



## From Training to Talent Development

February 2008

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- Individual (IT) Learning Solutions
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## The Global Skills Shortage



### Huge gaps in talent demand and supply in all sectors of the economy

- Increasing Globalization – Work mobility
- Changing Demographics – Ageing population
- Services led economy – New skill sets



Talent Gap at the top; Skills Deficit at the bottom

## Global Workforce 2020



### India's Demographic dividend



Note: Potential surplus is calculated keeping the ratio of working population (age group 15-59) to total population constant  
Source: US Census Bureau; BCG analysis



47 mn surplus in India; 56 mn shortage in the world

# The Indian Scenario



Indian economy growing @ 9%+  
 GDP Mix changing: Services 55%, Industry 27% & Agriculture 18%



1. ASSOCHAM Survey  
 2. ECA International Survey, Employment Conditions Abroad Ltd.  
 3. Source: Economic Times, Feb 2006  
 4. Source: The Economist, Oct 2006

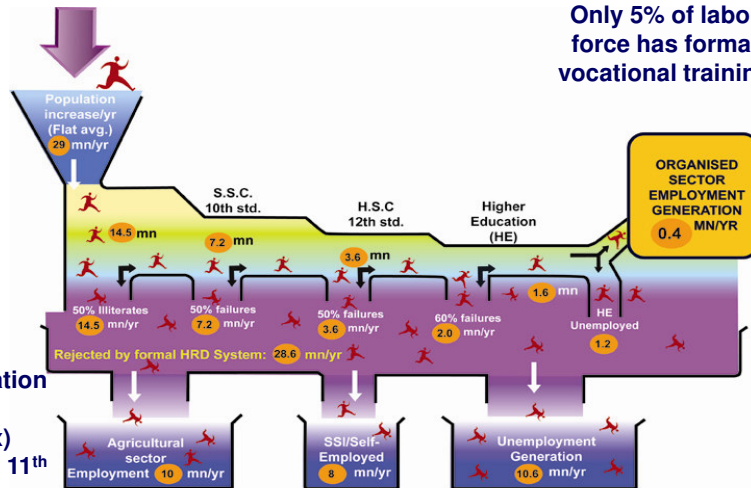


Talent shortage across sectors

# India: Skill Supply Chain



Only 5% of labor force has formal vocational training



India Education Spend:  
 Rs. 3 Tn (5x)  
 allocated in 11<sup>th</sup>  
 5 year plan

Source: I Watch Survey, 2007



Issues of relevance, reach, inclusion and quality

## NIIT in this Environment



### Successfully transitioned from an IT Training to Global Talent Development Corporation

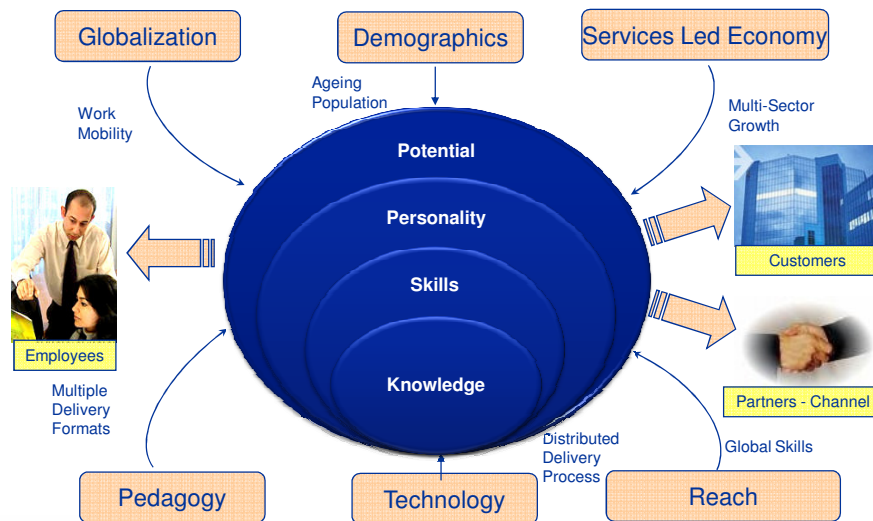
- ❖ With the successful launch of new businesses, NIIT is well positioned to become a major source of skilled work force for sectors other than IT as well
- ❖ Expanding services economy and growing need for vocational training at school and undergraduate levels continues to throw new Talent Development opportunities for NIIT

