



“NIIT Limited
Quarter 4 and FY '25 Earnings Conference Call”
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Moderator: Ladies and gentlemen, good day, and welcome to the NIIT Limited Quarter 4 and FY '25 Earnings Conference Call. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing star then zero on your touchtone phone.

I now hand the conference over to Mr. Vijay Thadani, Vice Chairman and Managing Director, NIIT Limited. Thank you, and over to you, sir.

Vijay Thadani: Thank you. Good afternoon. Welcome, everyone, to this particular briefing session, where we are going to talk about the quarter 4, as well as the full year financial year FY24-25 results. First to start with, thank you very much for your continued interest in NIIT Limited, and we enjoy these conversations because your questions make us rethink our strategy as well as refine our communication and strategy going forward.

Today's agenda includes an update on quarter 4, as well as the full year FY '25 results. We would also like to provide an update on some key strategic developments, including an inorganic initiative, which you would have already read about and some other corporate actions that were discussed in today's Board meeting as well.

As also the way forward for this business, which we are in indeed very exciting times, a bit uncertain, a bit more volatile than normal. But nevertheless, they are exciting times with newer technologies coming in and changing the landscape, the way we work, the way we live. And we are looking forward to continuing to play a very important role in this new environment.

I would just give a small context to the last quarter that we went through, and then we'll jump straight into results. So we had a very uncertain and volatile macroeconomic environment. I think most of you are actually experiencing it. So I don't have to even amplify that. But despite that, I think we've delivered a fairly resilient performance. Some swift and deliberate actions that were taken last year have enabled us to return to growth in the year, the prior -- the year prior to that, we had declined in revenues.

So despite continuing headwinds and uncertainty that we had from time to time during the year, I think we were able to deliver a certain amount of growth. We would have liked it to be better, and I think we'll discuss that. We would have liked it to be better. We had planned for it to be better. We were nearly equipped to deliver to that. However, there have been reasons, and we will discuss that as we go forward.

But while we were battling this uncertainty, there were 3 initiatives, which I thought I should talk to you about. One in this process, with our new leadership team that came in under the leadership of Pankaj Jathar, who took over as CEO, I think we have been able to broaden our customer base fairly significantly.

We have deepened our penetration in GSI, GCCs and private sector banks and now even expanding ourselves to the rest of the banking sector and financial services sector. We've expanded our portfolio of offerings fairly substantially, whether it is Gen AI, cybersecurity, data engineering, analytics, whether it is for enterprises or it is for consumers. And we continue to invest in creating newer and newer offerings, whether it is to train enterprise architects or digital architects.

And lately, I think with the new education policies focused on providing an integration between higher education and the industry and skilling part, we were very keen to get involved in that part and some steps that we have taken have resulted in an inorganic opportunity, which got materialized so in the month of April, but we'll nevertheless talk about it today, which is NIIT acquiring iamneo, an AI-powered SaaS platform, which is focused on deep industry relevant skilling.

So we'll be talking about all this in the background. And I had introduced Pankaj to you a few quarters ago. In one quarter, he lost his voice because of a sore throat. In the second one, he had found his voice back. And this time, I think he has a stronger voice than before. So this is also his first time when he will be presenting the annual results of NIIT Limited. So it's a very exciting milestone for us.

So with that, I hand you over to Pankaj.

Pankaj Jathar:

Thank you, Vijay, and good afternoon to all of you. Thank you for joining the call. I am happy to be presenting NIIT's results on this call. I'll walk you through the financial performance for Q4 and the full year and also share some insights into the road ahead.

Starting with the Q4 financials. As previously communicated, Q4 is typically a seasonally weak quarter, particularly for BFSI due to fiscal year-end slowdown. Year-on-year view is more reflective of our trajectory. Revenue for Q4 was INR863 million, up 16% year-on-year and down 12% quarter-on-quarter. This is the fifth successive quarter of double-digit year-on-year growth despite the volatile and uncertain environment that we have faced. Having said that, of course, we expected to see better growth for the quarter, but we were impacted by increased volatility and the growing uncertainty in the environment.

I'll briefly talk about the product mix that we've seen. Revenue from technology programs is up 20% year-on-year. Revenue from BFSI and other programs is up 8% year-on-year. Looking at the ratio of contribution from Technology and BFSI & Others, the mix is at 67% is to 33% this quarter, whereas last year, it was 64% is to 36%. And last quarter, 65% is to 35%.

