



**SHARPENING  
THE EDGE**

**Financial Results**

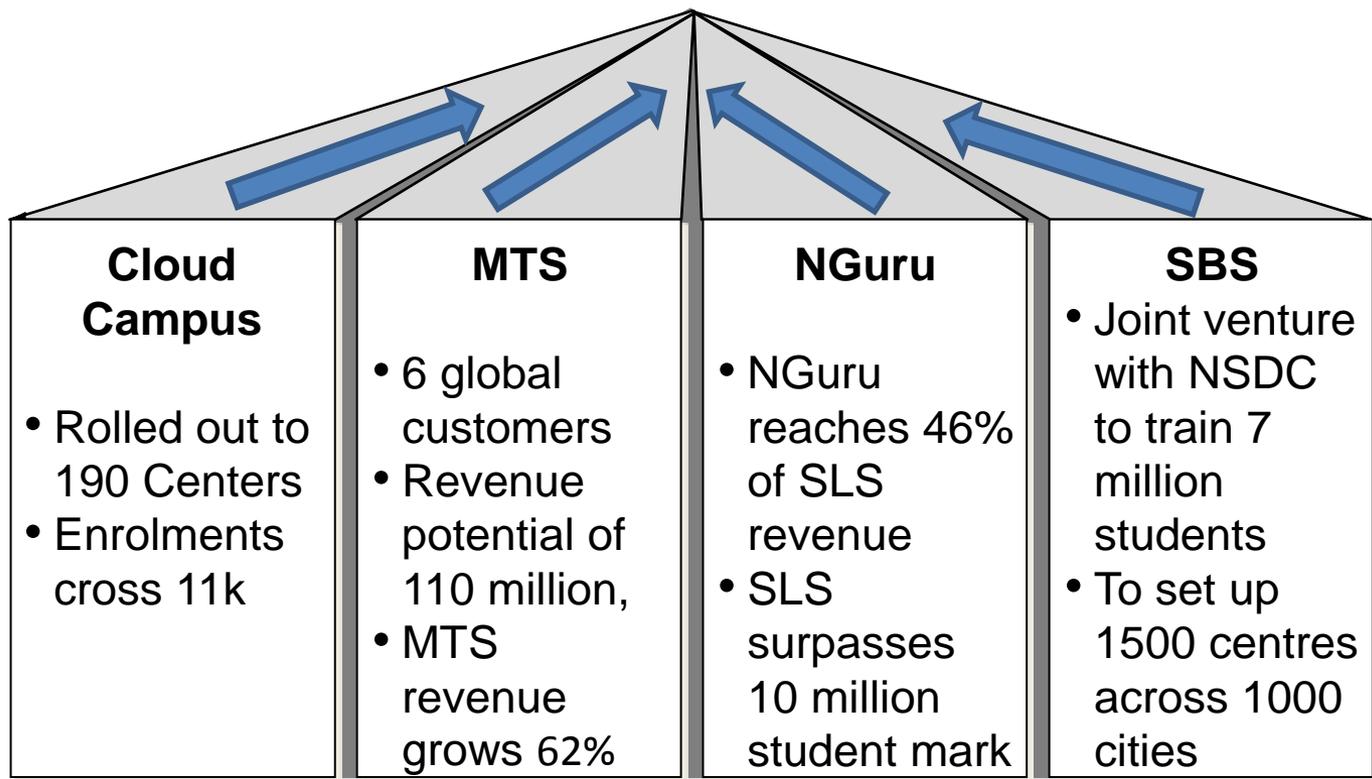
**Quarter ended September 30, 2011**

October 21, 2011

# Environment

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- Tight monetary policy and sticky inflation dampening growth momentum. India GDP growth projected to slow to ~7.5%
- Global volatility affects hiring outlook across sectors in India. Net Employment Outlook at 30% (down 8 percentage points YoY): Manpower Employment Outlook Survey
- Domestic IT firms continue to maintain their hiring outlook. TCS and Infosys reaffirm plans to hire over 100,000 in FY12. However, sporadic reports of delays in joining dates are seen.
- Banking Industry continues its hiring spree for operations and sales; PSU banks to hire over 4 lac in the next two years
- Education and skill development remains a top agenda for governments around the world. However, decision making and execution of government plans continues to be slow
- Global Economic uncertainty and socio-political instability lead to erosion of business confidence
- Corporate training spends recovering; US, Europe sovereign debt concerns weigh on corporate decision making
- Volatility in Forex affects business results



