"NIIT Limited Q1 FY 2022 Earnings Conference Call"

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Moderator: Ladies and gentlemen, good day and welcome to Q1 FY-22 earnings conference call of NIIT Limited. 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 '*' then '0' on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Vijay Thadani, Managing Director & Vice-Chairman, of NIIT Limited. Thank you and over to you sir.

Vijay Thadani: Thank you Margaret. Good afternoon to everyone who is here on the call and thank you very much for your interest in joining this call, we always enjoy these conversations because they are very educative for us as well. I only hope all of you have been staying safe and healthy. In this call our agenda is to discuss the business performance for the first quarter of the financial year 2021-2022. We would also discuss future direction and opportunities, and of course be ready to answer all your questions.

As usual we have the whole leadership team available. Sapnesh Lalla – our CEO would lead this discussion and, then I am available, Sanjay Mal – the CFO, Kapil Saurabh – Head of Investor Relations, and Gaurav Relhan, who is also finance. A colleague would be here to help us with all the answers. I also have Mr. Pawar and Mr. Rajendran on another line and they would be also very happy to answer questions as and when it becomes necessary.

I just want to make some very brief opening comments and then hand over to Sapnesh to talk a little bit in detail.

First, in a very highly volatile and uncertain environment, were many days in the quarter we were under tremendous strain because of resurgence of the pandemic. The team has delivered in our opinion, exceptional results, both in terms of growth and profitability.

The second is the results continue to show a remarkable recovery and exhilaration in enabled by the digital transformation that the company has achieved. It has been driven by agile and decisive actions of the leadership team over the last six quarters, leveraging the depth and breadth of our experience in learning technologies and strong execution capability that we have demonstrated over last 4 decades. The results also showed that the efficiency that a digital learning model can deliver, can help a lot in building a strong, profitability base. So, though the journey to global leadership is long, but I think each of these milestones are helping us get closer to where we want to be.

With that I would like to handover to Sapnesh to give us a brief of the business performance in this quarter, then we will open it up for questions and answers.

Sapnesh Lalla: Thank you Vijay, I would echo your thoughts on the highly volatile and uncertain environments, specifically the tragedy that marred the beginning of and the middle of this past quarter. More than the performance, it also showed how human we can all be and how fragile as well as resilient all of us can be. So, interesting times, but an exceptional quarter in those interesting times. Thanks Vijay for the kind words.

From an overall perspective again, disclosure, please note that the results of previous years have been restated for like-to-like comparison in accordance with the accounting standards. Let me start with the overall highlights. Revenues stood at 3010 million, up 49% year-on-year and 9% quarter-on-quarter, sequential improvement driven predominantly by the CLG business, which I will cover in just a minute. The EBITDA was at 721 million, up 196% year-on-year. EBITDA margin of 24% up 1,188 basis points, versus the 12% in Q1 last year.

Margin was lower quarter-on-quarter as we started to ramp up investments in NIIT digital and other IP based opportunities that we are pursuing globally. PAT was at 514 million up 78% year-on-year, and the EPS was Rs. 3.80. Please note that the EPS includes the impact of the buyback and the number of outstanding shares for part of the quarter. NIIT completed the buyback of 9.875 million shares through the tender in May.

Coming to the corporate learning group with industry-leading performance:

The corporate learning group, recorded a growth of 47% year-on-year in Q1, and continues to drive improvement in performance. I was just starting to talk about the corporate learning group. I will restate some of the things I may have said earlier. The revenue was 2,633 million up 47% year-on-year and 12% percent quarter-on-quarter. Constant currency terms the revenue was up 45% year-on-year and 11% on a quarter-on-quarter basis. EBITDA was at 772 million, up 148% year-on-year and 14% quarter-on-quarter. EBITDA margin was at 29%, up 1,185 basis points year-on-year and 62 basis points quarter-on-quarter. Strong sequential growth predominantly driven by an expansion and share of wallets of a number of existing customers, accelerated ramp up of some of the new customers we acquired over the last four quarters and strong volumes in the North American real estate business. The company saw significant expansion in two existing customers, both large technology majors. The North American real estate market to seeing some normalization now. Though I would say that the demand for real estate as a career continues to be higher than it was during pre-COVID times.