The broad basing that Vijay talked about. So the broad-based year-on-year growth led by technology and reinforced by continuing growth in BFSI and other programs and what is traditionally a seasonally soft quarter, right? Technology spends improving. BFSI training spend softened due to regulatory development. These are some of the reasons why we saw the kind of numbers that we saw in Q4.

Now in terms of learner mix, the early careers program was up 40% year-on-year and Work Pro programs were down 6% year-on-year. The mix between early career and Work Pro is now at 57:43 versus 48:52 year-on-year, reflecting improved hiring sentiment in the technology space. The decline in the Work Pro programs reflects the impact of environment on training spends for that particular segment.

EBITDA was at INR4 million, consistent with our guidance due to the investments in this quarter. Depreciation was INR59 million as compared to INR61 million last quarter due to rationalization of lease premises.

Net other income for the quarter was INR221 million, which is predominantly contributed by treasury income, income on leased assets, adjustment in payout obligations of acquisitions, etc. Tax was INR28 million with an effective tax rate of 17%.

Minority interest was INR6 million. Loss from discontinued operations at INR1 million. Profit after tax was INR131 million versus the same INR112 million for last year. Profit after tax is up 18% year-on-year. Earnings per share was INR1 per share in Q4 and versus INR1 in Q3 and INR0.8 or INR0.80 per share last year.

Now for the full year FY '25 results, revenue was at INR3,576 million, up 18% year-on-year. This is a significant turnaround in performance as compared to the 11% decline in FY '24.

In terms of product mix, all around growth in both technology and BFSI and other programs with technology started to gain momentum starting midyear and BFSI programs saw some moderation due to regulatory actions towards the end of the year. Technology programs were up 12% year-on-year. BFSI and other programs were up 32% year-on-year. In terms of mix, technology is to the BFSI and others mix was at 66% is to 34% versus 69% is to 31% last year.

The learner mix, the growth in revenue for both early career, as well as work pro learners is what we saw. Revenue from early career programs was up 23% year-on-year and revenue from work pro programs was up 13% year-on-year. Early career is to work pro mix was at 52 is to 48 versus a 50 is to 50 mix last year. We're starting to see some cautious pickup in hiring, although the environment continues to remain volatile.

EBITDA was at INR115 million as compared to INR48 million last year. The business continues to be in investment mode, and we are ramping up our growth initiatives. Depreciation for the year was INR232 million, as compared to INR184 million last year. Net other income was INR707 million versus INR594 million last year. This resulted in a full PAT of INR461 million versus PAT of INR384 million last year. PAT is up 20% year-on-year and earnings per share for the full year, INR3.4 per share versus INR2.9 last year.

I will run through some of the balance sheet metrics. The balance sheet metrics remain strong. DSO was slightly higher at 51 days compared to 46 days last year and 68 days last quarter, down quarter-on-quarter due to seasonality. Consistent with the investment cycle, the company is in -- capex for the quarter was INR83 million in platform, software licenses, etc.

Cash and cash equivalents at the end of the quarter at INR7,580 million versus INR7,395 million in Q3 FY '25 and INR7,185 million last year. Employee headcount was at 722 at the end of the year, up 2 numbers quarter-on-quarter, down by about 31 year-on-year. While continuing to invest in growth, the company has been focused on adapting its expense structure to convert fixed expenses to variable costs.

Commentary on the business. The broad basing of our go-to-market that the company deployed over the last year resulted in consistent recovery in the business. This is the fifth successive quarter of double-digit year-on-year growth. As you know, business was impacted last year due to a virtual freeze in hiring by large IT services firms. Barring the events of the last 2, 3 weeks that led to some deferrals and cancellations, we are seeing an improving trend in consumption over the past year. We feel that this trend has lagged and will continue once we get past the current uncertainty.

Swift actions that your company took to broad base the go-to-market. For technology programs, we expanded coverage in GCCs and Tier 2 GSIs, increased focus on upskilling, reskilling with a number of advanced programs such as enterprise architects, cybersecurity, AI/ML and Gen AI, digital architects and engineering managers.

For BFSI and other programs, deeper penetration in the banking sector, where we work with the top 4 private banks for training both early career and working professionals, adding new logos across the board, broad-based offerings for India enterprises, building Gen AI-based portfolio and adopting an AI-first approach across the entire organization. These actions resulted in a suitable and profitable growth platform for the company. The company continues to build on these actions.

Some of the macro trends and strategic positioning. We are witnessing transformative shifts in technology, education, workforce dynamics, led by AI and multiple industry transformations at play. EV, ER&D, biopharma, digital banking, these are some of the areas that are making these changes. NIIT is strongly positioned to lead in this environment of continuous skilling and upskilling demand. We now serve learners across universities, preparing students for college to corporate transition, industry onboarding, upskilling and reskilling for career progression, consumer GTM, employability enhancement.