## Platforms Of Growth

Most Trusted Brands in Education: Economic Times – Nielson Survey

1. K Vidyalaya
2. **NIIT**
3. DPS
4. IIM
5. IIT



# Q2FY12 – Financial Highlights

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- Consolidated System wide revenues ₹ 6,235 million, up 9% YoY.
- Net Revenues at ₹ 3,838 million, up 11% YoY.
- EBITDA ₹ 560 million, up 5% YoY; Profit before Tax ₹ 218 million
- Operational PAT at ₹ 197 million, up 9% YoY
- Profit after Tax at ₹ 302 million, up 6% YoY

## **Key Drivers**

- Cloud Campus and Banking enrolments
- Execution of large size MTS deals
- Non Govt. Schools growth

## ➤ Individual:

- Net revenues at Rs.1,802 million; up 12% YoY
- EBITDA at Rs.375 million
- All New Businesses turned positive

## ➤ Schools:

- Net revenues at Rs. 405 million, up 12% YoY
- EBITDA at Rs. 47 million, margin at 12%, an improvement of 309 bps

## ➤ Corporate:

- Net revenues at Rs. 1,630 million ; up 10% YoY
- EBITDA at Rs.151 million, margin at 9%, an improvement of 103 bps YoY

## ➤ Skill Building:

- Pre-operative and pilot stage
- EBITDA: Rs. –13 million

- **Individual Learning Solutions** : Cloud campus , a game changing initiative launched pan-India with sign of early success. Global enrolments grow 5% YoY . Diploma enrolments up 7% YoY and short term modular enrolments up 11% YoY. Placements continue to grow at 15% YoY; CYD 18% YoY. Cloud campus enrolments cross 11,000 mark
- **School Learning Solutions** : Continued thrust on Private Schools. Order Intake of Rs. 148 million. Added 133 non Government schools. Non Government schools revenue grow by 24% YoY and form 46% of SLS
- **Corporate Learning Solutions** : Volume growth of 14%. Margin improves by 103 bps YoY. Order Intake of \$ 27.9 million. MTS registers 62% volume growth
- **Skill Building Solutions** : joint venture with NSDC to train 7 million students

Forex Volatility adversely impacts Revenue by Rs. 67 mn (194 bps) & EBITDA by Rs. 15 mn

# Consolidated Financials

| (Rs. in million)                 | Q2FY12       | Q2FY11       | YoY (%)    |
|----------------------------------|--------------|--------------|------------|
| <b>System wide Revenues</b>      | <b>6,235</b> | <b>5,744</b> | <b>9%</b>  |
| <b>Net Revenues</b>              | <b>3,838</b> | <b>3,458</b> | <b>11%</b> |
| Operating expenses               | <b>3,278</b> | <b>2,927</b> | 12%        |
| <b>EBITDA</b>                    | <b>560</b>   | <b>532</b>   | <b>5%</b>  |
| EBITDA%                          | 15%          | 15%          | -78 bps    |
| Depreciation                     | <b>250</b>   | <b>216</b>   | 16%        |
| Net Other Income                 | <b>-92</b>   | <b>-99</b>   | 7 mn       |
| <b>Profit before Tax</b>         | <b>218</b>   | <b>217</b>   | <b>0%</b>  |
| Tax                              | <b>21</b>    | <b>37</b>    | 16 mn      |
| <b>Operational Net Profit</b>    | <b>197</b>   | <b>180</b>   | <b>9%</b>  |
| Share of Profits from Associates | <b>105</b>   | <b>105</b>   | 0%         |
| <b>PAT</b>                       | <b>302</b>   | <b>285</b>   | <b>6%</b>  |
| <b>Basic EPS (Rs.)</b>           | <b>1.8</b>   | <b>1.7</b>   | <b>6%</b>  |

