41%	50	27%
EBITDA	-43	6		-42	

- ❖ Order intake of Rs. 69 million, Pending order book Rs. 75 Mn
- ❖ Banking Training enrolments grow 24% QoQ pointing to an improving trend
- ❖ Placement partnerships with Dhanalakshmi Bank, ING Vysya group, Tata AIG, WNS, HDFC securities deliver results
- ❖ Enrolments into Management programs grow 20% YOY
- ❖ Enrolments in BPO training grow over 60% over previous quarter
- ❖ Outlook for recruitments in Private and Public Sector Banks expected to be robust in the coming quarters



Cost Control & Cash Conservation



- Cost control measures to continue
- Savings achieved in specific fixed costs on Quarter on Quarter basis
- Increased variable-ization of resources

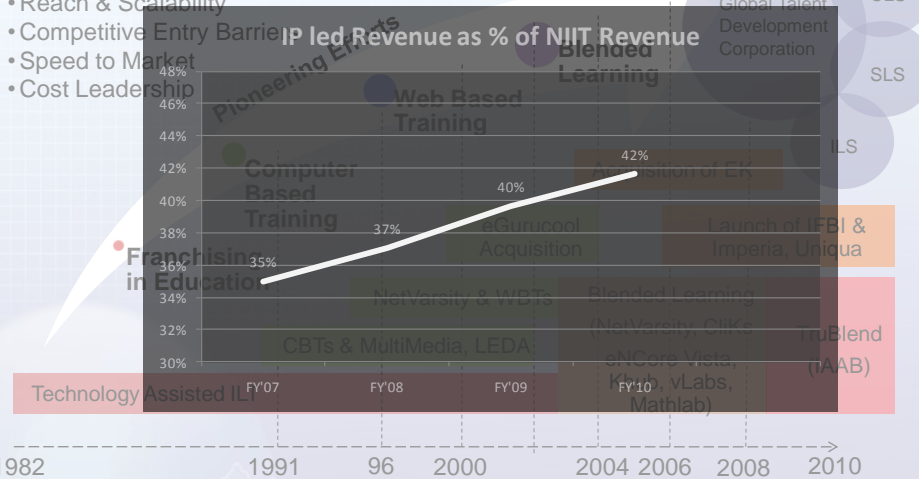


IP led Growth Strategy



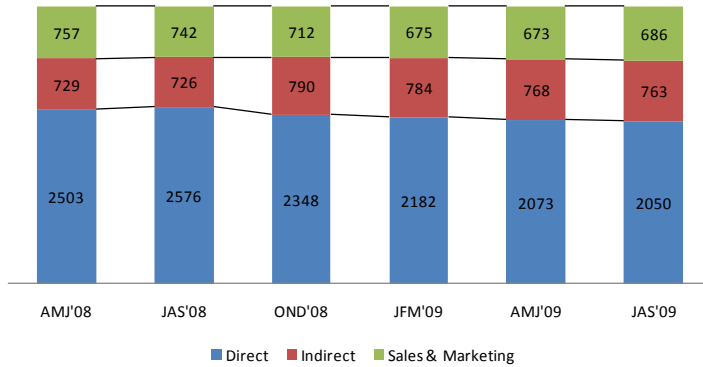
IP for

- Non Linear Growth
- Reach & Scalability
- Competitive Entry Barriers
- Speed to Market
- Cost Leadership