Some of the tailwinds that we are seeing, Gen AI-driven innovation reshaping industry, government focus on employability and Viksit Bharat vision, a lower GER and about 10.7 million annual graduates, only 51% of whom are employable according to an Economic Survey from 2024. Over 11 million professionals in IT and BFSI require significant upskilling and reskilling, the need for a large number of skilled professionals in ER&D, EV, new age manufacturing, et cetera. NEP-led transformation of higher education.

Now coming to our guidance. Current situation, as observed, still has a lot of volatility and uncertainty. We had planned for a strong growth for Q1, and we are seeing a little bit of an impact this quarter given the environment. However, year-on-year growth is expected to be better than Q4 growth.

We expect the growth to improve from Q2 given that the local environment seems to be resolving itself. For the full year, we expect growth to be over 25% in FY '26. We would need to revisit this every quarter given the volatility and uncertainty in the environment. Over the medium to long term, we continue to see a large opportunity ahead of us and remain committed to our stated long-term goals.

I need to reiterate, NIIT has a strong and trusted brand, differentiated deep skilling methodology delivered at a scale and using AI to power the delivery, 200-plus active corporate partnerships customers with revenue greater than 90% from repeat customers, more than 30 OEM partnerships that give us early access to cutting-edge technology, a strong balance sheet to continue investments in innovation and growth, a significant business transformation cycle ahead, which would create demand for specialized talent.

We are well poised for growth. The focused entity enables us to be nimble and agile, as we address this market. We continue to look for opportunities for both organic and inorganic growth. We completed one in April of a young, fast-growing, profitable and innovative company.

I invite Vijay to provide us an update about this.

Vijay Thadani:

Thanks, Pankaj. So during this quarter, which is on 17th of April to be precise, NIIT acquired 70% stake in a company called iamneo EdTech Private Limited, a leading provider of deep skilling technology training solutions through a scalable AI-powered SaaS platform. So the induction of AI-powered scalable SaaS platform, especially for deep skilling solutions is extremely relevant to NIIT's go-forward strategy. This transaction was approved by NIIT's Board of Directors at its meeting on April 17, as I mentioned.

Under this agreement, NIIT will acquire the remaining 30% shareholding in phases from iamneo's promoters subject to the achievement of financial milestones. Iamneo will function as a subsidiary of NIIT Limited with iamneo's founding leadership continuing in their existing roles, ensuring seamless continuity of operations.

This strategic acquisition unlocks substantial growth opportunities, enabling NIIT and iamneo to deliver robust outcome-driven learning solutions at scale for undergraduates and early career professionals. This will be done through universities, where iamneo has a strong and large footprint through industry-relevant technology programs, including automated technology labs, assessments, student placement preparation and placement process management services.

iamneo also works with corporates through platform-led immersive talent onboarding and employee upskilling programs, IT skills assessment and campus recruitment management. We are very excited about this investment and warmly welcome iamneo's founders and their talented team to the NIIT family. iamneo's innovative solutions significantly enhance our capability to deliver impactful digital transformation curricula at scale.

This acquisition will provide us access to more than 6,000-plus private engineering colleges, a significantly underserved market. And also, it will add many other universities and colleges as a new channel, which is very relevant in today's environment given the focus of integrating higher education with skills development, as well as needs of the industry.

This initial transaction value was INR613 million, which included INR100 million primary infusion, up to INR513 million secondary purchase subject to closing adjustments and true-up. So totally INR613 million invested at this point of time and balance 30% stake will be acquired over FY '26 to FY '30, subject to defined milestones. I must point out that the transaction is expected to be growth, margin and EPS accretive from the very first year itself.

The second update I wanted to give was a corporate action, which has been taken during the quarter, where NIIT has agreed to buy the stake of ICICI Bank Limited in the joint venture called NIIT Institute of Finance Banking and Insurance, which had been running for a while. And this transaction was also announced during the quarter, and this is subject to completion of various other formalities, while the agreement has been in place, but the closing is yet to happen.

The third thing, which I wanted to talk about was on the dividend. Today in the Board meeting, the Board also looked at the performance of the organization, the results that the company has, as well as the outlook that is available in the future, along with the investments that are proposed to be made.

And consistent with the dividend policy that the company has followed of giving a consistent dividend across the year, the Board recommended a dividend of INR1 per share for FY '25. This is obviously subject to approval by the shareholders at the shareholder meet and then disbursed accordingly.