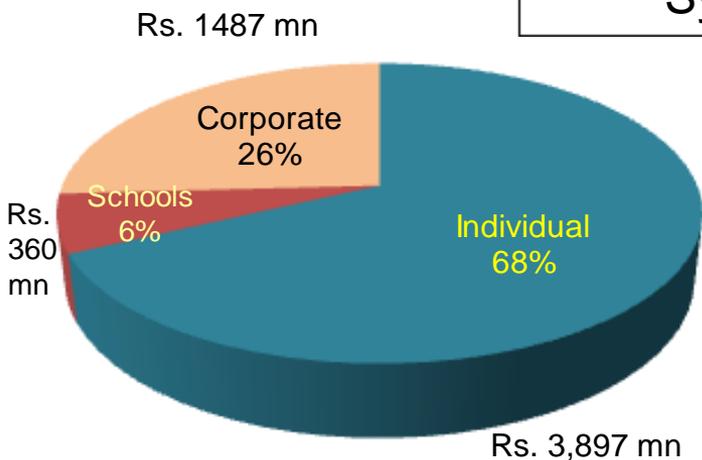
- Adverse Forex impact on Revenue : 194 bps
- EBITDA impacted by Forex Rs. 15 million, Premises Overlap Rs. 11 million, Cloud Campus readiness Rs. 50 million and SBS pre-operative Rs. 13 million contributing 230 bps erosion

## Business Mix

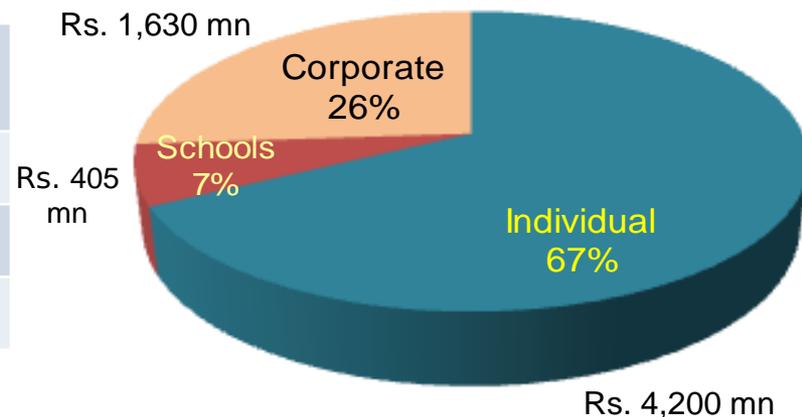
**Q2FY11**

**Q2FY12**

### System Wide Revenues



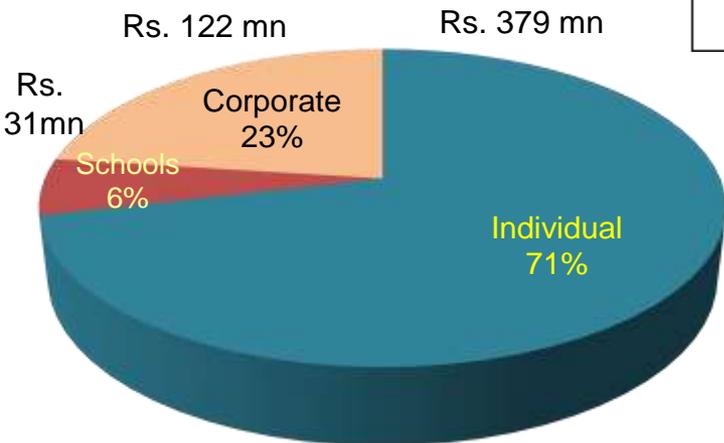
|            | % Change |
|------------|----------|
| Individual | +8%      |
| Schools    | +12%     |
| Corporate  | +10%     |



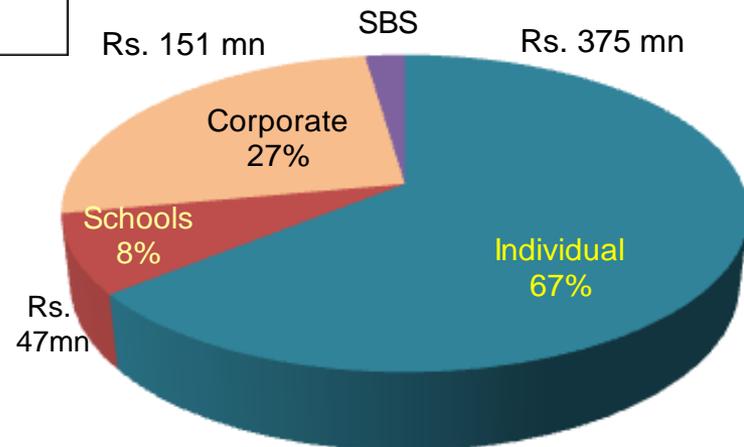
**Q2FY11**

**Q2FY12**

### EBITDA



|            | Change |
|------------|--------|
| Individual | -1%    |
| Schools    | +53%   |
| Corporate  | +23%   |
| SBS        | -13 mn |