Non linear revenue growth supports profit growth

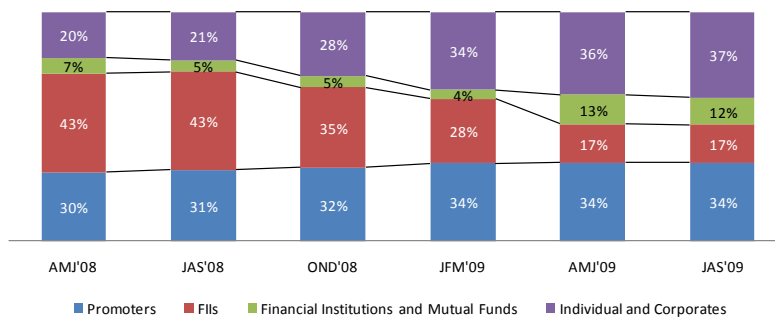
Head Count

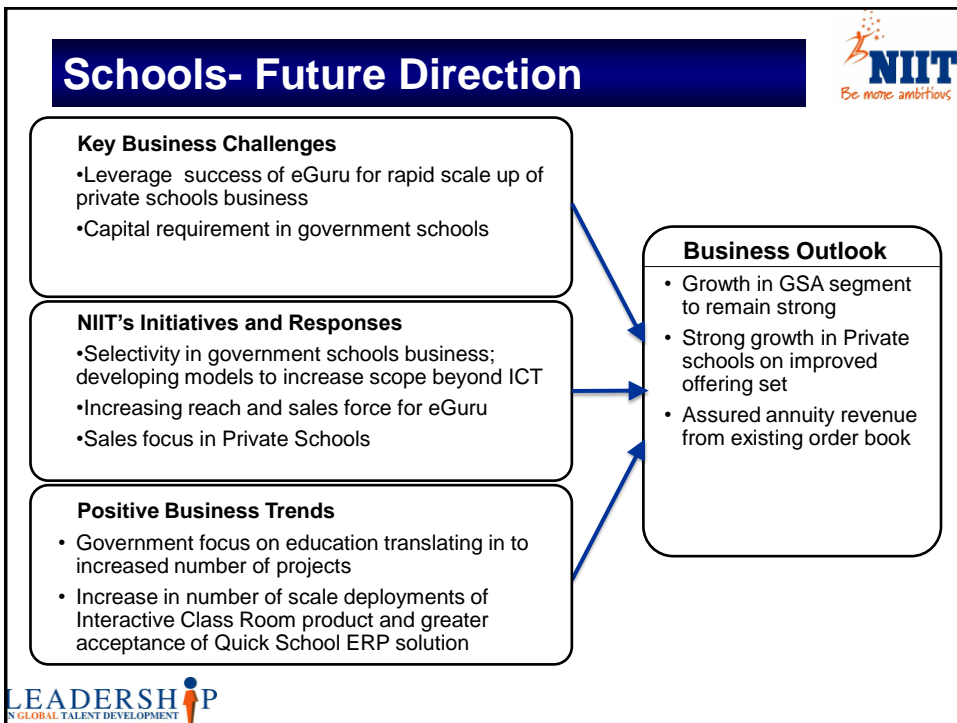
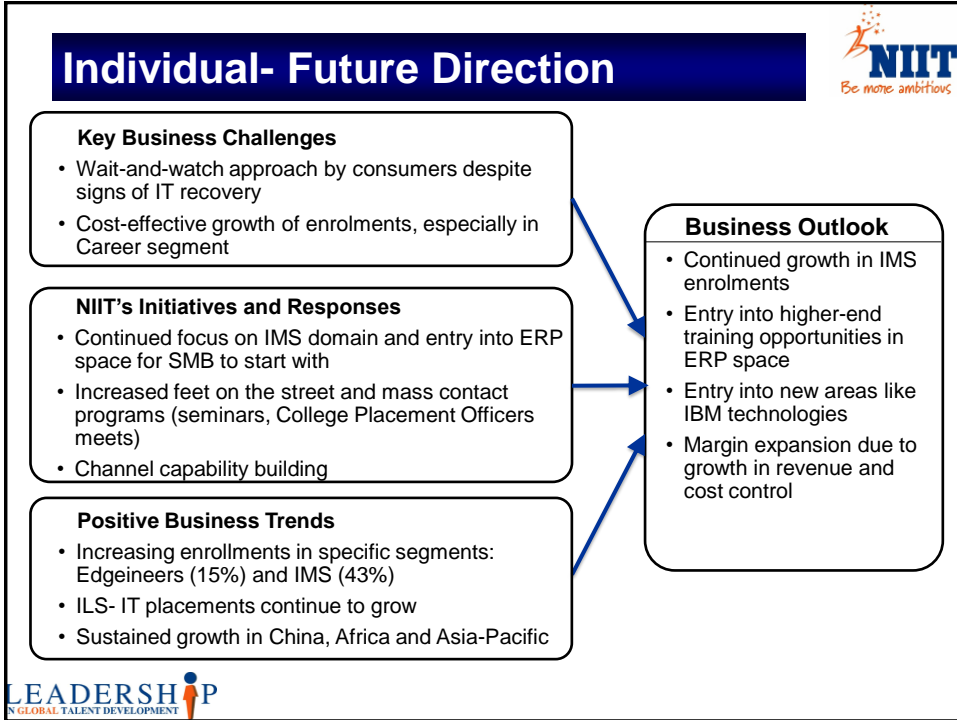