Focus Areas	India	USA/EUR	China/ROW
Workforce Productivity	√√	√√	√
Employability	√√√	√	√√
Academic performance	√√	√	√



Talent Development – A global opportunity

## Global Talent Development... The New Charter



Opportunity to leverage proven competencies

# COMPANY OVERVIEW

## NIIT – servicing the full labor supply chain

School Learning Solutions

Individual Learning Solutions

Corporate Learning Solutions

Target Audience	School children	Young adults		Working professionals
		IT	Non IT	
Value Proposition	Performance	Employability		Productivity
Business Model	B2I	B2C		B2B
Coverage	<ul style="list-style-type: none"> <li>•Government Schools</li> <li>•Private Schools</li> <li>•Teacher Training</li> </ul>	IT Training	<ul style="list-style-type: none"> <li>•BFSI Training</li> <li>•Management Edn</li> <li>•English Language</li> <li>•Professional life skills</li> </ul>	<ul style="list-style-type: none"> <li>•Content Library</li> <li>•Custom Learning Solns</li> <li>•Training Outsourcing</li> </ul>
<b>Geographic Coverage</b>				
India	100%	67%	100%	10%
ROW	-	33%	-	3%
USA	-	-	-	87%
FY'08 SWR Mix	6%	49%	3%	42%

## NIIT: Market leader with strong credentials



### Undisputed Leadership in IT & IT enabled Training

- ❖ Dataquest “Top Training Company” in India award since its inception
- ❖ Avaya Global Connect award for Customer Responsiveness for three successive years
- ❖ Formidable Brand-McDonald’s of Education (Far Eastern Economic Review)
- ❖ Among the Top 20 companies in the Training outsourcing industry as ranked by TrainingOutsourcing.com
- ❖ Ranked among “India’s Top 50 Most Trusted Service Brands”
- ❖ Features among the “Super Brands” of India



Proven leadership; Strong Competency Set

## NIIT: A global presence



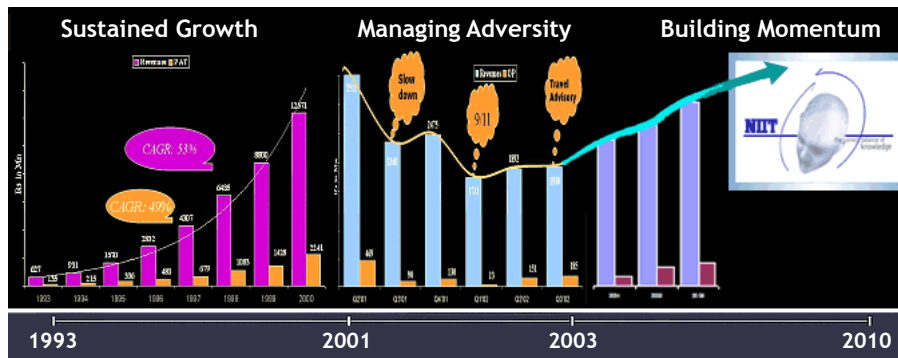
Global presence in 32 countries; servicing 500,000+ young adults;  
2.8 Million+ school children ; 2,000 Corporations; 5,400+locations