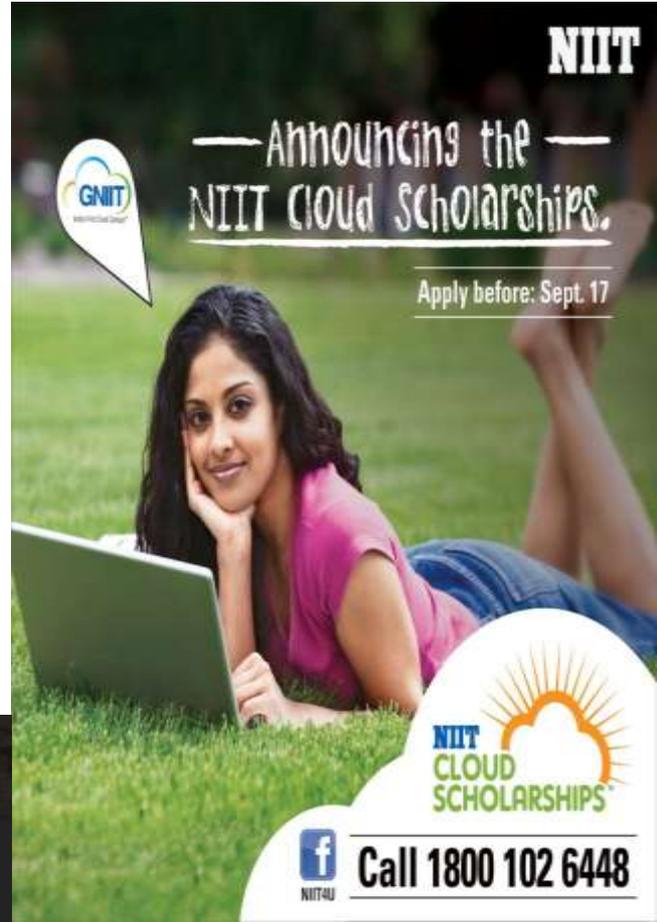
Volume growth in Corporate and higher share of Non GSA revenue helps improve EBITDA share.

# Individual Learning Solutions

| ₹ Mn                 | Q2FY12 | Q2FY11 | YoY      | QoQ       |
|----------------------|--------|--------|----------|-----------|
| System wide Revenues | 4,200  | 3,897  | 8%       | 58%       |
| Net Revenues         | 1,802  | 1,611  | 12%      | 53%       |
| EBITDA               | 375    | 379    | -1%      | 231%      |
| EBITDA %             | 21%    | 24%    | -273 bps | 1,118 bps |

## Q2FY12

- ❖ Net revenue growth of 12% is result of
  - 4% on account of realignment Individual training business under “One NIIT”
  - 9% in India and -1% in International
- ❖ Enrolments: Global enrolment up 5%, Diploma enrolments grew 7% and Short term modular enrolments up 11% . Banking enrolments up 150%
- ❖ Placements grow 15% YoY, CYD up 18%
- ❖ Order Intake grows 15% for ILS IT
- ❖ Pending order book at Rs. 1,452 million, over 70% executable in next 12 months
- ❖ Seats capacity added 6% YoY, 24 centres added



12,500+  
PLACEMENTS

40,000  
PROFESSIONALS TRAINED

5  
TOP BFSI  
TRAINING INSTITUTES

80+  
LOCATIONS

25+  
INDUSTRY PARTNERS

FOR A FIVE-YEAR-OLD, WE'VE GROWN A LOT.

