



**You can't spell TRAINING without NIIT**



# Investor Presentation

*May 2012*

- Education & Training: Landscape
- Company Overview
  - Individual Learning Solutions
  - Corporate Learning Solutions
  - School Learning Solutions
  - Skill Building Solutions
- Results Update
- Future Direction

# EDUCATION & TRAINING: LANDSCAPE

<b>Demographic Dividend</b>	<ul style="list-style-type: none"><li>• Young nation with 54% of population under 25 years of age</li></ul>
<b>Growing Economy</b>	<ul style="list-style-type: none"><li>• Trillion dollar economy expected to grow @ 7%+ p.a.</li><li>• Expected to cross \$27 Trillion in 2050</li></ul>
<b>Global Workforce requirement</b>	<ul style="list-style-type: none"><li>• Global shortfall of 56 million by 2020</li><li>• India will have 47 million excess</li></ul>
<b>Government Spending on Education and training</b>	<ul style="list-style-type: none"><li>• Central budget for education for FY13 at Rs. 740 billion , up 21% YoY</li><li>• Rs. 120 Billion allocated to NSDC for skills development</li></ul>

India story is here to stay, however....

- Inadequate access and quality of formal education
- High drop out rates in schools and low GER in higher education
- Low employability
- Low workforce productivity
- Low capacity and coverage of vocational skills training
- Acute skills shortage & unemployment

Huge focus on education and training required to unleash potential

## Skills Development

### NIIT's Strengths

- Long standing brand
- Best in class domain partnerships
- Content creation capability
- Processes & tools for distributed delivery of education
- Width and depth of reach
- Innovative pedagogical solutions
- Operations & Project Management
- Teaching/ learning content
- Scalable delivery capability

## Schools Education

### Current Engagement

- **ILS-IT**: IT and Soft Skills
- IFBI**: Banking, Finance, Insurance
- Uniqua**: BPO/KPO Skills
- Imperia**: Management education
- NYJ**: Vocational training for the service sector
- 950+ global delivery centers
- Government sponsored opportunities
  
- Govt: BOOT/BOT contracts
- NIIT nGuru suite
  - Interactive classrooms
  - Math Lab, Science Station
  - School ERP
- HIWEL Learning Stations
- Teachers Training

Higher Education

- Institutional alliances models
- Global linkages

Corporate Training

- Best in class custom content capability
- End-to-End Training outsourcing capability
- Partnership with all major technology companies

Other Developing Countries

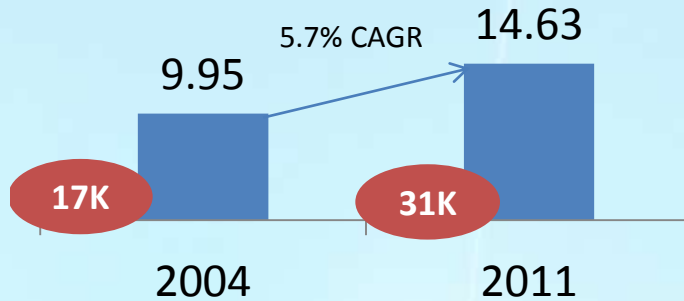
- Established Presence in 40 Countries
- Respected training provider with solid brand recognition

## Current Engagement

- Tie up with 100+ universities
- Joint certification and dual qualification programs
- NIIT Inside solutions
  
- Provider of products and services to
  - Leading technology companies
  - Major Fortune 500 companies
  - Governments
  
- PPP centers in China
- Strong presence in Africa
- Special projects in neighboring countries