# NIIT: In China



# NIIT: successfully weathered storms

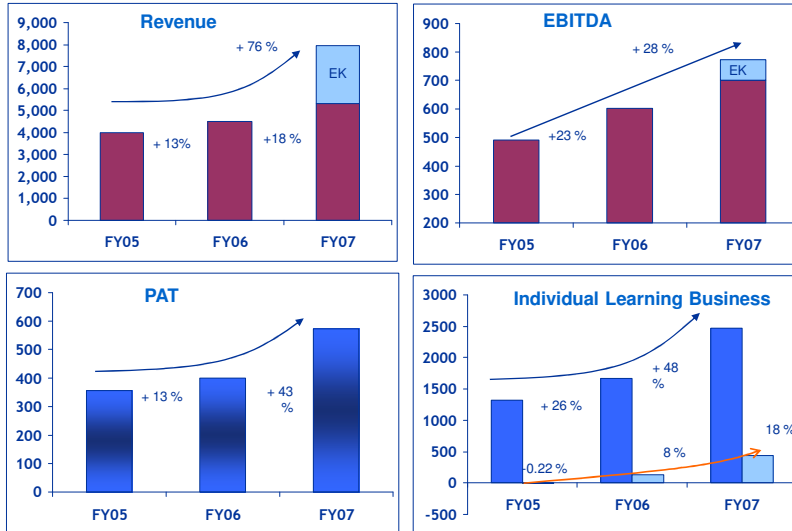


Not to scale



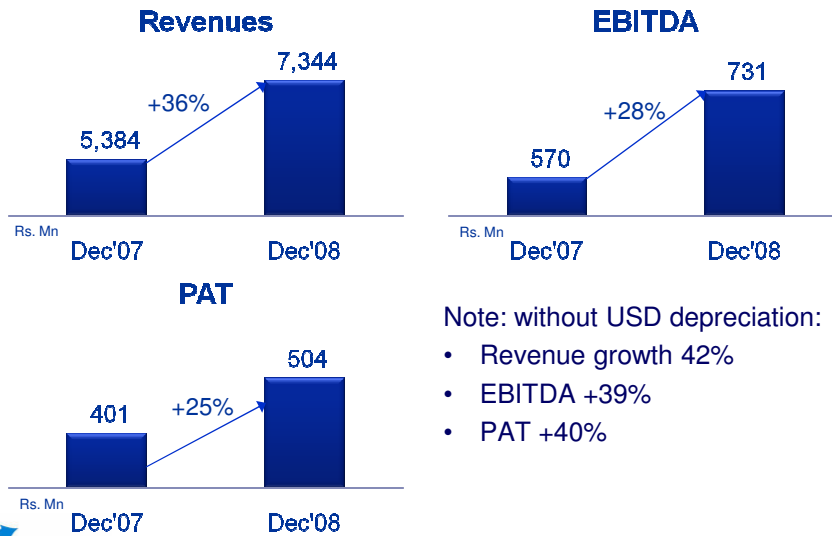
Steadily accelerating growth with higher productivity

## NIIT's growth in the last 3 years



Steadily accelerating growth with higher productivity

## 9M'08 Consolidated Financials



Note: without USD depreciation:

- Revenue growth 42%
- EBITDA +39%
- PAT +40%



Growth momentum continues



## 9M'08 Business Highlights



- ❖ Individual Learning Solutions (ILS): Continued high growth; Revenue up 30% YoY; EBITDA up 56%; Margin +325 bps
- ❖ School Learning Solutions (SLS): After a period of consolidation, SLS business poised to grow; Revenues up 2% YoY; EBITDA margin + 213 bps. Fresh order intake of Rs 283 Mn in Q3'08
- ❖ Corporate Learning Solutions (CLS): Integration of Element K with NIIT's corporate business substantially completed. New opportunity thrown up by IP based content library business. Fresh order intake of \$106 Mn in CYD December'07
- ❖ New businesses (IFBI & Imperia) grow 416% YoY; Revenues Rs. 196 mn; achieved break even a quarter ahead of plan. Expected to become significant growth engines for NIIT
- ❖ Evolv acquisition to address English Communication and Professional Life Skills Training and ETS relationship to provide certification to a Global Standard



Growth, Expansion, Continued Transformation



# INDIVIDUAL LEARNING SOLUTIONS

## Individual Learning Solutions



- Individuals, 16-25 years, primarily part-time
- Career, Career-edge and Skills Upgrade courses
- For Engineers, Science / Arts /Commerce graduates, Working Professionals
- Instructor-led, supplemented by e-learning
- India. China. Developing World



Reach. Delivery. Enrollments. Placements. Operating Leverage

## Demand for IT & ITES professionals



### Demand side: IT workforce ('000s)



### Skills

- Software: Development & Testing
- Infrastructure Management
- MIS implementation & Support
- Multimedia
- Voice/Tech Support
- Knowledge Process outsourcing
- Vendor certification

### Supply Side:

2007-10	Available	Employability
Qualified Engineers & IT Grads	1.4 Mn	25%
Non Engineers / Non-IT Grads	3.0 Mn	10%