INDIA'S LARGEST BFSI TRAINING INSTITUTE

# School Learning Solutions

| ₹ Mn         | Q2FY12 | Q2FY11 | YoY     | QoQ     |
|--------------|--------|--------|---------|---------|
| Net Revenues | 405    | 360    | 12%     | 1%      |
| EBITDA       | 47     | 31     | 53%     | -3%     |
| EBITDA %     | 12%    | 9%     | 309 bps | -49 bps |

## Q2FY12

- ❖ 133 Non Government schools added; CYD 306 non Government schools added
- ❖ Non Government revenue contributes 46% , up 24% YoY
- ❖ Pending Order book at Rs. 4,718 million, 31% executable in next 12 months

**Why Mobile Science Lab?**

The conventional methods of teaching are learning Science pose challenges for teachers and students alike.

For instance, there is a large time gap between theory and practicals, reducing the impact of what has been learnt inside the classroom.

There is very less assimilation of concepts taught to real life since the experiments are done inside the laboratory. Besides, the students cannot carry the lab equipment with them as a field trip.

The current method of reading, watching and setting up apparatus leaves the students with little time to think, identify and analyse data.

In the entire process, the joy of learning Science is completely lost.

Call us at 1800 122 3228 (Toll Free) or visit our website [www.rigaps.com](http://www.rigaps.com) or write to [info@rigaps.com](mailto:info@rigaps.com)

Learning science needn't be rocket science

Mobile Science Lab

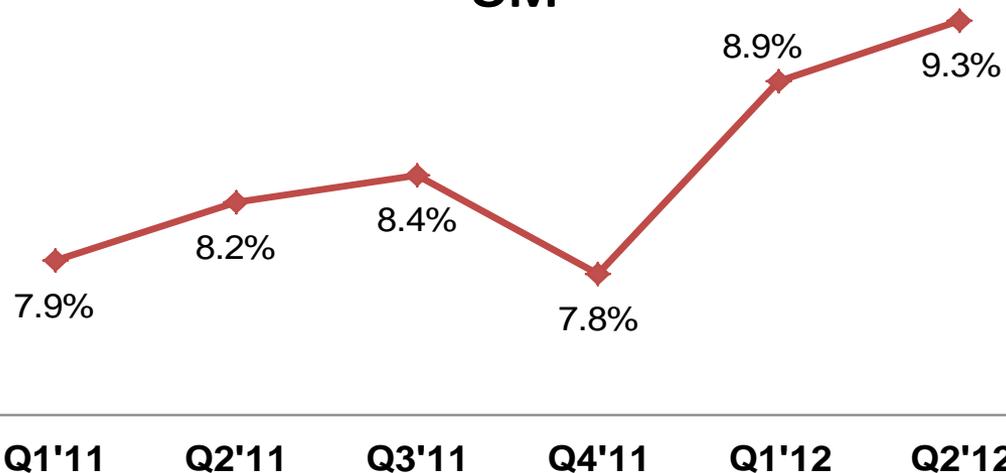
**guru**  
Solutions for Schools

| ₹ Mn         | Q2FY12 | Q2FY11 | YoY     | QoQ    |
|--------------|--------|--------|---------|--------|
| Net Revenues | 1,630  | 1,487  | 10%     | 0%     |
| EBITDA       | 151    | 122    | 23%     | 4%     |
| EBITDA %     | 9%     | 8%     | 103 bps | 34 bps |

## Q2FY12

- ❖ Adverse exchange impact in revenue of Rs. 60 million (~4% of revenue YoY) and adverse exchange impact on EBITDA for Rs. 11 million (67 bps YoY)
- ❖ 14% Volume growth , MTS grows 62%
- ❖ Adverse impact of 3.8% due to realignment to Individual training under “One NIIT”
- ❖ Order Intake of \$ 27.9 million; Pending order book at \$ 77.8 million, 62% executable in next 12 months