During the quarter NIIT added three new MTS customers all in the life sciences space, one large pharma major, second a large medical devices company, and third a large healthcare insurer The MTS tally now stands at 59. The revenue visibility reached 298 million at the end of Q1. The margins continue to remain high, driven by the growth and improved leverage of fixed costs, better product mix, higher productivity, and continued work from home and no travel expenses, as well as the full impact of cost optimizations achieved during the last year. Several of those optimizations have continued. We are seeing a target markets for the corporate learning group emerging from that COVID 19 lockdowns. As we pointed out earlier, this is likely to lead to some resumption of costs and investments that we have deferred over the last two quarters as things start opening up.

In our skills and career business revenue for the quarter was 378 million. This was up 62% year-on-year. This was down marginally quarter-on-quarter due to the impact of seasonality and some of the impact of the second wave of the pandemic which hit the country starting early April.

The StackRoute and TPaaS products continued to see strong recovery given the strong hiring sentiment in the IT segment. We see a multi-year growth cycle in demand for digital talent as businesses increase adoption of digital to service their customers globally. our pivot to a digital delivery model last year has since been working, and we have been working on ensuring that we can help our learners achieve desired outcomes through our digital platform. We see this business as having a strong adtech platform for digital talent transformation for both individuals, as well as corporations and have proven out this model over the last few quarters.

As we shared in the previous call, we are accelerating investments and ramping up the consumer business in India. In Q1 we invested in strengthening the management team and expanding the product portfolio as well as made investments to make our digital platform a stronger and stickier platform. We also introduced a number of new products, including programs for 5G cloud technologies, cyber security, game development, data sciences, and a full stack engineering. As a result the EBITDA was a negative 51 million during the quarter. Investments in marketing are being accelerated in Q2 so that we can take full benefit of the season as well as grow the revenue run rate for the second half of the year.

Overall, NIIT has achieved significant transformation over the last six quarters across both of its businesses. CLG is a top five global managed training services player with industry leading growth margins and return profile. The target market provides multi-year growth potential due to the large spends and low penetration of outsourcing. New business models are leading to disruption, and NIIT is well poised to take advantage from these disruptions. The skills and career business is transitioning to a net tech business engaged in servicing the rising demand for digital skills by both individuals and corporates. We believe the company has the necessary ingredients for value creation, differentiated delivery, and pedagogy for deep skilling, with proven outcomes, strong brand, innovative business models and a strong balance sheet. We continue to believe that more companies would adopt learning, outsourcing post the pandemic. As we have seen in the past as the economies have come out of recession, they tend to outsource more. We think that this demand will pick up as the economies and the companies come out of a recession. The second, the demand for digital talent, or, talent that is trained on digital skills will continue to grow globally as, most organizations go through the acceleration in digital transformation.

From a balance sheet perspective, as I mentioned earlier, NIIT has completed its second buyback during the quarter. Balance sheet metrics continue to be strong. Excluding the impact of buyback net cash position improved quarter-on-quarter by about a thousand million or 100 crores. The DSO also improved to 52 days as of June 30th, compared to 54 days as of March 31st.

We are continuing to pursue investment opportunities, both organically and inorganically given the strength of the balance sheet to drive growth across different dimensions, including but not limited to, continued expansion of our corporate business through expansion from a geographic coverage perspective, from expansion with respect to capabilities, as well as customer segments. Achieving leadership and digital talent transformation through an NIIT Digital and StackRoute are also key agenda points for organic investments. We continue to pursue an inorganic strategy that could help us accelerate our growth path on the dimensions that I mentioned earlier. Vijay do you want to spend just a minute on the completion of the buyback process over this past quarter?

Vijay Thadani: Sapnesh asked me to talk about the buyback process, I think the process has been completed successfully, absolutely on time and schedule. The buyback was Rs. 240.00 per share, the total buyback amount was 237 crores. The company bought back 9.875 million shares which is about 6.9% of equity and, the tendering route was there, and there was a reservation of 15% of buy back amount for small shareholders, which was also oversubscribed, and accordingly the allocations were made. It has been a successful process, I have nothing more to add. With this buyback, I think 68% of the free cash after divestment has been distributed. Therefore all future plans as and when they arise we would be sharing with the shareholders.