So I will stop at this point of time and open the floor for Q&A.

Moderator: Thank you very much. We will now begin the question and answer session. Our first question comes from Ganesh Shetty, an Individual Investor.

Ganesh Shetty: My first question is regarding our new offering GNIIT. And I want to know how it is being received by the student community in this difficult period of IT?

Vijay Thadani: And you have -- you said it's your first question. You can tell us the others also, we can then respond to them in one shot.

Ganesh Shetty: Okay. My second question is regarding our investment in inorganic as well as organic initiatives. So will the investment will be a little reduced for the coming period so that we can have a significant improvement in EBITDA margins, your take on this, sir? And my third question is regarding our strategy for our AI skills and AI agents and whether we can use these skills for any other upskilling initiatives other than technology and BFSI. These are my 3 questions.

Vijay Thadani: Yes. So I'll -- Pankaj will address these questions.

Pankaj Jathar: Yes. So first question on the GNIIT program. I think so far, we've seen a good reception from the customer base on GNIIT. And we are now in the part of the year, where we expect more audience to be receptive to this offering as audiences are just transitioning from an exam time to the starting of the course time, right?

So we are working on -- I mean, our marketing campaigns are on right now, and the strategy is to push GNIIT as much as we can. We will come back in Q1 or with the results of Q1 to tell you more about how successfully we've managed to place the product offering of GNIIT with the market.

Your second question was on investment. I will answer this and Vijay you can -- or Sanjeev, you can add to it. So we will continue to be in an investment cycle, Ganesh. We will -- we are still building this business. We have set forth an ambition of doing this into a large business.

So for at least the next few quarters, we will continue to remain in an investment cycle, as we build out our product offerings and our marketing, right? So I see us continuing to be in an investment cycle for a few more quarters.

Vijay, if you want to add anything to that?

Vijay Thadani: Yes. So I think what he is referring to is organic. I will add the inorganic flavor. I think one of your questions was whether the inorganic investment that we made in recent times, will that be accretive? Yes, it is growth margin as well as EPS accretive. So it will add to our profit. It will add to our growth percentage, as well as it will add to the bottom line that we finally deliver to shareholders significantly.

I think we have a very exciting time ahead as we integrate that organization's offerings into our own and as the iamneo team integrates the offerings, which NIIT has and offers to their customer base. We will be continuing to be on the lookout and add more companies selectively in our portfolio.

As you know, our approach to inorganic is that either we should build a new capability or a new segment as well or in a new offering. So in this case, all 3 are checked out. And to that extent, I think this acquisition will contribute a great deal for our future. And I think it will be a mutually beneficial situation to both the organizations and to the larger organization.

Going forward, we will look for similar opportunities. It does take time. But as we are -- moving forward, I think we'll have more such opportunities available to us. Your third question was on AI skills and AI agents and how are we taking advantage of those.

Again, I'll ask Pankaj to comment on this.

Pankaj Jathar:

Thanks, Vijay, and thanks, Ganesh. That's an interesting question. You specifically said whether we can take it as a strategy beyond technology and BFSI customers. So you're right. Right now, we are taking our AI skills offering and Agentic AI offerings to technology and BFSI companies. But there is also a very large opportunity that we see with the India enterprise customer base, right?

And currently, we have a large funnel of AI skill kind of opportunities with the India enterprise customer base that we are working on. And we have some very interesting solutions that we are creating with them, not only training people, but also trying to create tools and agents that companies can use for their own productivity gains.

And definitely, as a strategy, we are approaching the market with our skills offerings and Agentic AI offerings. And we see receptivity for our offerings from all the segments that we work with, technology, BFSI and India Enterprise.

Moderator:

Our next question comes from Ankit Dharamshi from RNM Capital Trust.

Ankit Dharamshi:

So my question was just a follow-up question. This GNIIT program, I think this was an old program, which was there a decade earlier. So just wanted to understand how is this different this time? And what is the duration and fee of this program?

I think a decade back when this program was launched, it was kind of a parallel program offered to an engineering -- I mean, people, who are not able to enroll for engineering kind of used to do GNIIT. Is it on the same lines? If you can give some more color on that?

Vijay Thadani:

Sure. Thanks, Ankit. And by any chance, are you a GNIIT graduate?

Ankit Dharamshi:

I knew one friend, who was an GNIIT graduate.

Pankaj Jathar:

Okay. Cool. So you are right. It used to be what we call a dual qualification, right? So where you did this program in parallel to your primary degree or qualification, and it was one of the most successful

programs of its nature in the country. And when we've re-launched it, the basic principle remains the same.