Source: McKinsey



The huge demand-supply gap in skilled IT workers expected to continue

## ILS: 9M'08 Highlights



- ❖ Continued Growth: Revenue up 30% Registrations up 24%
- ❖ China records registration growth of 60%
- ❖ Enhanced Product Profile: Expanding DQ Product base, Hardware and Networking (GlobalNet+), Multimedia and Gaming
- ❖ Tech partnerships with Microsoft, Sun, Intel, Adobe, CompTIA, CISCO for new product offerings



Accelerating Growth, Improving margins

## ILS: 9M'08 Financials



(Rs. Mn)	9M'08	9M'07	YoY
System wide Revenues	5,145	4,063	27%
Net Revenues	2,341	1,798	30%
EBITDA	468	301	56%
EBITDA margin	20%	17%	+ 325 bps

- ❖ SWR Geo Mix: India 67%, China 16%, ROW 17%
- ❖ 22% YoY Capacity enhancement
- ❖ 55% utilization of enhanced capacity



- System wide booking Rs. 6,207 Mn
- Closing Net OB 1,866 Mn
- 68% executable in next 12 months



Steady growth and improved margins

## ILS: Future Strategy

### ❖ India

- ❖ Expansion in product portfolio through alliances, capacity expansion
- ❖ Specialized training to create domain experts for IT companies
- ❖ Enhanced use of Web and Mobility to reduce costs

### ❖ China and ROW

- ❖ Launch of new 'Finishing School' product in China for university graduates
- ❖ Significant capacity expansion in China
- ❖ Growth in focus geographies



ILS to continue to show robust growth and improved profitability

# SCHOOL LEARNING SOLUTIONS



# School Learning Solutions

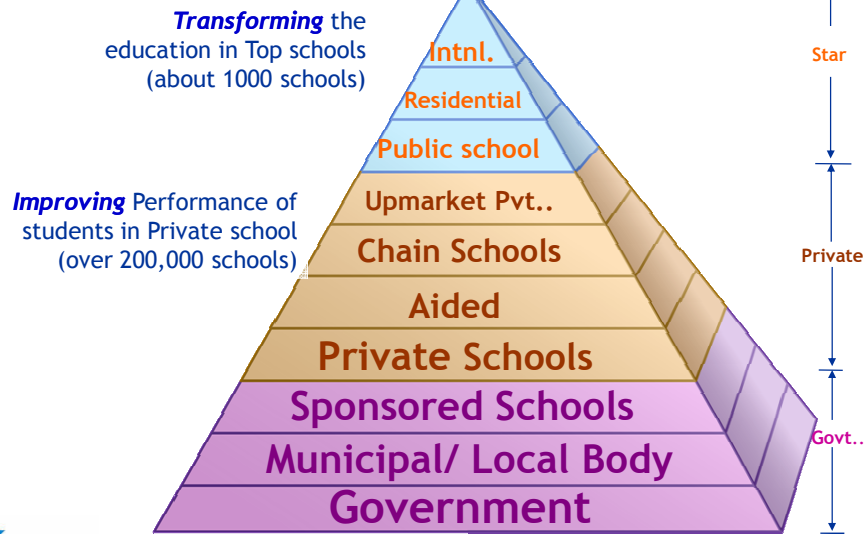


<b>Size</b>	<b>1 million schools</b>
<b>Beneficiaries</b>	<b>&gt;200 million Students</b>
<b>Decision Making</b>	<b>29 Boards</b>
<b>Scope</b>	<b>17 Languages</b>

- Transforming education in schools, ICT integration
- K-12: Government Schools to International Schools
- Offerings for students, teachers and schools
- BOOT-Government, Licensed products, Services – Annuity



# Meeting Market needs



# Our involvement so far



Tamil Nadu  
371 Schools



Private Schools  
1406 Schools



Karnataka  
700 Schools



West Bengal  
500 Schools (cum)