I don't have anything more to add. Sapnesh you may want to just open it for Q&A because we have had a couple of interruptions.

Sapnesh Lalla: Thanks Vijay you are right. Let us open it up for Q&A Margaret, and let us see if we can spend the rest of the time on Q&A.

Moderator: We will now begin the question-and-answer session. The first question is from the line of Ashish Aggarwal from Principal India.

Ashish Aggarwal: A couple of things from my side. First of all on the corporate learning side this revenue visibility of $298 million, over how many years is this revenue you are looking to accrue? Secondly on the margin side, we are now almost 29% even in this quarter. We have indicated that we will increase the spending, etc., going forward. How should we look at the margins in the corporate learning business?

Sapnesh Lalla: I think the way to think about visibility is that is the visibility that we have for the balance of our contracts, or the balance contracts with the 59 customers who are active. It is not the next 3 years, or 2 years or 1 year. The contract visibility that we have for the balance of the contracts for the 59 customers we mentioned.

For example a couple of our large customers, our contracts are coming up for renewal, and if they were to renew for three years, we would add three years' worth of contract visibility to this number on behalf of those customers. I would also add that are typical contracts tend to between three to five years. I would say 80% of the contracts are three years, the balance 20% would be five years. The second question was around margins for the corporate business. The last time we had guided that our margins will be upwards of 20%, we had said about 20% plus. We are staying with that guidance but we feel that we might be able to get benefit of the operating leverage, because we provided for the investments already for the year.

So, we might get advantage of a 100 or 150 basis points because of operating leverage, which would start showing up. So, I would say, we would retain the guidance from the past, but add, maybe a 100 150 basis points, as benefit from the operating leverage.

Moderator: The next question is from the line of Saurabh Shah from AUM Fund Advisors.

Saurabh Shah: Question on the corporate learning group, at what rate is the market growing? Either in terms of new requirements like legal compliance, etc., or in terms of higher market share because companies are outsourcing their internal learning to players like yourselves. How fast is the market growing and how do you see which are the fastest growing places relevant to your own product offering?

Sapnesh Lalla: I think the way to look at the market is by looking at the spend that most operations do on their employees. This spend had gone down in a significant way during the pandemic, but it is starting, or it is projected to grow in mid-single digits on year-on-year basis. You are to look at a very macro picture of corporate learning spends. They are likely to grow in the mid-single digits.

I think your follow up question is very interesting and that is around the propensity for these organizations to outsource. So, far fewer than 25% of fortune 1,000 organizations have outsourced their learning in an appreciable way. There is a lot of head room for growth in terms of just penetration. Like I mentioned even the 25% who have outsourced, they have not outsourced all of it. There is significant headroom with respect to those who have outsourced in terms of expanding what they do, as well as those who have not outsourced at all. So, from an overall perspective that is very significant headroom. In the past we have noticed that every time the economy comes out of recession, large organizations take a relook or a rethink of their strategy, and more often than not, they choose start focusing more on what is core to their business, and look at outsourcing what is not necessarily core to their business.

I think in the learning outsourcing space, we are at a point where the IT services was about 25, 30 years ago, where the penetration was not as high as you see it today. So, over the next few years, I expect that the penetration will increase. Also I think NIIT represents a specialist organization who can bring significantly high amount of value compared to a generalist outsourcing organizations. Like our customers that will be more who will see an NIIT as a specialist who can bring unique value to them, they will choose to use an NIIT as their outsourcing partner.

Saurabh Shah: Going on a little bit more, I know you will continue to add new capabilities. Based on a current offering, where do you think is the sweet spot in terms of growth? Is it a vertical, is it a kind offering which is webinar or more interactive? What is the sweet spot currently, which is giving you the most growth, which they have for example, very high probability concluding contracts of the type that you are fostering?

Sapnesh Lalla: I think our biggest capability is to ensure that we are able to deliver against our contracts as a managed service, which really means that when an organization outsources something to us, they can rest assured that they really get equal or better performance compared to what they were achieving. That is really what creates value. For us it is very important to ensure that we show up as a reliable value creating partner. That is really what is important and what has worked really-really well for us.