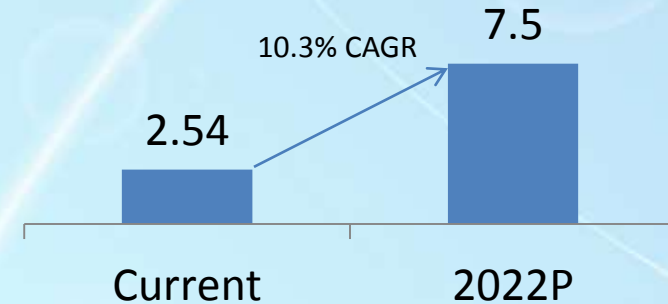


## Enrolments in HE

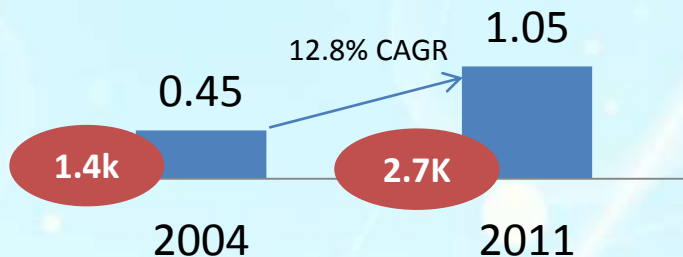


## IT/ITES Workforce

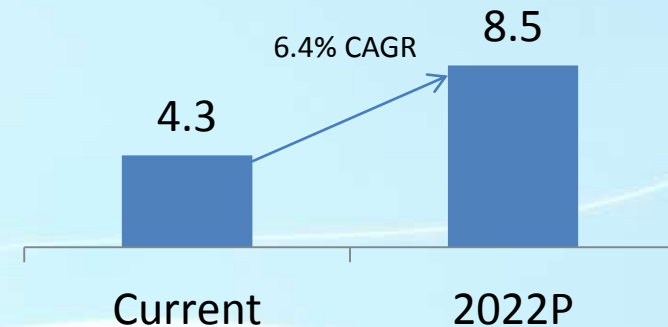
Mn



## Engineering Seats



## BFSI Workforce

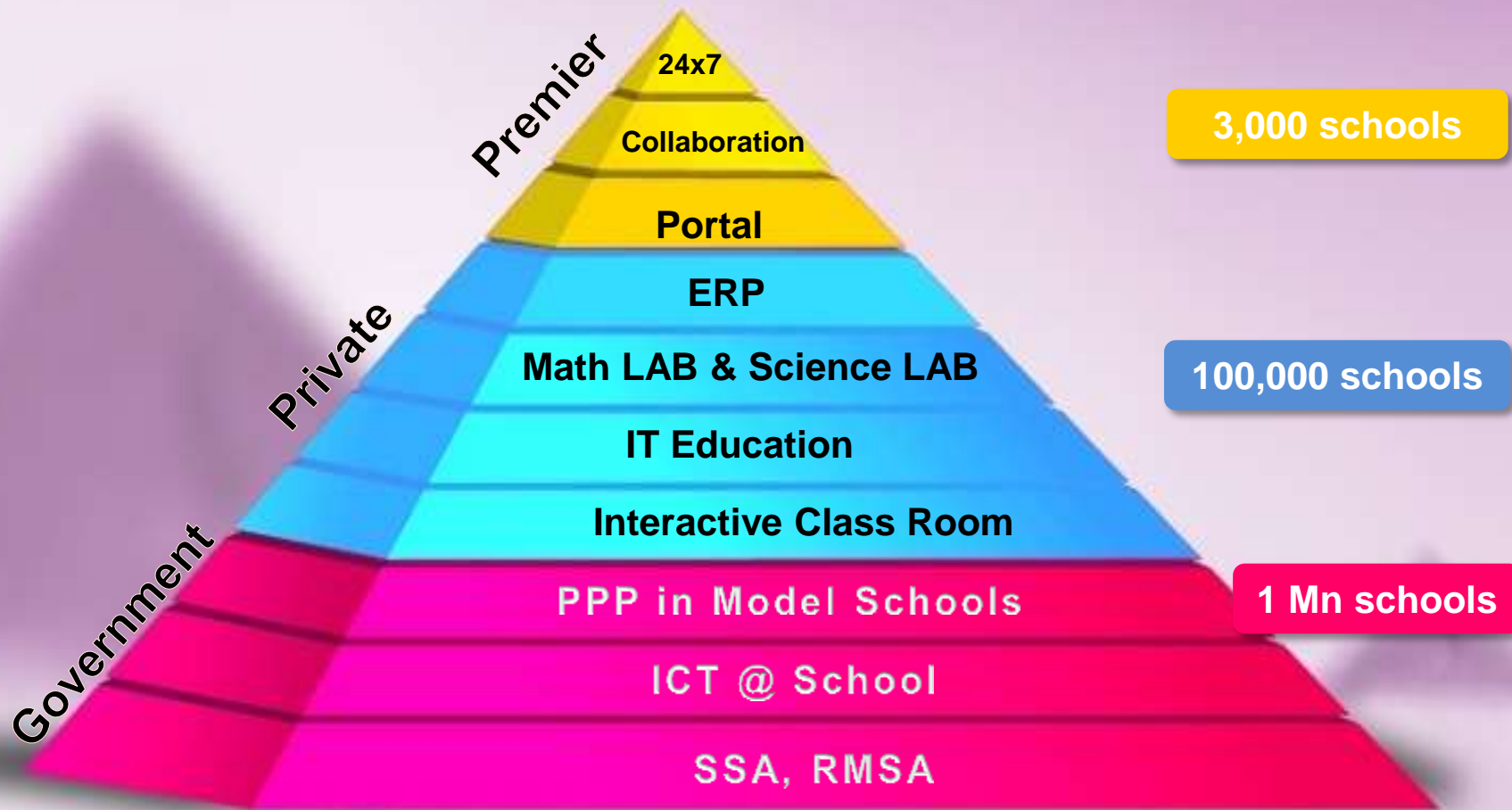


- Demand for employability training of college graduates will remain high, as enrolments rise from 14.6 million (2011) to targeted 40 million (2020)
- Demand for skilled workforce in IT/ITES and BFSI sectors will remain high

**Large opportunity for NIIT in the fast growing services sector**

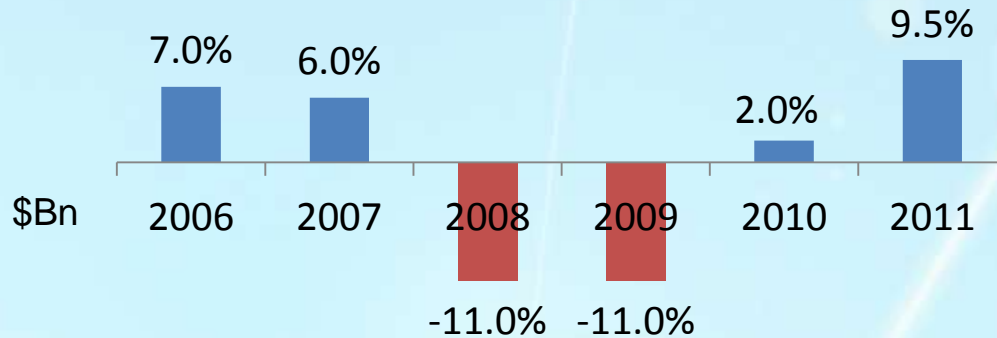


# NIIT Opportunity Space: Schools



Large market for products and services for improving school education

## US Corporate Training Spending



**US Spending at \$67 Billion**  
**Global training spend \$100Bn+**

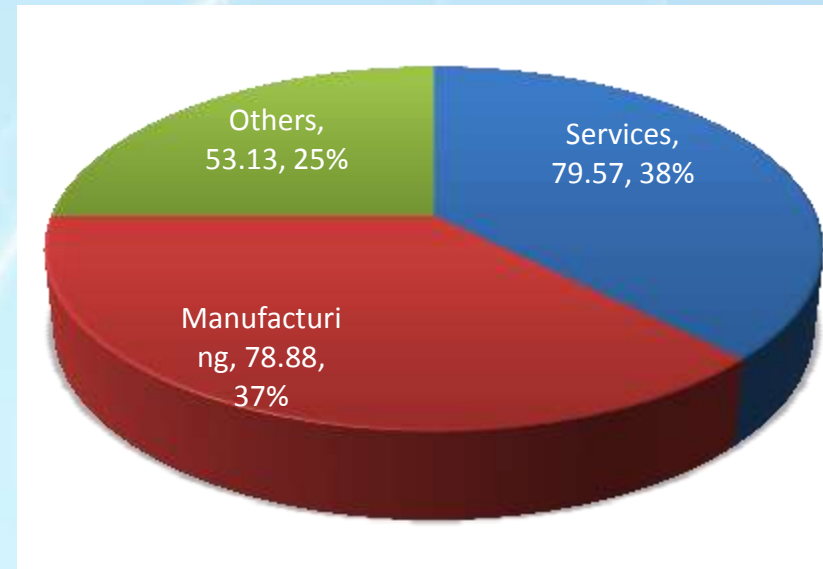
Source: Bersin & Associates

- Learning and Development (L&D) budgets continue on road to recovery; underscore corporate commitment to training
- Reduction in in-house L&D professionals (5.2 per 1000 in 2011 vs 6.7 in 2006)
- Training is a specialized function and organizations are increasingly relying on specialists to outsource training