5,700,473 Students

6,677 Schools

250,438 Teachers



AP 663 Schools



Microsoft  
Project Shiksha



Assam  
1270 Schools



Meghalaya  
178 Schools



MP - 4 Schools

8,174 Instructors

Over 32,000 PCs

5,000 Hours of Content



Himachal Pradesh  
282 Schools



Chattisgarh  
1202 Schools



Tripura  
28 Schools

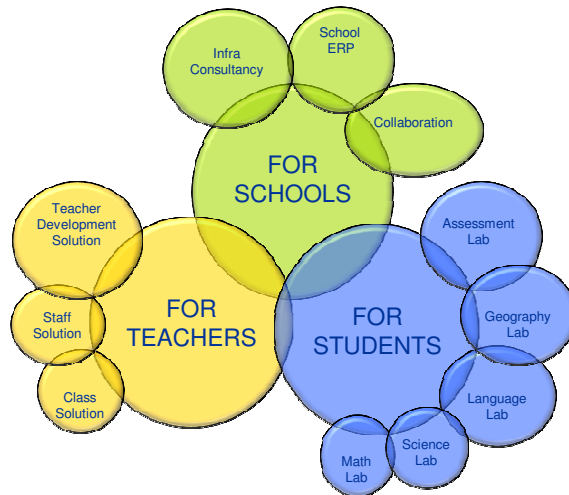


UP - NOIDA  
25 Schools



ICT revolution at grass root level

# The eGuru Solution



egurucool  
Smart Study



Focus on Sales and on Realization Improvement

## SLS: 9M'08 Highlights



- ❖ After a period of consolidation, SLS business poised to grow
- ❖ Fresh order intake of Rs. 475 mn as compared to Rs. 123 mn in 9 months ended December 2007
- ❖ Launch of substantially upgraded teaching product, at enhanced realizations
- ❖ Govt. school wins in Assam, Himachal Pradesh & Tripura
- ❖ Significant wins recorded for the eGuru Solution
- ❖ Product line strengthened with MathLab & NComputing tie up
- ❖ Non GSA revenues record a 29% YoY growth



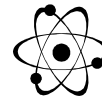
Volume growth expected to be sustained

## SLS: 9M'08 Financials

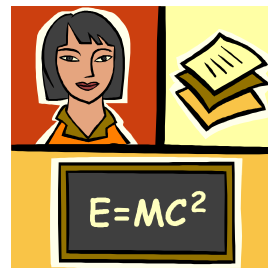


Rs. Mn	9M'08	9M'07	%G (YoY)
Net Revenues	632	619	2%
EBITDA	88	73	19%
OM	14%	12%	+ 213 bps

- ❖ 822 Schools added in GSA Space and 134 schools added in Non-GSA
- ❖ Non-GSA contributes 32 percent



- Fresh Order intake of Rs 475 Mn
- Pending order book at Rs 895 Mn
- 60 % executable in next 12 months



Growth returning to both GSA and Non-GSA segments

## SLS: Future Strategy



- ❖ Grow GSA business; balance profitability, receivables risk and capital intensity. Aim for leadership share in tenders of choice
- ❖ Strong growth in Private Schools business, boosted by enhanced product and sales effort. Offer excellence in Mathematics, Science, IT and English through respective lab products
- ❖ Vocational training in schools provides a major opportunity -Under evaluation



SLS business will see robust growth



# CORPORATE LEARNING SOLUTIONS



# Corporate Learning Solutions



**Custom Training**  
Content

**Learning Business Process**  
Outsourcing

**Corporate Training**

- Largest Custom Content Developer
- 2nd Largest Content Library
- Best in Class hosted platform
- Global Training Delivery
- Technology companies, Corporates, Government
- USA, Europe, India, APAC



# Corporate Learning Market: Breakup



Estimates by Training Industry, Inc.



**North America Corporate Training Expenditures at \$45.9 B**

# Corporate Learning Solutions



The first & the best choice for comprehensive learning solutions

1500+ Professionals  
- Largest Content  
Development  
Facility  
in the world



12,000 Hrs of  
e-Learning

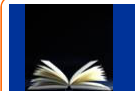


20,000+ Training  
Days per Year



150+ University  
Courses

12000 +  
Person Years  
of Experience



1500+ print  
catalog



3500+ e-learning  
library



285,000+ Student  
Learning Hours



20,000 Hours  
of ILT

500+ US Based  
Professionals



29,000+  
Mentoring Hours



500,000  
Hosted Users



297,000  
Transactions/mo

SEI-CMM Level 5 &  
ISO 9001 certified



# Corporate Learning Solutions



## Sales, Channel, and Customer Education



## Business Process Improvement



## Training Administration Services



## Regulatory Compliance



## New Product Rollout



## Employee On-boarding and Corporate Communications



## IT Productivity and Skills Development



## Other Solutions

- Management and Leadership Development
- Professional Effectiveness
- Office Productivity
- Call Center and Customer Service