We will as part of our strategy continue to add capability so that we can help organizations in the broadest of sense. But the most important aspect about NIIT that resonates with all of our customers is the fact that they can reliably get high quality, high value, day in and day out. This really came into forefront during the pandemic, in spite of the fact that a fairly large number of NIITians were affected by COVID. None of our customers experienced a slowdown, leave aside a shutdown. I think that goes on to show how reliable our processes are and, how our customers can trust and NIIT in delivering against what they have outsourced to us.

Saurabh Shah: The last question. Is it possible to get a sense of each of the largest verticals or areas where the current revenues come from? I know the United States and Canada was a big recent focus, but overall, on an annual basis of your pipeline of $300 million, where is the largest exposure?

Sapnesh Lalla: Some of our larger segments include energy, BFSI, technology and telecom and life sciences.

Saurabh Shah: Possibly got any split at all, any very high level split?

Sapnesh Lalla: I would say technology and energy. Technology is the top followed by energy, followed by BFSI, followed by life sciences.

Moderator: The next question is from the line of Samarth Singh from TPF Capital.

Samarth Singh: My question was a follow-up to a statement you made, which is, only 25% of total Fortune 1000 companies currently outsource. But at the same time I think the overall market growth is in mid-single digits. Can you explain to me the dichotomy on why the market is not growing at a faster rate?

Sapnesh Lalla: The simplest way of thinking about it is that learning is a discretionary expense. It is an enabler to business growth, but it is one step behind business. I think your question is really around, why is it that IT is growing faster than learning? IT to a great extent runs business whereas learning focuses on enabling business performance. It is seen more as a discretionary expense, whereas IT is seen as a mandatory expense. What we have tried to do, and I talked about our segment focus or a sectoral focus. We try to focus on sectors where there is a higher proportion of mandatory training, sectors which are highly regulated, which include energy, lifestyle sciences, DFSI, or sectors where there is very high rate of change, like technology and telecom.

Samarth Singh: Do we have a breakup of the percentage of revenues that fall under regulatory or mandatory in nature?

Sapnesh Lalla: Greater than 50% of our business comes from organizations or sectors that are highly regulated.

Samarth Singh: Would it be safe to assume that 50% of our revenues are regulatory in nature?

Sapnesh Lalla: I won't say that because even the highly regulated organizations have training that is not purely compliance or regulatory driven, and it is very hard for me to tell you how much of it was regulatory versus non-regulatory, but I can say that greater than 50% of our revenues come from organizations that are highly regulated.

Samarth Singh: One of the comments in your opening statements was that digital efficiencies have led to improve profitability in the CLG group. I in the past conference calls, we have been hesitant to put a stake in the ground and say that, these efficiencies are here to stay permanently. I was wondering whether with the discussions with your clients, whether you have come to some conclusion on whether these digital efficiencies are here to stay permanently. If they are, what part of that benefit will be retained by us.

Sapnesh Lalla: I think some of these efficiencies are here to stay. I don't think we will be traveling as much as we used to, to deliver training. Also I don’t think we will deliver as much in person training as we used to, but some of it will come back. Exactly how much of it will come back, time will tell. But in all our conversations with our customers, we are hearing that some of it will come back, but we are not sure how much, but time will tell. And that is really the reason why we are saying that we think that we can do upwards of 20%, compared to the past when were in the teens. That is because we feel that some of the efficiencies are here to stay.

Samarth Singh: Just one last follow up to that. We have guided for upwards of 20%, our Quarter 1 margins are at 29% of CLG. Does that imply a significant ramp up in cost, in the next three quarters?

Sapnesh Lalla: It is a combination. There are three things that play here. One is that we are ramping up our own investments so that we can fuel growth and those investments started out as we got into Q1, but they will ramp up as we go through the year. Second, efficiencies will stay but, some of the expenses will go up, with respect for facilities, with respect for travel, as things start opening up. And third like I pointed out in my opening comments that the real estate market, has been at a high over the last couple of quarters and we think that some of it is starting to level off, and that will have an impact to the margins as well. These three dimensions are at play as we look ahead on margins.

Moderator: The next question is from the line of Rahul Jain from Dolat Capital.

Rahul Jain: My question is pertaining to the development that we have seen in last couple of days on the edtech sector, what is happening out in China. Is there any way we see this as an opportunity in terms of how we would like to shape up this side of the business and what are the real plans, as we are now calling out as edtech.