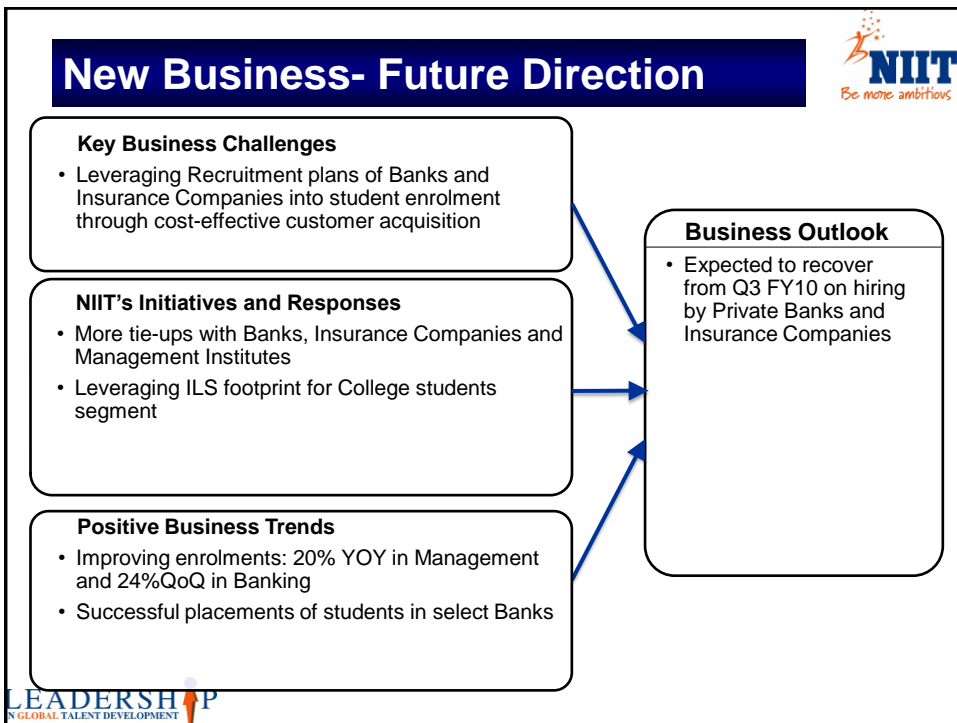
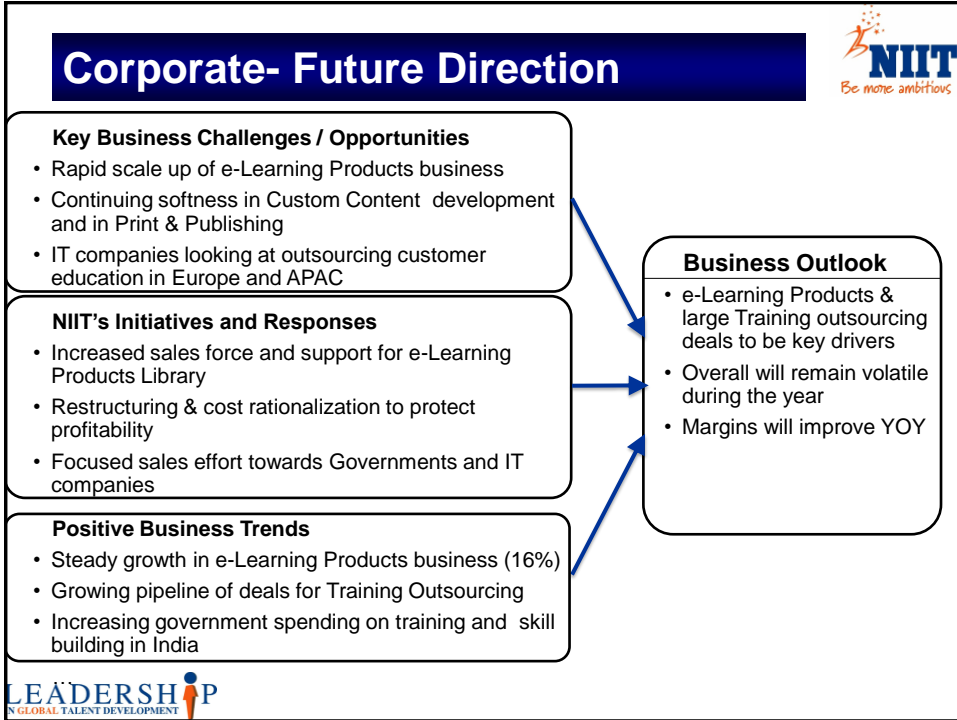
Human Resources down 15 (QoQ) to 3,499



Shareholding Pattern



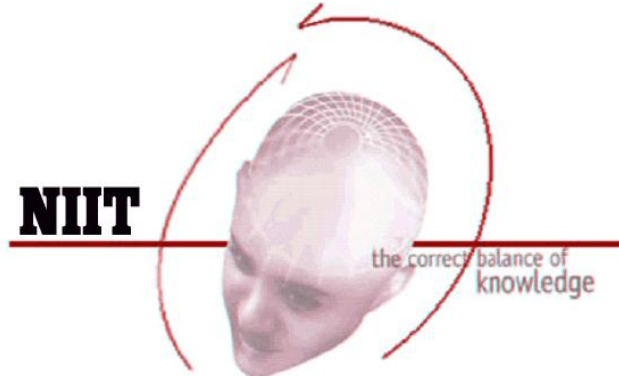




Leadership in the Century of the mind



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