## OM



# Skill Building Solutions

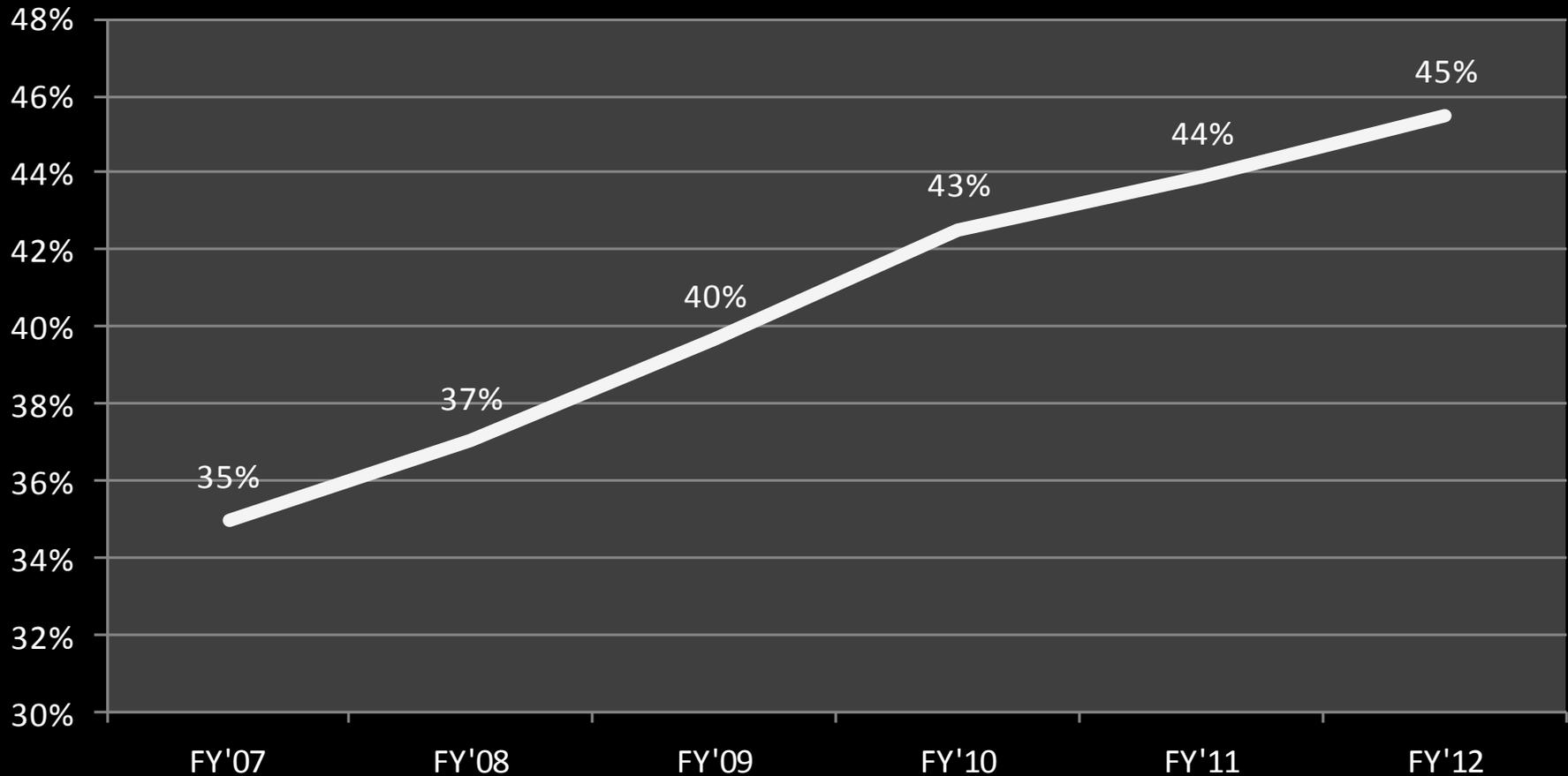
| ₹ Mn         | Q2FY12 | Q2FY11 | YoY    | QoQ   |
|--------------|--------|--------|--------|-------|
| Net Revenues | 1      | 0      | 1 mn   | 1 mn  |
| EBITDA       | -13    | 0      | -13 mn | -8 mn |

## Q2FY12

- ❖ NIIT signs joint venture – NIIT Yuva Jyoti Ltd, with National Skills Development Council(NSDC)
- ❖ NSDC to hold 10% equity in NYJL
- ❖ NYJL aims to train 7 million students in 1,500 centres across 1,000 cities over 10 years