Sapnesh Lalla: What I took away from your question was that regulatory changes with respect to education, or a tech business in China, are we likely to get affected by that. On that my answer would be direct exposure to China probably not, because that is not the type of businesses that are getting regulated in China, are not the ones that we participate in. Second I think you were trying to draw a parallel to see whether something like that might happen in India or not. My view is that a lot of what is happening in China is around supplemental K-12 education which creates a lot of stress amongst kids, and that is not a business that we are in. So, I don't see a direct impact, though time will tell how these policies are cross borders.

Rahul Jain: Actually, the extension to the question was what is our long-term or mid-term kind of a strategy in this business in skill.

Sapnesh Lalla: I think in the simplest of terms our focus is learning outsourcing, which has predominantly conducted in the United States and Europe. And I don't see this move from China affecting that at all. Second our focus is towards early careers, students who are about to graduate from college or who have just graduated from college and joined operation. That is really the market that we are focused on. Again I don't see an impact of this regulatory change in China on what we are doing here India.

Rahul Jain: Our corporate learning business has definitely seen a significant uptake in terms of the number of new MTS customers we have been adding. So, this part of the jump from let's say 30, 35 customers to 59 odd now has been very sharp. So, from this point, let us say we have to go to let us say 60 customer to let us say 80-100 customers, given the lower penetration on the fortune customer, then what is the change of strategy required? Is it just like adding more sales people or is there a different capability mix we need to require given that we have a highly concentration on four sector. Will that mean that we need to add capability, some diversity of businesses as well? Any color you want to share on that?

Sapnesh Lalla: You probably answered the question you asked, but let me provide you color on what our strategy is. From a growth perspective, there are three key dimensions, which we see as dimensions that can accelerate growth. The first one is geography, expansion. As I mentioned earlier in similar calls, we are looking at geographic expansions with respect to continental Europe and Latin America. Second is capability expansion. There are a number of areas that we have identified. We won't go into what those areas are, but there are a number of areas that we have identified, where our customers are open to having conversations with us, as long as we have top class capability, and those areas where we are building capability. I know for a fact that there is significant talent transformation that our customers face, because of the acceleration of digital. Those are some of the areas where we are improving our capabilities. Third is market segments. I think you alluded to that as well. There are a number of market segments such as professional services, such as aerospace, such as a number of other market segments, where we have some penetration but not a lot and we would like to invest in business development to gain penetration in those market segments. I would remind you that about three years ago we made an acquisition to get into the life sciences space, and now we have more than 10 customers, in the life sciences space. So, we are going to pursue both organic and inorganic activities to build capabilities on these three dimensions.

Rahul Jain: If you could share in terms of how you expect the profitability in the business, ELS business, panning out over the next few quarters or years, whatever you want to share on that.

Sapnesh Lalla: For this year we think that compared to my earlier guidance of 20 plus percent EBITDA profitability, you are saying that there is a likelihood of us getting an additional 100-150 basis points of operating. I also wanted to say that compared to what we had said in the past, we are starting to see visibility of higher revenue growth. I think we will be in the mid-twenties, to higher-twenties in terms of revenue growth. I think some of that will also start showing up on the bottom line, through operating leverage.

Moderator: The next question is from the line of Saurabh Shah from AUM Fund Advisors.

Saurabh Shah: Just to get a sense of the next 12 to 18 months, could you give us a sense of your go to market strategy. I know you just mentioned looking at inorganic on the side, but for organic basis, in terms of what kind of people hiring, what kind of other sales efforts you are making here, on internal side what kind of product offerings you are developing either from vertical standpoint or changing the way you offer the methodology of access, et cetera. Just give us a sense of how we are doing that for the next 12 to 18 months please.

Sapnesh Lalla: There are really three dimensions in which we are looking at. The first one is a geography expansion, both from a business development perspective, as well as delivery capability perspective, and the regions where we are interested in expanding our coverage include continental Europe and Latin America. Those are regions where we have customers today, but there is a significant opportunity to add new customers. The second is looking at additional sectors compared to the ones that we already have. There are a set of sectors which include professional services companies and a number of other sectors where we currently do not have customers. But we know for a fact that there is significant spend that takes place on training. There is sectoral expansion that we are looking at. For that we are bringing on people who have some significant experience and specialization with respect to those sectors. The third area is like I pointed out, answering the previous question, I expect that there is going to be significant talent transformation given the acceleration of digital and, that is an area where we can gain market share, or wallet share with our existing customer if we build capability. And that is an area where talent transformation, it has many layers of capability. But we are focused on improving our capability and strengthening our offering from a talent transformation. Those would be the three areas over the next 18 months or so, where we are likely to make investments what organic, as well as inorganic.