It is still a dual qualification kind of a program, where you use it to augment your primary degree, your primary educational qualification that you are doing. In this case, it could be an engineering degree that you're doing, and you could still do GNIIT because this connects you to the industry and the real world, where you gain skills that will make you directly employable in the real-world job market, right?

The structure is -- we've changed a lot in how we structured it. This is now a very flexible stack-based program. There are multiple stacks, and you build it based on how you want to approach your skilling, right? So this is a very skill backward program that we've created, where you decide what are the skills you want to acquire and then you build up the stacks based on the skills that you want to acquire in parallel to your primary education.

And the duration, again, depends on how quickly someone is able to go through those different skill programs that we've put together, how quickly you can go through the stacks and build them up in your portfolio, right? So you could do this program in 18 months, you could do it in 3 years depending on your approach. It also involves industry practice.

The original GNIIT program had one semester of industry practice, and we've replicated something similar with the re-launch as well. So in many ways, it is similar in the theory, the concept of it. The actual practical is updated to the current world requirements and creates a lot of flexibility in how you enter the program, how you exit and how you structure the components of the program to build it as per your requirements.

Vijay, you want to add anything?

Vijay Thadani:

I think the only other dimension I will add is compared to the earlier GNIIT program, which itself provided enormous flexibility to the students. In this case, that flexibility is of one order of magnitude more. You can actually decide to change the skill mix that you will graduate with as on the go. You could have had prior qualifications, prior skills and you can get credit for that.

Number three, you could take up internships and work in the middle of the program in case your time permits as well as your -- so there are a number of flexibilities, which are offered, very designed to the Gen Alpha's needs and very aligned with the way Gen Alpha thinks, Gen Alpha learns, Gen Alpha behaves.

So the word -- the name GNIIT remains the same to talk about the solidity, the industry endorsement as well as a methodology, which is very, very, very learner-centric. But I think in content, it will be very different. The methodology will also be very different. It will be very, very strong hands-on driven, project-driven learning.

And I'm saying with -- I should be saying is because it's a program, which is already running as we speak. I hope that answers the question. If you would like to know more or you would like us to come and talk to a bunch of youngsters, we are always willing to comment on,

- Ankit Dharamshi:** Just had one follow-up question. Do we also have -- and collaboration with any companies for these bespoke programs using GNIIT program?
- Vijay Thadani:** At this time, I think his question was, do you have any collaboration or partnership with companies for a bespoke GNIIT program for -- yes, that's on the cards, but not as of now because at this time, the entrants into the GNIIT program are entering at the first semester level.
- Of course, you can have advanced standing in case you are in the second, third or fourth year, but all those will follow. Obviously, it is in strong partnership with the industry and very, very aligned to industry needs. So what you just mentioned are things, which will happen as we go forward.
- Moderator:** Our next question comes from the line of Kunal Tokas from FVC.
- Kunal Tokas:** Okay. So just 2 questions. First is that despite great confidence in the future of NIIT and where it is placed and a very good brand and many consecutive quarters of growth, it doesn't show up in -- I mean, it shows up in the top line, but not in the profitability if you remove the interest income.
- And you say it has been in an investment mode, but still I wanted to understand more what the bottleneck is here. Is it pricing? Or is it inflated expenses? Or is it a scale issue, where you also mentioned you're trying to variabilize more costs? So if you can help me understand that a little better.
- And second question was on iamneo acquisition. You said you got 70% and will get 30% in phases till 2030. So the promoters also retain some stake right now. But eventually, will they be given equity in NIIT? And is this the structure that you will follow for any future M&A, where the founders stay on and maybe eventually get equity in NIIT?
- Vijay Thadani:** So let me answer the second question first since -- and then I can give a shot to the first one also. So -- otherwise confidential. So first, the iamneo acquisition, by the way, this -- your question was, is this a construct that we have -- we will be using in future? In most of our acquisition philosophy has been that there is a young entrepreneur or an entrepreneur, a founder, who has brought up the company thus far in either struggling to get capital or wanting to attach themselves to a larger engine or has a dream, which is much larger than what the current capability of the organization is.
- And if we can provide that, then provide them the avenue that it creates a win-win opportunity. To that extent, this construct of a fixed upfront and an earn out based or a phased buyout phase structure has worked out very well for us. Actually, we have in our various constructs have done -- I think somebody on the phone has some construction activity happening at the background. If you can put yourself unmute.
- Kunal Tokas:** Sorry. It's -- I can. That's me. Sorry.
- Vijay Thadani:** Okay. No, no problem. So in this particular case, the construct is so that we have the original founders with us over the next 5 years. And then they become fully integrated into the organization. And then obviously, their growth and their future depends on, a, what they would like to do and what we would like to do.