**Corporate training represents a huge opportunity**

## Demand Side

- 211 Mn new jobs in 21 key Sectors in next 10 years
- Additional 300 Mn for “Up skilling”
- Indian Skill Dev opportunity \$120 Bn\*
- **79 Mn new jobs in “Service Sector”**



## Supply Side

- Indian Population – 1.4 Bn by 2026 ; 20% (18-24 yrs) – **280 Mn youth**
- If harnessed, 25% of global workforce by 2026 will be Indians
- Aspirations of youth -- towards “Service Sector”

Perfect setting for NIIT; Focus on Youth & Service Sector

- One of the largest providers of vocational and professional skills worldwide across various service sectors. Acknowledged market leader in India
- Leading player in the school education segment in India. Positioned to take strong advantage of the emerging environment
- One of the leading providers of corporate training in the world. Uniquely positioned to take maximum advantage of the growing training outsourcing trend

Demonstrated ability to build viable, scalable and sustainable education & training businesses

# NIIT has made significant contribution to training and education, globally



Nurtured over 2000 entrepreneurs

Contributed 555,000 GNIITians

IT Enabled **>10 Mn** school children



Helped over **4 Mn** individuals perform better at their jobs

30,000+ IT professionals for Chinese economy per annum

IT enablement for Bhutan and Maldives



Trained **396,449 school teachers** to leverage IT

Developed over 200,000 hrs of learning content

Enhanced income for more than **75,000 BPL families**



# ...and has received numerous recognitions and awards



NIIT recognised as India's second most trusted education brand by Brand Equity-Nielsen survey 2011



NIIT NGuru received eIndia Award 2011 for Math Lab and Mobile Science Lab



Highest Rated Education Brand



NIIT USA honoured with the 3 Brandon Hall 'Excellence Awards' for Performance Support, Learning, and Marketing



NIIT received Dataquest 'Top IT Training Company' Award in 2011 for the 19th consecutive year

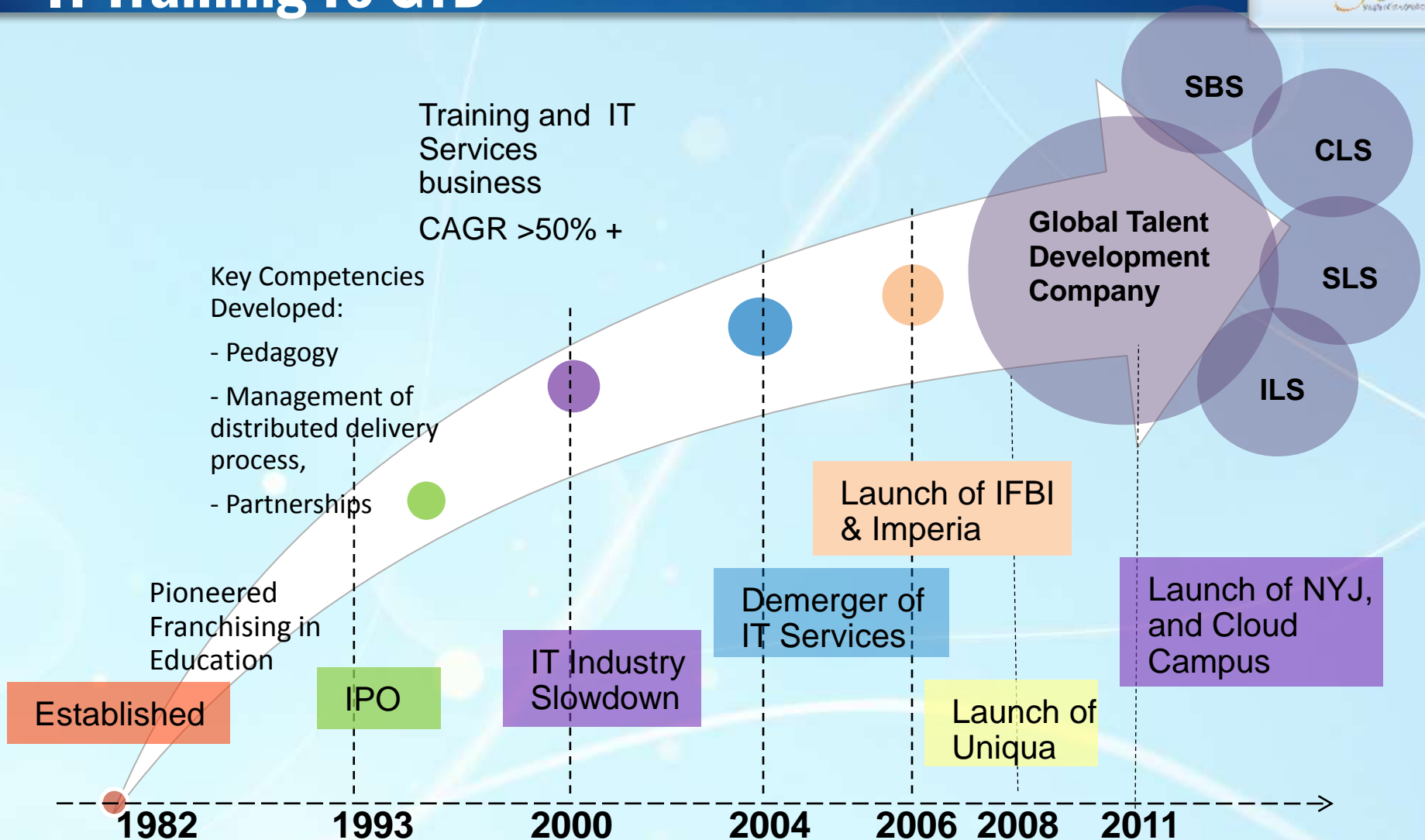


NIIT won the Gold at Chief Learning Officer magazine's annual "Chief Learning Officer Learning In Practice" awards

# COMPANY OVERVIEW



# IT Training To GTD



NIIT has grown from being an IT training company to a global talent development corporation