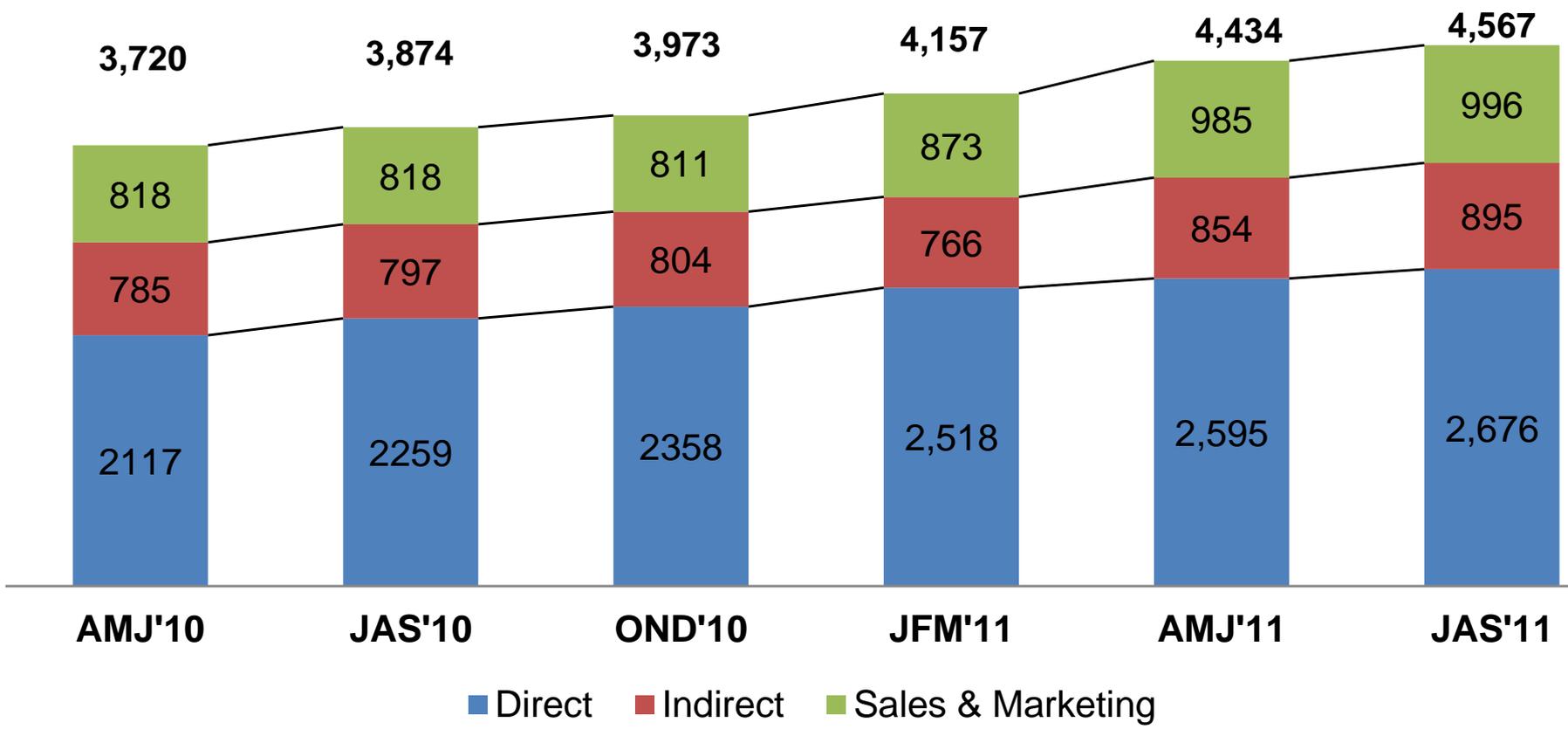


## IP led Revenue as % of NIIT Revenue



Growing contribution of IP led revenue growth

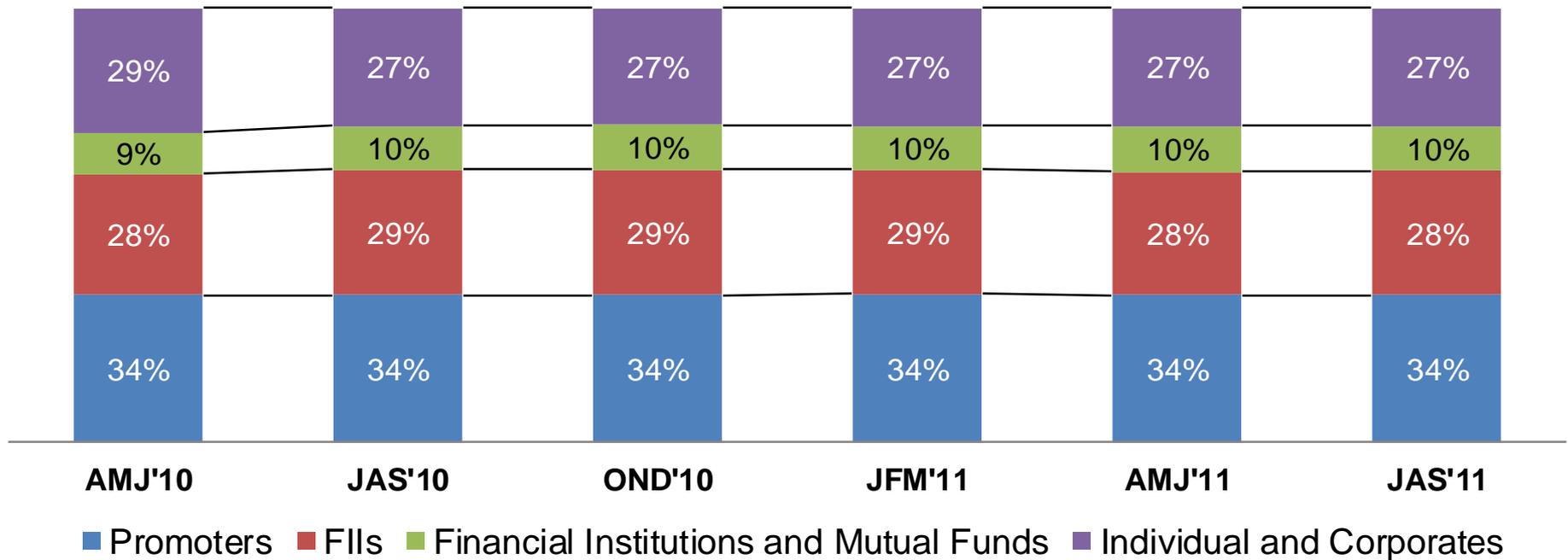
# Head Count



➤ Net addition of 133 people in the Quarter, taking total headcount to 4,567



# Shareholding Pattern



# In Summary

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**Individual** : Investments in “Cloud Campus” & “NIIT One World centers” readiness will subdue Individual margins in the near term. Higher career enrolments. Going forward product mix and on-going lower delivery costs will help recover and improve margins.

**Schools**: continuing momentum in IP based orders , growth in order intake and pending order book should support business growth.

Selectivity in participation in Government schools and IP led orders will help margin expansion.

