

## NIIT to demerge two verticals

Demerger process expected to be complete in next 8-9 months

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NIIT, the 40-year-old IT skilling company, is set to demerge its two business verticals — corporate learning group (CLG) and skills and careers (SNC) — into two separate units, both of which will be listed on the stock market.

The demerger process of the two business verticals is expected to be complete in the next 8-9 months. “During the quarter, the board of directors approved the composite scheme of arrangement which would result in the CLG and SNC business to be reorganised as separate listed companies.

“The proposed scheme is subject to necessary statutory and regulatory approvals, including the approval of the NCLT, Sebi, stock exchanges, shareholders and creditors,” the company said in a statement to the stock exchanges.

CLG constitutes the bulk of NIIT’s revenue and offers managed training services for corporate clients in North America, Europe and other geographies.

During 2021-22, the revenue from the CLG vertical was Rs 1,131 crore, up 35 per cent over the previous year and constituting over 80 per cent of the net revenue of Rs 1,377.5 crore of NIIT Limited in FY22. The SNC vertical, which has a focus on individual training, recorded a revenue of Rs 246.5 crore, up 99 per cent year-on-year.

“These two businesses have a different set of customers, different aspirations, and different capital needs and priorities. The company went through an extensive process of building the strategy for the future. The board felt that it would be beneficial for each of the businesses to derive their potential,” said Vijay K. Thandani, vice-chairman and managing director, NIIT Limited.

“The composite scheme of arrangement is undergoing a regulatory process. We believe the process will take 8-9 months more,” said Thandani at the quarterly earnings call on Tuesday.

NIIT has posted a 45 per cent growth in net profit during the fourth quarter at Rs 67.44 crore and a 58 per cent growth in net profit for the financial year 2021-22 at Rs 226.2 crore.

“FY22 saw NIIT grow 44 percent year on year (net revenue) and improve profitability by 456 bps. At a time when talent is at the top of most CEOs’ agenda, NIIT’s customers continue to trust us with their most pressing talent transformation challenges,” said Sapnesh Lalla, CEO and executive director, NIIT.