# Servicing The Full Labor Supply Chain



Target Audience	School children	Young adults		Working professionals
<b>Value Proposition</b>	<b>Academics</b>	<b>Employability</b>		<b>Productivity</b>
Customer	School	Individuals- College Graduates	Individuals- Non Graduates	Corporate
Coverage	<ul style="list-style-type: none"> <li>• Multimedia Teaching &amp; Learning Content</li> <li>• IT Learning</li> <li>• Teacher Training</li> <li>• School Management Services</li> </ul>	<ul style="list-style-type: none"> <li>• IT, BPO, KPO, BFSI, Management Education in ILS</li> <li>• Professional Life skills</li> </ul>	Vocational training for 9 Services sectors	<ul style="list-style-type: none"> <li>• Managed Training Services</li> <li>• Training Delivery</li> <li>• Custom Content Development</li> </ul>
Geographic Coverage	India , Emerging Economies	India, China, Emerging Economies	India	India, USA, Europe

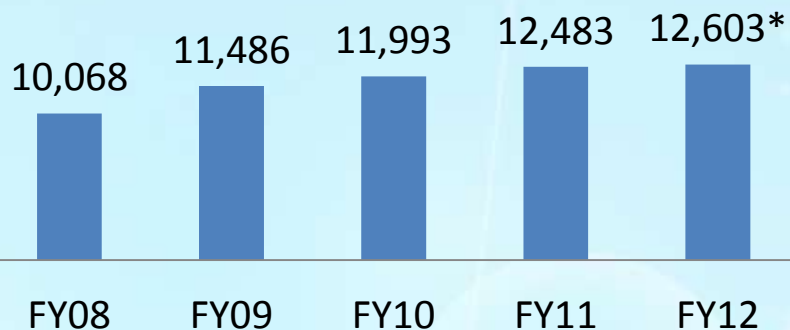
# NIIT: Last 5 Year Financial Track Record



Rs Mn

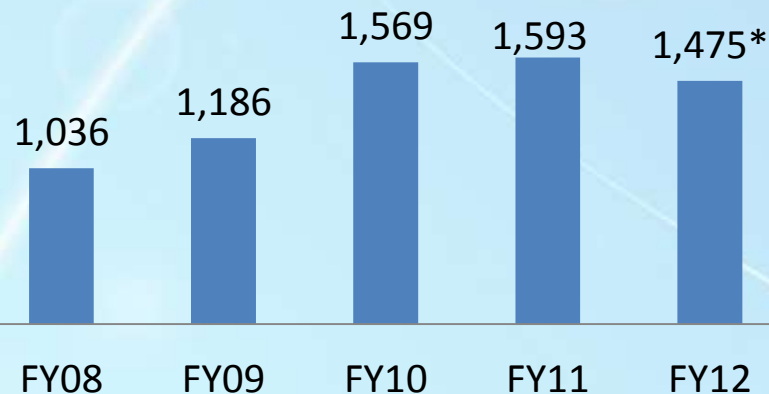
CAGR: 10%

## Revenue



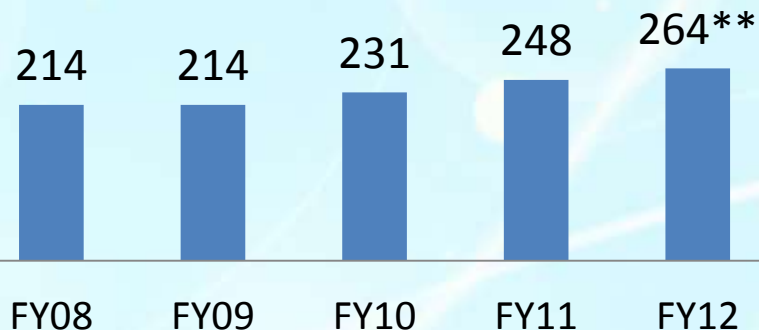
CAGR: 14%

## EBITDA



CAGR: 13%

## Dividend Payout

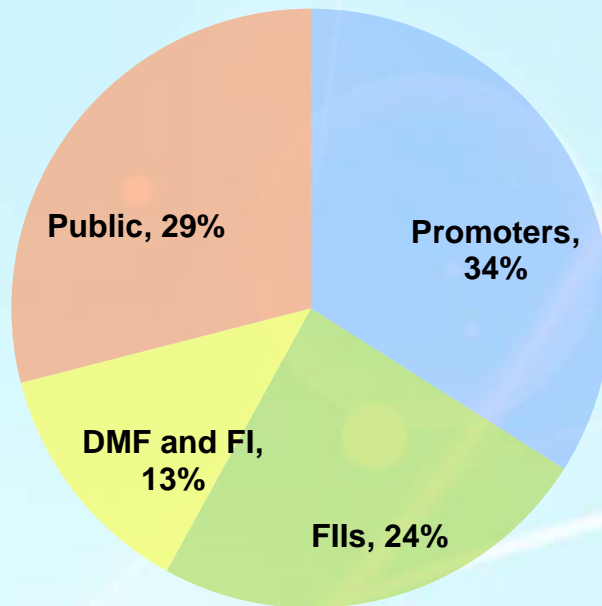


- > **Number of Shares Outstanding:**  
165 million (FV of Rs 2 each)
- > **Last Bonus, Split:** 5:1 Split, 3:2 Bonus; Sept 2008

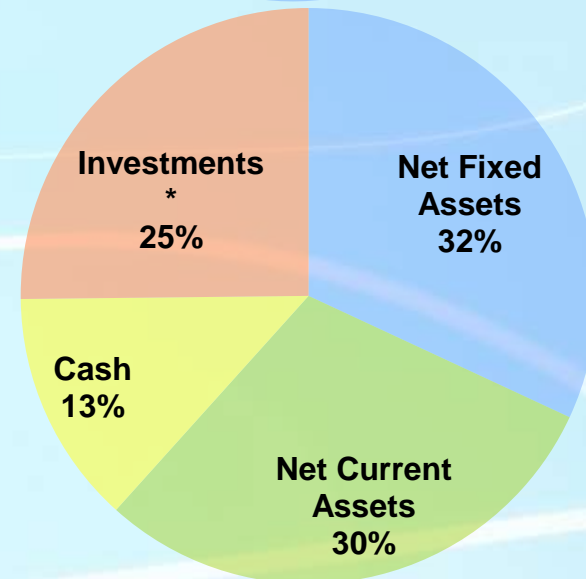
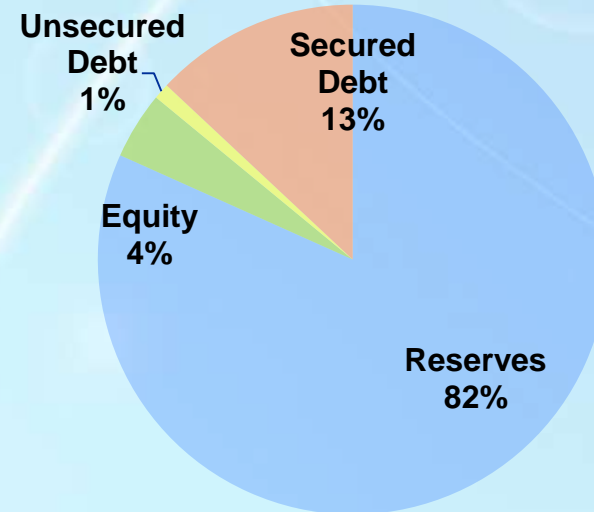
\*FY12 numbers include Element K till October 14, 2011. Excluding EK, FY12 revenues at 10,417 and EBITDA at 1198 Mn; \*\*Proposed