**Corporate** : growth expected to continue on strength of significant order book and growth in Managed Training Services businesses. Forex volatility expected to continue.

Improved product mix in Corporate business should contribute to margin expansion.

## **Creating platforms for growth to the next level:**

Individual : Cloud Campus & NIIT One World

Corporate : Managed Training Services

Schools : NGuru for Integrated offering

Skills : NSDC JV

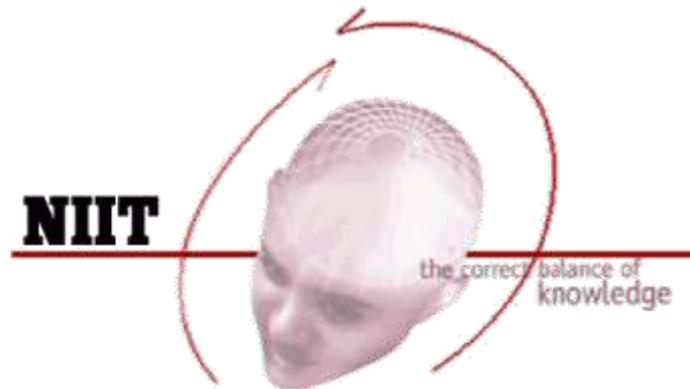
## Q2FY12- Awards & Recognitions

- NIIT recognised as India's second most trusted education brand by Brand Equity-Nielsen survey 2011
- NIIT Ghana adjudged the Best Result Oriented School



| EDUCATION |                          |
|-----------|--------------------------|
| 1         | Kendriya Vidyalaya       |
| 2         | <u>NIIT</u>              |
| 3         | Delhi Public School(DPS) |
| 4         | IIM                      |
| 5         | IIT                      |

# NIIT



## Leadership in the Century of the Mind