But the organization, iamneo would have become fully integrated within the NIIT system. And hopefully, we will be able to have the benefit of having them over with us, as well as grow the company together to a much, much larger entity. I think in this particular case, they bring some phenomenal technology expertise as well as they understand learning, which is very, very important.

And the third is, I think both from their background, their age as well as the work that they have done, the innovative spirit gets a major push within the overall NIIT structure as well. So I think we look forward to some very exciting times together. I answered your second part. This construct has worked well for us, and we do use this construct, as we go forward.

At the same time, we are not wedded to this construct. It depends on each situation and each situation has to be dealt with in its own particular way. I think I answered your second part. On the first part, you talked about the fact that we are in an investment phase to that extent, our profitability is depressed.

What I would like to say is that there are portions of the organization, which are already operating to between 11% to 15% margin. I would say 4 out of 6 businesses or 4 out of 6 offerings that we have are in 15% or thereabouts operating margin. So to that extent, stable.

There are others, which are in an investment phase. And obviously, iamneo that we added, that is in a very solid state. So I think that is how it is an accretive acquisition. I think as soon as the investment cycle starts paying its results, we would be able to see the benefit of the steady-state EBITDA margin that we look forward to in this business, which is 15% to 20%.

Your question was where is this money going, the investment that we are going, it's going in marketing, and Pankaj, will talk about that in building the customer acquisition capability. It is building -- in building a very robust structure, which can deliver education at scale. Remember, NIIT stands as a very strong brand, which depicts enormous trust.

And to that extent, when we scale to deliver the same quality of education that we were able to deliver at smaller volumes is an extreme key. And that is a disproportionate investment required to maintain that quality level through processes, as well as other policies and things that we will implement. So to that extent, that is an investment, but that will pay off when we start achieving that scale.

And the third, obviously, is you need a large team whether you have one passenger, or you have 300 the plane and the crew, it remains more or less the same. That used to be the case in an education center. In the new format that we have, we have much more flexibility. But nevertheless, there is a fixed cost structure, which remains, which we will try to variabilize, as we go forward.

So that was a long answer, but maybe Pankaj will add some dimensions to it.

Pankaj Jathar:

I think you've covered almost everything, Vijay. But I mean, one of the areas that we will continue to invest in is also product development, right? So just a few minutes ago, we talked in detail about the GNIIT offering. That is an outcome of investment in product development, right?

So we will keep investing in things like that. And like Vijay mentioned, people will be part of the effort of growing the business.

- Kunal Tokas:** Can I ask a follow-up question?
- Vijay Thadani:** Yes go ahead.
- Kunal Tokas:** Okay. So first about your acquisition philosophy. So to what extent do you take command of the operations of the enterprise that you acquire? And to what extent do you let the founders run it as they have always been running it and you sort of are there when they need the capital or any support? That's the first question.
- And you also talked about having a large sort of upfront investments that will eventually allow you to scale up well. So do you capitalize these costs in the -- and do you capitalize any of these costs? Or do all of these flow through the P&L? And yes, that only.
- Vijay Thadani:** So I think you are talking about to what extent do we allow the founders to run their companies. We would like the founders to run their companies, but give them the governance oversight that they would need to deliver it at scale. Once they become a part of the public company, then they have certain fiduciary responsibilities as well. And therefore, to bring that discipline. Third, we bring the mentorship Operator, can you hear us?
- Moderator:** Yes, sir, we can hear you. Sorry for that sir, Please go ahead.
- Vijay Thadani:** Okay. So yes, as I said, the founders have the freedom to run the organization based on their own ambition and aspiration, but within the guardrails of running a public company -- being part of a public company, within the guardrails of the SPA that they have, where we have defined the businesses that we will be in and the strategy that we'll follow. And it runs like a Board run out fit otherwise, which founders having other degrees of freedom.
- Within -- also, I must say there are 2 other constants, one is the brand and the second is the value systems. These 2 mean a lot to us, and I think those we insist on. Business flexibility is typically available to the firms. Does that answer your question, Kunal?
- Kunal Tokas:** Yes, it does. If you can address the second question as well? About capitalizing the cost for...
- Vijay Thadani:** Yes, yes. So when we use the word investment, it falls in 2 categories, one which go through the P&L and one which do get capitalized. So anything which is permitted -- which is -- whose benefits will come over a longer term and are permitted within the commercial standards, and we also believe that they indeed are of that quality, we do capitalize.
- So for example, we create a new content that means a new program. In that case, we would capitalize because typically, the benefits of that program will flow through over a 3-year odd period. And to that extent, that initial investment gets amortized over the 3-year period, and we follow the standard depreciation policy. So that's the capitalization, and it's also shown in the part of our capital expense.
- There are others, which are of expense nature and those get expensed out. So those could be marketing, those could be people deployment, those could be implementing a certain process or implementing a

certain a new mechanism. I mean, I'm just trying to imagine. But typically, to do with customer acquisition and typically to do with customer service, all those issues are taken through the P&L.