Saurabh Shah: Possibly to be a bit more granular Sapnesh, in terms of how many people you are hiring, given the language challenges I would think in some of the geographies that you mentioned. I would expect to change that any partners any other kind of, structure, any hiring from potential customers, or how are the other ways you are trying to kind of ensure faster penetration for product that you sell is not really as essential as IT. Some more than granularity if you can provide us.

Sapnesh Lalla: Given the public nature of that call I would hesitate to do that because, not only our wishers but our competitors also listen in on these transcripts. So, I would say I would stay at the level that I provided where you have significant investments going on in both business development, as well as capability creation, so that we can accelerate growth. That is what has come not just from a people addition perspective, but people addition with respect to significant expertise, geography, as well as capability creation. Capability acquisition.

Saurabh Shah: As you kind of explained and build up libraries for these learnings and other things, do you expect your gross margins to increase? I mean, they are just now what would be the variable component for you to develop in a new course material, new modules, et cetera. Also be looking at any targets for reducing the variable costs on your new product offerings as such?

Sapnesh Lalla: Just to be clear, we are and have been predominantly a service business and gross margins have trended to be service gross margins. Now over time we have started blending the service with significant intellectual property investments. The first significant one was in a real estate contract in Canada. We are looking at similar IT related business models, which can create a mechanism of blending product gross margins, lift further gross margins, so that we get an overall uplift.

Saurabh Shah: This is the last clarification. You mentioned this real estate thing a couple of times, is that linked really to the growth of the real estate market and the industry or is this something which will continue because it is a regulatory environment kind of dictated change, beyond the current boom period both the US and Canada experiencing.

Sapnesh Lalla: Well, this is a contract that we entered three years ago. Three years ago, there wasn’t a boom in real estate business, but it is license to operate contract, which if you want to transact in real estate, you have to have a license, and NIIT became the exclusive provider of such education, in the state of Ontario in Canada. As I have mentioned, this time as well as in the past conference calls, there has been a significant ramp up in interest in real estate careers, to some extent because of the pandemic, because it is a viable second career for many people. But also because the real estate market has been red hot over the last couple of quarters. As you might know, anything that is red hot starts to cool off over time. From an overall perspective given the regulatory and license to operate nature of contracts, we should continue to see reasonable demand even if it is off of its peaks that we have noticed in Q4 and Q1.

Moderator: The next question is from the line of Samarth Singh from TPF Capital.

Samarth Singh: On the Canada contract I believe it is a 5+2-year contract. What happens at the end of the period, is the IT transferred back to the client, or is it a rebid or what happens?

Sapnesh Lalla: We normally do not get into discussing terms of our contracts with customers on conference calls but like you pointed out, a lot of it is client confidential, so we can't discuss it. It is a time-bound contract which has options for renewal.

Samarth Singh: Okay and I am guessing you cannot give the percentage of revenue is coming from this, but when we had signed up the contract, we had said that we expect to generate $15 million of revenue per year. Are we significantly above that or are we around that?

Sapnesh Lalla: I can use different words to say something that would mean that. These are client confidential numbers and we cannot disclose them.

Samarth Singh: And just to get an idea of sort of the group, sort of the addressable market in CLG. I think about a couple of years back you had stated that we were doing, we were thinking about 50 RFQ every year out of which were participating in about 40 of them, and, wherein 30% of those. Is it the same today, or has that improved significantly, both in terms of the number of RFQs we see every year and our win rate

Sapnesh Lalla: Our win rates have improved significantly, the total number of RFPs or RSQs actually went down during the COVID year, but our win rates have improved significantly. Also over the last year and a half we have seen a lot of referrals, where organizations have chosen to work with NIIT without actually going into an RFP process. As organizations start coming out of COVID related shutdowns and start focusing on their strategy for non-core work, I expect that the number of opportunities will increase.