# Capital Structure

- No of Shares – 165.1 Mn
- Face Value – Rs. 2 per share



Total Capital employed – Rs. 7,746 million



\*NIIT Limited owns 24.4% of NIIT Technologies

# BUSINESSES OVERVIEW

- Improving individual employability in IT Sector
- Career, Career-edge and skills upgrade courses for individuals
- For Engineers, Science / Arts /Commerce graduates, working professionals
- Instructor-led, enhanced through cloud based solutions
- India, China, Developing World



## Technology Partnerships\*



\*Selected

NIIT is Asia's No.1 IT training company



- In equity partnership with ICICI Bank
- Career, Career-edge and Skills upgrade courses for individuals
- For graduates and working professionals
- Instructor-led, supplemented by e-learning

## IFBI: Partnerships\*



\*Selected

Creating job ready professionals for banking, insurance & financial services industry



- Joint venture between Genpact & NIIT
- Career, skills upgrade courses
- Offers training to meet the growing requirement for professionals skilled in business/knowledge process outsourcing sectors

## Partnerships\*



\*Selected



Creating skilled workforce for the ITES sector

- Executive management education for individuals
- Career upgrade courses for working professional
- Synchronous learning delivery model
- Instructor-led, supplemented by e-learning

## Imperia: Partnerships\*



\*Selected

**1400 GLOBAL COMPANIES HAVE BEEN ADVISED BY KPMG FIRMS ON IFRS.**

**JOIN THE LEAGUE.**

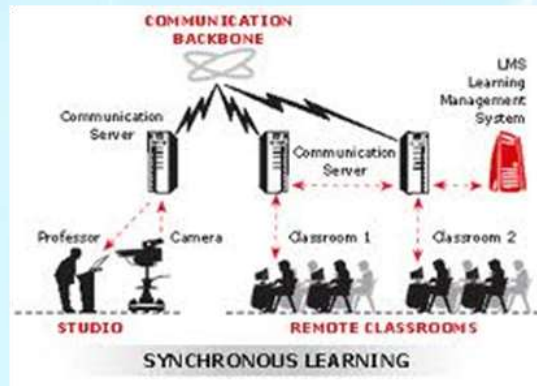
PRESENTING ADVANCED CERTIFICATE PROGRAM ON IFRS IMPLEMENTATION AND COMPLIANCE BY KPMG IN INDIA AT NIIT IMPERIA.

NIIT Imperia Centre for Advanced Learning, has been created to provide customized learning solutions for organizations and professionals through the Synchronous Learning Platform. It offers you an IFRS course by KPMG in India, part of a leading global professional services organization. So scope to NIIT Imperia and get trained from the best.

**Eligibility Criteria** - Graduates with minimum 2 years of experience. Experience requirement is waived off for CA, CMA, ICWA, BBA, B.Com and for corporate trainees.

**No KPMG Advantage** - Currently working with any IFRS implementation in India. No IFRS implementation or faculty with international experience in implementing IFRS implementation oriented approach.

\*Program content and faculty by KPMG in India. NIIT and NIIT Imperia are registered trademarks of NIIT International, a Swiss company. For further details log on to [www.niitimperiacollege.com](http://www.niitimperiacollege.com) or call at 0091 180 0000 1070 (INDIA) or 011 000 0000 (INDIA) or 0091 1800 10 1000.



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CENTRE FOR ADVANCED LEARNING

Enhancing reach of quality management education



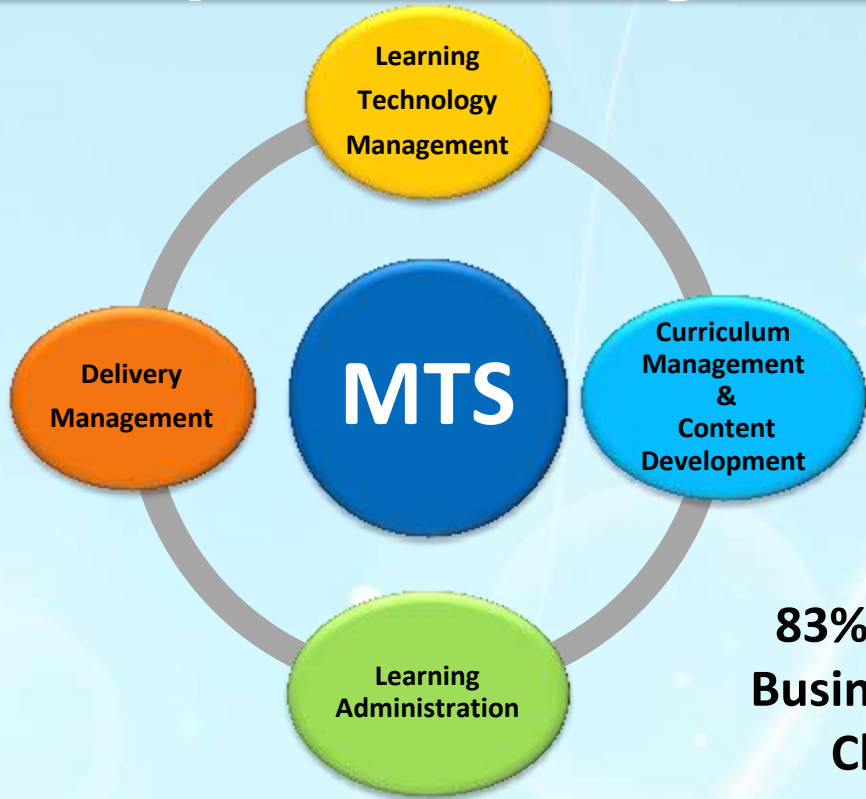
# ILS: Our Reach



© 2008 Tele Atlas  
© 2008 Europa Technologies  
© 2008 Basarsoft  
© 2008 Geocentre Consulting