Kunal Tokas: Thank you very much. That answers my questions. Have a good day.

Vijay Thadani: I'm sorry, the system is not working exactly the way it normally does. But in case you have any follow-up questions, we'll be happy to take them on a one-on-one basis or whichever way you want. All right. Operator, we can switch to the next question.

Moderator: Our next question comes from the line of Rahul Jain from Dolat Capital.

Rahul Jain: Yes. I hope my line is fine. I have a few questions. Firstly, on the -- congrats on the transaction that you did. And my question -- first set of questions are related to that. So first of all, if you could -- total consideration we might shell out even if all earn out objectives? That's the first question one.

Second thing is that how the total business under our ownership, is expected to perform? Anything on the current as well as sustainable growth for this business, if you could give color on that part? And as was disclosed, they have a corporate part of the business. So is it B2B? And if yes, how is it different than RPS, because it also deals around GSI and GCC. So inputs on this would be helpful.

Vijay Thadani: Okay. So first of all, we paid 613 million for 70% of the company, of which 100 million were a primary investment into the company and 513 million was the secondary investment, which has itself is in 2 parts, one upfront and one, which will happen on closing out with adjustments, but that all will happen as we speak.

The balance part, which is the balance 30%, which will be acquired over 5 years is subject to certain performance milestones. And if all those milestones are met, the overall consideration that we may end up paying...

Sanjeev Bansal: INR160 crores.

Vijay Thadani: Will be INR160 crores, which is the maximum that we take into account, which is with all the earn-outs accelerators and all those things put in. But if we end up paying about INR160 crores, then that company will be at that point of time, Kapil, what would that be the revenue of the company?

Kapil Saurabh: We don't give a forward guidance right now, but there is significant growth ahead.

Vijay Thadani: That will mean something like a 10x performance today in 5 years from now or something similar to that. We can share that number with you, but it's a very substantial number. The second question was their own growth. So the CAGR growth that they are looking at, I'm saying we are looking at as iameo is 30% plus.

And at this point of time, I think we are very well equipped to handle that. It's consistent with the growth that NIIT looks forward to. And to that extent, it's very heartening to see that. There are accelerators as synergy kicks in. So I think those further synergies kick in. I think those are all good. I think I've answered all 3 of your questions. If you have any more, just...

- Kapil Saurabh:** He said so how different is it from...
- Vijay Thadani:** Yes. Okay. So the -- most of their businesses, what I would say goes through what we call the consumer part. Why? Because we are dealing with the student in a university. And the part, which they do address corporates will perhaps remain in the enterprise part. At this point of time, I would say it is about 60-40. 60% is towards universities, 40% towards corporates, but I think the university part is growing faster and also is -- has a higher scalability opportunity.
- Kapil Saurabh:** And how is the enterprise part different from RPS?
- Vijay Thadani:** Yes. And the enterprise part is very different from what RPS does is very different from what StackRoute does. So it is complementary.
- Rahul Jain:** So just clarification, 1 or 2 clarification to your inputs. I heard is INR160 crores, INR160 crores for -- on a full payout basis is what you said. And second thing you said is that 13% CAGR, which is also in line with NIIT's growth. So you're saying NIIT's organic growth at 30 % CAGR, is what you said for organic?
- Vijay Thadani:** No, no, no, now you are putting words in my mouth. I'm talking about the second part first. I'm saying NIIT from the time Rahul that we've been talking, we've always been talking of 30% plus growth, isn't it? Over the years. And I think that is the context in which I was saying. I'm not right now giving a guidance of a 30% growth year-on-year for next 5 years.
- I'm giving you that it's a high-growth company like the way NIIT is designed to be at this point of time. And it is only in that context that I was saying. So will the NIIT -- will -- in the shorter term, NIIT will grow faster than that.
- Rahul Jain:** So essentially, just to reassure, you are saying this business, the new acquired business it has potential to compound at 30%. But for NIIT organic business, you're not saying any numbers for at this point?
- Vijay Thadani:** What's the last sentence...
- Vijay Thadani:** Yes. We are not giving a guidance for 5 years for NIIT. We are giving -- I'm just explaining you that their CAGR over the next 5-year period because that's to be documented if this arrangement has to be worked out is 30% plus.
- Rahul Jain:** And any qualitative color you would like to give for the organic business for this year, if not numerical?
- Pankaj Jathar:** The qualitative color is green. It continues to be and a time of uncertainty, right? So the things that transpired in the last 2 weeks and that are continuing add to the uncertainty in the environment, the volatility that we have to deal with. Events like this cause sudden cancellations of confirmed delivery, right? And that then impacts our numbers directly, right? So we are going to be in this kind of an environment.
- While the local things seem to have settled, the global uncertainty continues, and it is the environment we are in, we have to have the agility to deal with it. And we've shown some of that over the last couple