Samarth Singh: We had made a statement that I think this was in end of 2018 beginning 2019, that we would expect to double our revenues every 3 or 4 years. That was on a smaller revenue base. Do we still stand by that statement or would we temper that down?

Sapnesh Lalla: In a steady state from an organic perspective, we think that we can continue to grow at about 20% year-on-year in this corporate business, in steady state. If we were to add inorganic growth possibilities, we should still be able to meet that goal.

Samarth Singh: Last question from my side. How different or similar is our skills and career business to simply learn?

Sapnesh Lalla: It is significantly different from a number of dimensions. The focus target audience that we have is early careers, which are folks who are either about to graduate from college, or who have just graduated from college or who have just graduated and got a job. That is really the audience that we focus on. On the other hand, Simplilearn focuses on a slightly different audience. They focus predominantly on working professionals. Second NIIT focuses on deep skilling, which is programs that go on for a fairly significant amount of time and actually transform somebody's skills, such that from not being able to do something they are actually able to do something. So, you would akin NIITs programs to say, if you wanted to teach somebody how to swim a person who did not know how to swim, you wanted to teach that person how to swim, they would spend time with us, and we would teach them how to swim actually quite well. Compared to that Simplilearn’s programs are focused on upgrading working professional skills. For example a person knows how to use Oracle 10, and now Oracle 11 has shown up. You will learn how to use Oracle 11. These are programs for working professionals to upgrade their skills. NIIT programs tend to be deep skilling programs that transform a person's ability to do a job. Did that help?

Samarth Singh: Yes. Very helpful. Thank you.

Moderator: The next question is from the line of Shradha Agrawal from Amsec.

Shradha Agrawal: A couple of questions. How should we look at the revenue growth of different CLG, despite a very strong start we are still maintaining our guidance of mid-to-high teens growth in CLG. That would effectively mean that we are talking of material deceleration in revenue growth starting April. You had also kind of indicated that we had seen one compression in existing accounts and some normalization of their spend has started to happen. So, giving that part how do we look at revenue growth on Q-on-Q basis for us?

Sapnesh Lalla: Let me just say or repeat what I just said a minute earlier. We think that the corporate learning businesses growth forecast or growth guidance, we are upping it from mid to high-teens, to probably mid to high-twenties. We are upping the guidance in a significant way for the corporate business, given the strong performance in Q1, as well as some of the visibility that we had through new customer additions and expansions.

Shradha Agrawal: Are we expecting sequential growth in all the 3 remaining quarters of the year?

Sapnesh Lalla: We should get marginal sequential growth over the next couple of quarters.

Shradha Agrawal: I am saying this is despite volumes in the RECO deal coming down.

Sapnesh Lalla: Yes. That is why I said that while we will see some cool off or some leveling off in terms of volumes in the North America retail business, but because of the new customer expansions that we have had, we think that we will see some marginal improvement in revenue from a quarter-on-quarter perspective.

Shradha Agrawal: How should we look at the growth trajectory in our skills and career business?

Sapnesh Lalla: The skills and career business for the year should show robust growth. We expect that the growth will be upwards of 40%.

Shradha Agrawal: That is on a low base, but on a more sustainable basis how should we build the growth rate S&C?

Sapnesh Lalla: That business is going to continue to be a high growth business for the near-term to mid-term, given a) The low base, and b) The investments that we are making.

Shradha Agrawal: The (+20%) is that a reasonable expectation for S&C to grow in the medium-term?

Sapnesh Lalla: Yes.

Shradha Agrawal: I think I missed out on the net cash number. Could you help me with that please?

Sapnesh Lalla: Net cash for this quarter, this past quarter right?

Shradha Agrawal: At the end of 1Q.

Sapnesh Lalla: 11,719 million. This is post buyback.

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

Vijay Thadani: We have had a very interesting discussion. Thank you very much for joining us. We apologise for the few interruptions that happened but I can see that most of the questions were answered well by Sapnesh. If there are any follow up questions or issues, please do not hesitate to reach out to Kapil Sourab at investor relations, and he will be happy to connect you with any part of the organization that you would like to get your questions answered. As usual we thank you for being here with us, your presence means a lot to us, and we always learn more from such interactions and we look forward to your continued guidance, support and cooperation. Thank you.

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