# Corporate Learning Solutions




Over 50 Industry Awards



83% Repeat Business from Clients

Industry Ranking



Ranked  in Customer Satisfaction and #2 Overall



End to End servicing capability



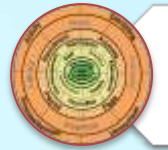
Interactive Class Room



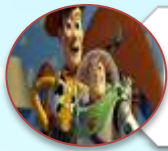
Math Lab



Science Lab



Quick School (ERP)



Web & Multimedia curriculum



Shared computing



NIIT has the widest range of offerings

# SLS: Our Credentials

10 mn +

Students

400 k +

Teachers

100 k +

Nodes

24 k +

Hrs of Content

45 k +

Instructors

16 k +

Schools



Cumulative

NIIT has the widest reach in the market

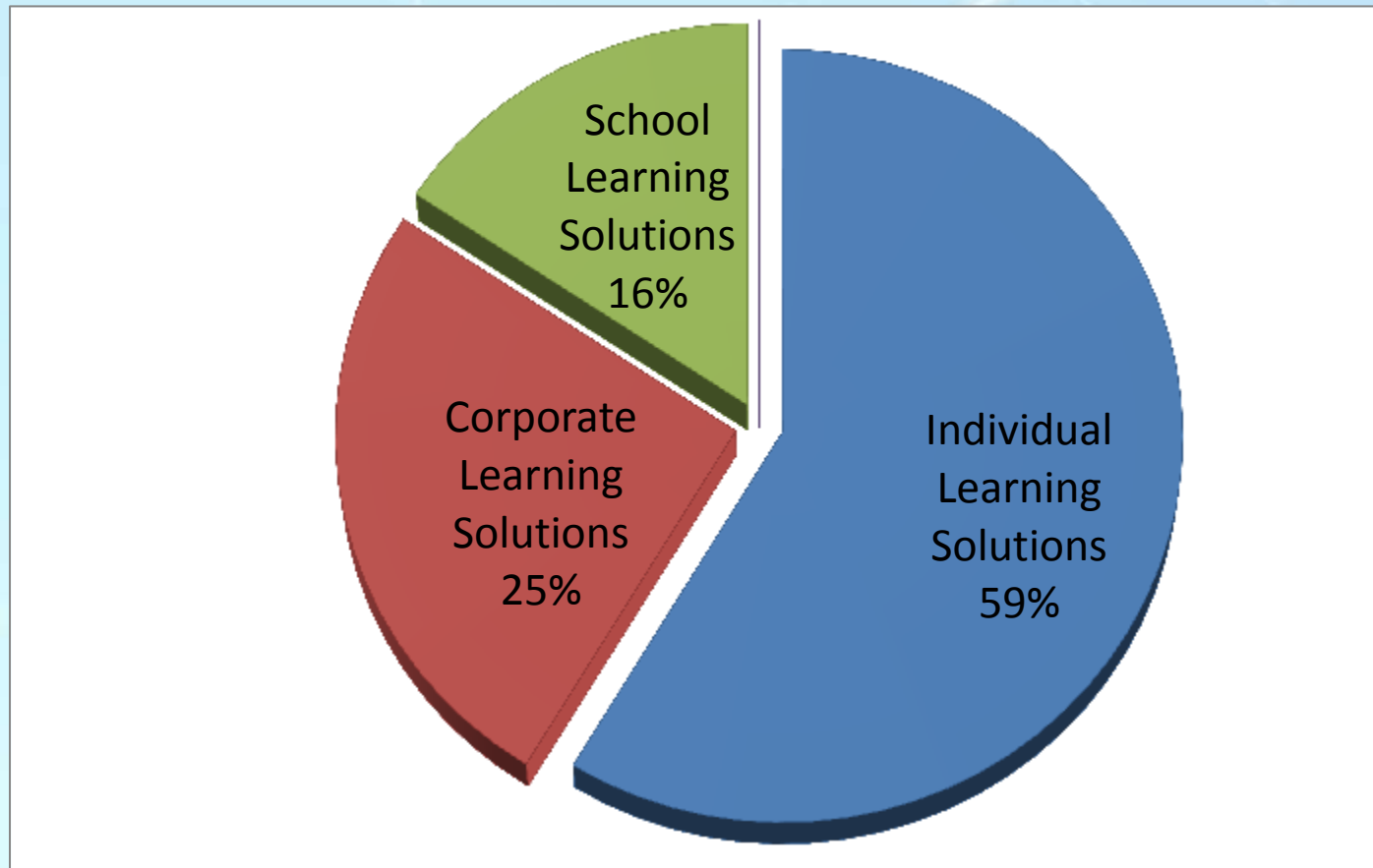


- In equity partnership, and funding support from NSDC
- To set up over 1,500 centers in 1,000 cities, over 10 years
- To Transform over 7 million unskilled youth into readily employable professionals
- Segments: IT/ITES, Media & Entertainment, Education & Training Services, BFSI, Retail, Hospitality, Healthcare, Telecom & select informal sectors



NIIT has the right credentials to deliver on the large opportunity





- **Skill Building Solutions commenced operations in FY12**

\*continuing business basis, and excluding pass-through revenue

# RESULTS UPDATE

- Global Economy faced fresh challenges in FY12 with several of the major economies battling with issues of growth and solvency
- Indian economy witnessed a year of slower growth, high inflation and strong forex volatility, the situation exacerbated by slow pace of decision making by government
- Environmental uncertainties affected hiring sentiments across sectors in India; Net Employment Outlook declined YoY in H2 FY12 by 8 percentage points to +34% *(source: Manpower Employment Outlook Survey)*
- Though large IT firms did not announce any slow down in hiring, their cautious future outlook and actual delays in hiring affected consumer sentiment
- Education and skill development remained a top agenda in India, and for governments around the world.
- In US & Europe, there was increase in demand for managed training services, evidenced by substantial increase in RFP's issued by large corporates

Overall, FY12 presented a volatile business environment

## Highlights

- Successful implementation of Cloud Campus
- Break out growth in Managed Training Services
- All new businesses turned profitable
- Strong growth in Private Schools
- Launch of Skill Building Solutions
- Divestment of Element K at significant premium to acquisition cost
- Recognized as the highest rated education brand, by the Brand Trust Report. Several other awards and recognitions