of years, where the company has turned around or pivoted some of its offerings to take advantage of new opportunities and cut costs in opportunities, which didn't exist anymore.

So we will continue to do that. We'll continue to evolve our offerings and remain agile with changing market conditions and keep evolving, keep changing to grow. We have made commitments of growth, and we will pursue those irrespective of the headwinds that we encounter in the market.

Rahul Jain:

Okay. That's very helpful. Just one clarification on the enrolment data. Just to understand, is it unique enrolment added during the quarter that we published? Or is it the total number of billed enrolments per quarter?

Vijay Thadani:

I think it is total number of billed enrolments in the quarter. Most of them would be unique because the repetition are low -- I'm sorry, lower in these kind of programs that we do. Having said that, I would just want to add a little bit -- you wanted a qualitative color, I just wanted to give 1 or 2 dimensions.

I think over the last 1 year, we have been able to -- 1, 1.5 years, we've been able to broad base our offerings quite a bit. Now add to those offerings, the additional flavor of, let's say, an AI-powered platform. It significantly improves the value that we can deliver. And I think that will benefit us both in market share, as well as the realizations that we get in anything and everything we do.

Similarly, I think iamneo will benefit a lot from the offerings that we have, which are very distinct. As I mentioned, there's hardly any commonality. So I think to that extent, those benefits of synergy, which are additional to what we have already foreseen, I think are things, which you can think of giving some additional benefit in times to come,

The broad basing that we did with our customer segment of going from GSI Tier 1 to GSI Tier 2s and now 3s as well as broad basing our banks rather than staying with the top 4 banks now moving on to other banks and wherever possible, even NBFCs, and PSUs, then I think that will also provide additional benefit.

Then there is the whole area of generative AI because generative AI by itself is changing the nature of just about every job that exists. And there is a huge amount of reskilling and upskilling, which is happening in organizations other than GSIs and GCCs. And I think we stand banks. And I think we stand to benefit from that as well given the coverage that we have.

So some of these elements and a stronger sales force that we have invested in, Pankaj has made specific efforts to improve the sales and marketing capability of the organization, I think we should start seeing the benefits of that. And that's why I'm making the statement that despite the hard times that may happen, I think some of the things, which we have in our -- with us, which we have capabilities that we are building should help us in overcoming some of the swings, which happen in the environment from time to time. I think that's the context we are talking.

Remember, all this is in a degree of uncertainty, which may rise higher and -- higher than whatever wells we are doing, which is what you saw in the last 2 weeks, the events, which happened. Nobody could have imagined that it will be the kind of event. Nobody could have imagined the way they have recovered themselves also. So I think all this will remain a part of the game.

Moderator: As there are no further questions from the participants, I now hand the conference over to the management for closing comments.

Vijay Thadani: Thank you very much. And once again, we really appreciate you're being part of this meeting. This is the results season. And at this time for you to have spent this 1 hour plus with us, we truly appreciate your questions, as usual, give us lots to think about and do contribute to our thinking as well as the next actions that we take. I would say the same for these 65, 70 minutes that we spent together.

If there are any further questions, Kapil Saurabh and Saurabh Taneja both will be available for any further questions and so is Pankaj and myself and Sanjeev Bansal, the CFO, and we look forward to also meeting you in person in case there is an opportunity in near future. I believe there are some conferences in future as well as some one-on-one meetings planned.

So we look forward to interacting with you. Meanwhile, if you know of anybody who wants to do GNIIT, please do ask them to benefit from NIIT's re-emergence, as -- this GNIIT offering. Thank you.

Moderator: Thank you. On behalf of NIIT Limited, that concludes this conference. Thank you for joining us. You may now disconnect your lines.