## CLS: 9M'08 Highlights



- ❖ Integration of Element K on track; Robust growth in Element K
- ❖ Major wins in Element K content library
- ❖ Fresh Order intake \$106 Mn
- ❖ India Order intake for Q3'08 grew 136% YoY contributed by:
  - ❖ High tech training for IT Companies
  - ❖ English communication and workforce productivity training



Strong focus on India corporate training space

## CLS: 9M'08 Financials



Rs. Mn	9M'08	9M'07	%G (YoY)
Net Revenues	4175	2,930	43%
EBITDA	207	275	(25%)
OM	5%	9%	(445 bps)

- Robust Order Intake at \$106 Mn
- Pending order book at \$65 Mn
- 66% executable in next 12 months

- ❖ Increased focus on India Business
- ❖ Increasing IP based (Content Library) business
- ❖ Global Technology Delivery
- ❖ Added 34 new significant customers



Dollar weakening impacts Revenue by Rs 443mn (15%), and EBITDA by Rs 77mn (119 bps)



## CLS: Future Strategy



- ❖ Grow Subscription Library
- ❖ Custom Learning Solutions – “From Development to Deployment”
- ❖ Training Outsourcing
- ❖ Global Technology Delivery practice
- ❖ Increase focus on India & China



Strong focus on India corporate training space



**NEW  
BUSINESSES**

## IFBI: Institute of Finance Banking & Insurance



Institute of Finance, Banking & Insurance

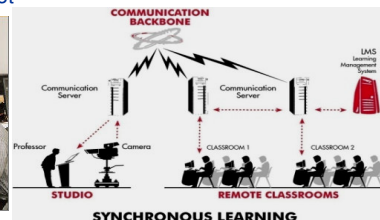
<b>Customers</b>	Entry level career seekers in Banking, Finance & Insurance Industry, Re-training of existing Employees
<b>Products</b>	PG Diploma in Banking, Corporate Training programs, PG Diploma in Financial Planning, PG Diploma in Insurance
<b>Alliance Partners</b>	ICICI Bank, ICICI Prudential, ICICI Securities, HDFC Bank, Infosys (For Finnacle), Yes Bank
<b>Market position</b>	Pioneer in a growing industry



## NIIT Imperia – An overview



<b>Customers</b>	Working executives, Corporates
<b>Alliance Partners</b>	IIM Ahmedabad, IIM Kolkata & IIM Indore; IMT-Ghaziabad, IIFT
<b>Key Programs</b>	Senior management program, Accelerated General Management program, PG Certificate in Management, Executive Program in Applied Finance, Executive Program in Management of Software Development, Retail Management Program, PG Certificate in Sales & Marketing
<b>Market position</b>	Interactive Synchronous learning pedagogy, Dominant position in a growing market



## IFBI & Imperia: 9M'08 Highlights



- ❖ **IFBI: Repeating the NIIT success story in Financial Services**
  - Gains universal acceptance from the banking community (New Partners - HDFC Bank, Yes Bank)
  - Insurance Program Launched in partnership with ICICI Prudential
  - Financial Services Program (ICICI Securities) getting excellent response
  - 2,700 graduate from IFBI and get placed
  - Cumulative enrolments cross 7,400
  
- ❖ **Imperia: Bringing quality management education to the masses**
  - Launched MDP and Leadership Series
  - IIFT and IMT partnerships added
  - Cumulative enrolments cross 1,200



IFBI and Imperia expected to build upon the initial success

## IFBI & Imperia: 9M'08 Financials



Rs. Mn	9M'08	9M'07
Net Revenues	196	38
EBITDA	(31)	(64)

- ❖ Order intake of Rs. 160 Mn, Pending order book Rs. 56 Mn
- ❖ Added 9 new centers to reach 15 in 12 Cities
- ❖ Achieved break even (EBITDA), a quarter ahead of projections