## Challenges

- Weaker industry hiring and changing customer preferences
- Pace of improvement in government collections
- Continuing cost pressures and impact of new initiatives

## Response

- Focus on four platforms for faster growth
- Balance Sheet strengthening

Decisive actions and strong focus led to a number of favorable outcomes

# Consolidated Financials: P&L

(Rs. in mn)	FY12 <sup>1</sup>	FY11	YoY (%)
<b>System wide Revenues</b>	<b>19,960</b>	<b>19,072</b>	<b>5%</b>
<b>Net Revenues</b>	<b>12,603</b>	<b>12,483</b>	<b>1%</b>
Operating expenses	11,128	10,889	2%
<b>EBITDA</b>	<b>1,475</b>	<b>1,593</b>	<b>-7%</b>
EBITDA%	12%	13%	-106 bps
Depreciation	874	854	2%
Net Other Income	1,429 <sup>2</sup>	-181	1,611 mn
<b>Profit before Tax</b>	<b>2,030</b>	<b>557</b>	<b>264%</b>
Tax	1,409 <sup>3</sup>	89	-1,320 mn
<b>Operational Net Profit</b>	<b>621</b>	<b>469</b>	<b>33%</b>
Share of Profits from Associates	481	453	6%
<b>PAT</b>	<b>1,102</b>	<b>922</b>	<b>19%</b>
<b>Basic EPS (Rs.)</b>	<b>6.7</b>	<b>5.6</b>	<b>19%</b>

1. Includes EK Financials upto October 14, 2011

2. Net Other income includes profit on EK divestment & other exceptional items Rs. 1,636 mn

3. Tax Provision includes EK divestiture transaction related tax incidence of Rs. 1,410 mn

# FY12 – Consolidated Financials

**On a continuing business basis excl pass-through revenues**

	<u>FY12</u>	<u>FY11</u>	<u>Growth (%)</u>
Net Revenues (Rs. Mn)	9,935	8,642	15%
EBITDA (Rs. Mn)	1,198	1,269	-6%
EBITDA margin (%)	12%	15%	-263 bps
Profit before Tax (Rs. Mn)	253	312	-19%
Profit after Tax (Rs. Mn)	735	677	9%
EPS (Rs.)	4.5	4.1	9%

**EK financials, exceptional items & pass through revenues excluded from both periods**

# Consolidated Financials: Balance Sheet

(Rs Mn)	Mar-12	Mar-11
<b>Source of Funds</b>		
Shareholder's Equity	6,660	5,685
Debt	1,087	3,568
<b>Total Source of Funds</b>	<b>7,746</b>	<b>9,253</b>
<b>Application of Funds</b>		
Net Fixed Assets (including WIP)	2,473	5,422
Deferred Tax Assets	67	307
Investments	1,950	1,531
Current Assets (excluding cash)	6,072	6,586
Cash	1,020	636
Current Liabilities	3,836	5,229
<b>Total Application of Funds</b>	<b>7,746</b>	<b>9,253</b>
<b>Debt/Equity</b>	<b>0.16</b>	<b>0.65</b>
<b>AR Days</b>	<b>114</b>	<b>114</b>



- Revenue grew 21% on a continuing business; 15% on a like to like basis.
- EBITDA margin at 11%. Normalized margin at 12%
- Net Debt reduced by 98% from Rs. 3,022 million to Rs. 67 million
- D/E ratio improved from 0.65 to 0.16
- Reduction in balance sheet size from 9,253 million to Rs. 7,746 million
- EPS @ Rs. 6.7; + 19%
- Proposed Dividend of 80%