**ifbi**

Institute of Finance, Banking & Insurance

**NIIT**  
**IMPERIA**  
CENTRE FOR ADVANCED LEARNING



Growth on track

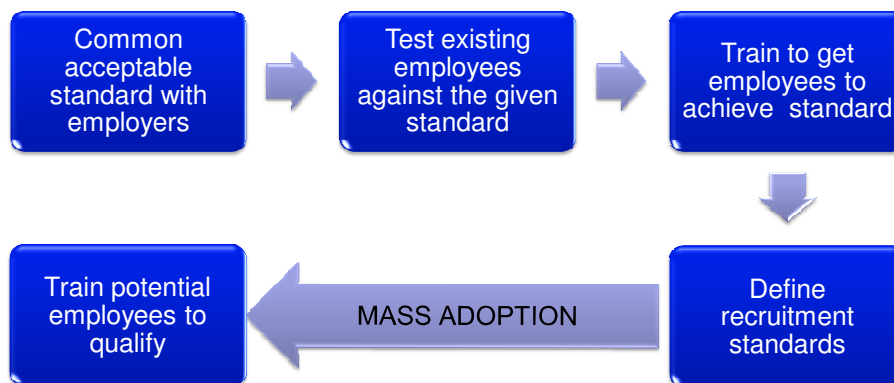
## English & Professional life skills



- Alliance with ETS for TOEIC testing
- Acquisition of Evolv for English language training
- Market potential
  - A huge untapped market In India
  - 10.5 mn college students
    - 90% face an “employability gap”
    - Main reason – Lack of English communication & Professional life skills
- Solution
  - Work with employers to a common acceptable standard
  - Get potential employees to achieve the standard



## English & Professional life skills



## New Businesses: Future Strategy



- ❖ Geographic Expansion and enhanced market penetration for IFBI and Imperia
- ❖ Extend domain partnerships
- ❖ Entry into Newer skill areas
- ❖ English & Professional life skills



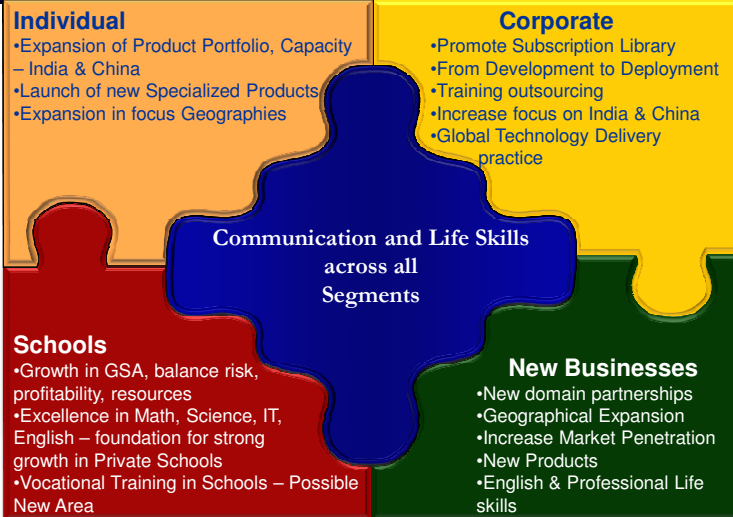
Significant Growth Drivers for NIIT



# SUMMARIZING



## Summarizing: NIIT's growth strategies



**Sustained acceleration in revenue growth, continuous improvement in profitability**

## NIIT: Today and Tomorrow



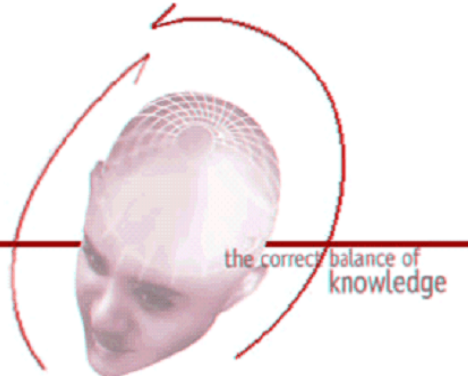
- ❖ We are today, the market leader with strong credentials and competencies
- ❖ We have a strong financial track record, and in the past have successfully dealt with market adversities and uncertainties
- ❖ We have successfully transitioned from an IT Training Company to a Global Talent Development Corporation
- ❖ We have and will continue to restructure our businesses to take advantage of all emerging opportunities
- ❖ We have a robust and de-risked strategy for the future



# Leadership in the Century of the mind



**NIIT**



the correct balance of  
knowledge