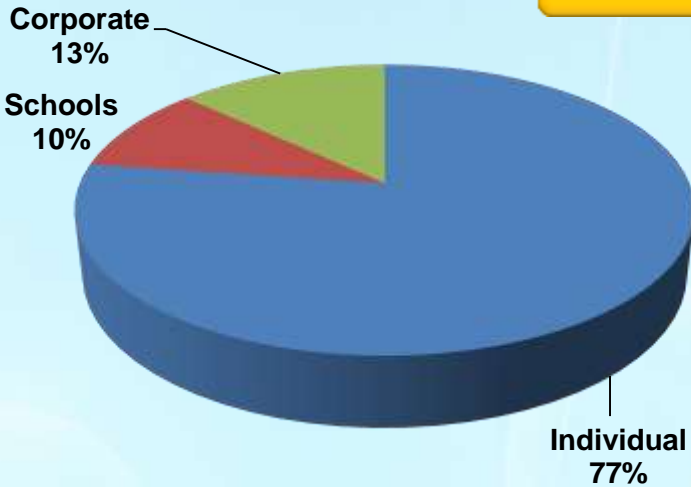
# Business Mix

*On a continuing business basis excl pass-through revenues*

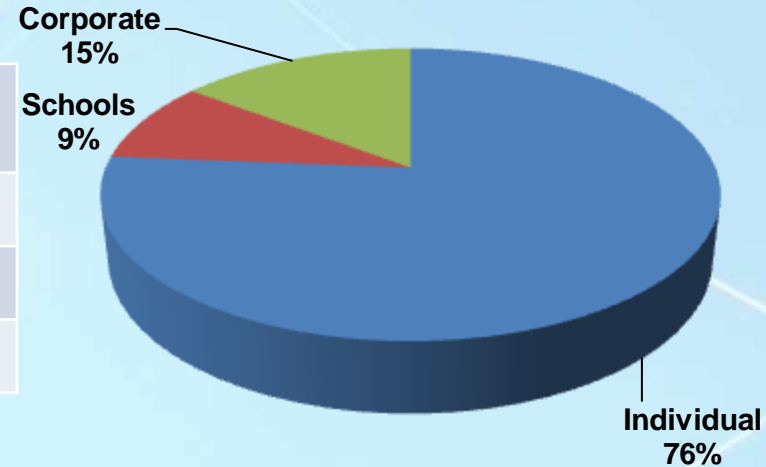
FY11

## Business Mix

FY12



	% Change
Individual	+12%
Schools	+5%
Corporate	+28%

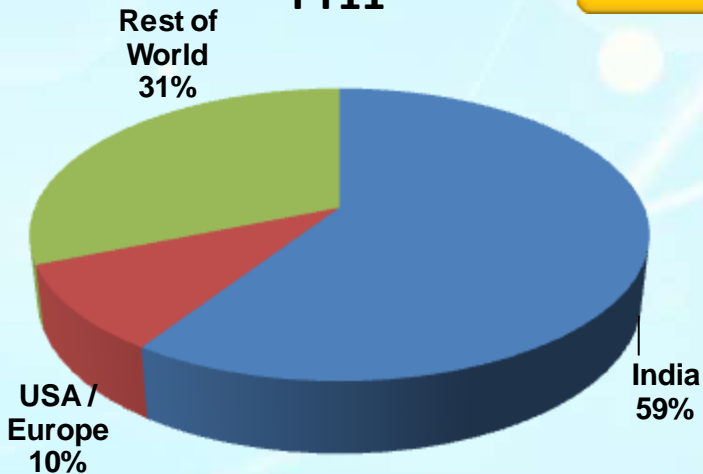


On SWR basis

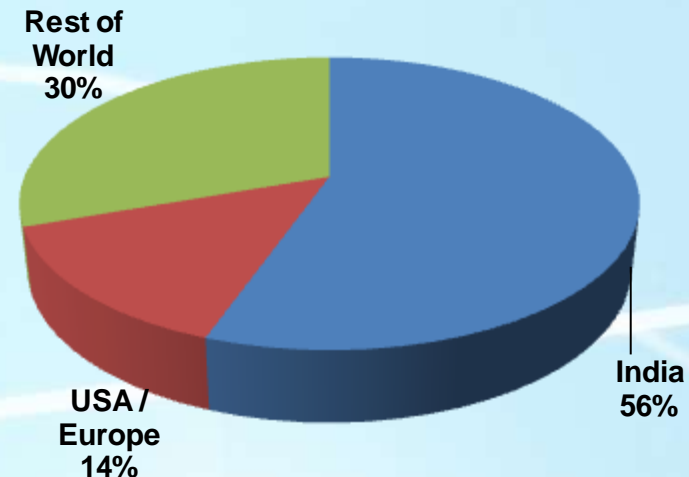
FY11

## Geo Mix

FY12



	% Change
India	+6%
US / Europe	+67%
Rest of World	+11%



On SWR basis

Rs. Mn	Q4'12	Q4'11	YoY	FY'12	YoY
System wide Revenues	3,549	3,268	9%	13,187	12%
Net Revenues	1,522	1,338	14%	5,829	13%
EBITDA	274	256	7%	936	-2%
EBITDA %	18%	19%	-114 bps	16%	-239 bps

- Cloud Campus rolled out successfully to over 340 centers; Digital GNIIT enrolments at 13,800
- Enrolments: Short term program enrolments grew 14%, Banking career enrolments up 54% in FY12
- NIIT Inside: 80 Colleges
- High level of interest in IT programs evidenced by 11% higher number of applicants and 77% higher number of test takers in NIIT Aptitude Test
- Placements up 5% YoY
- All new businesses turn profitable
- Pending order book at Rs. 1,564 million, 2/3<sup>rd</sup> executable in next 12 months
- Seats capacity up 4% YoY; utilization 56%



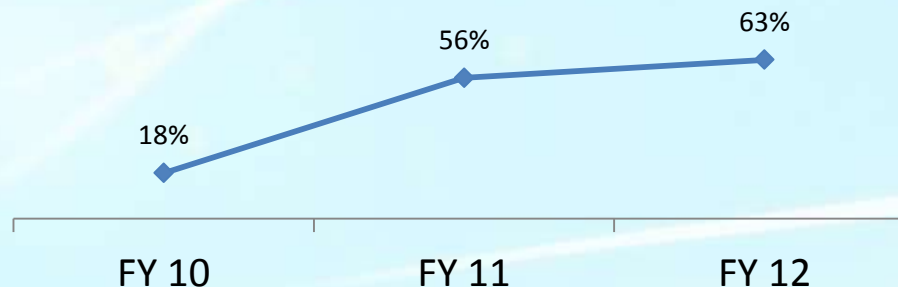
## On a continuing business basis

Rs. Mn	Q4'12	Q4'11	YoY	FY'12	YoY
Net Revenues	664	489	36%	2,543	28%
EBITDA	64	25	161%	160	10%
EBITDA %	10%	5%	463 bps	6%	-104 bps

- Year closed with 9 global MTS customers with \$120 million revenue visibility over contract period
- Revenues cross USD 50 million, 19% Volume growth , MTS volume growth 72% YoY
- Order Intake of \$ 56.2 million, up 22%. Pending Order Book at \$ 47.1 million, 60% executable in next 12 months



**MTS Share in CLS Revenue**





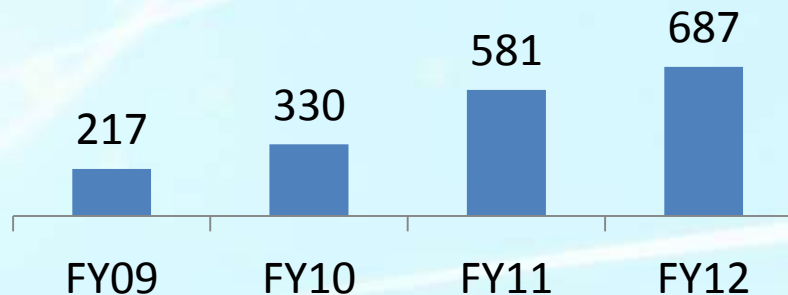
Rs. Mn	Q4'12	Q4'11	YoY	FY'12	YoY
Net Revenues *	865	374	131%	2,042	38%
EBITDA	37	28	31%	146	-14%
EBITDA % **	4%	8%	-326 bps	7%	-427 bps

\* Q4 FY12 revenue includes Rs 482 million of pass through revenue

\*\*Normalized EBITDA % at 10% for Q4 and 9% for FY12

- Order Intake of Rs. 3,762 million, + 47% YoY
- 687 Non Govt. schools added vs. 581 LY, up 18%
- Non Govt. revenue contributes 47%, + 24% YoY
- Pending Order book Rs. 6,122 million, 30% executable in next 12 months

## NGSA School Addition



# Skill Building Solutions

Rs. Mn	Q4'12	Q4'11	YoY	FY'12	YoY
System wide Revenues	1	0	1 mn	2	2 mn
Net Revenues	1	0	1 mn	2	2 mn
EBITDA	-17	0	-17 mn	-45	-45 mn

- Achieved financial closure of the skills project with NSDC partnership
- 6 centers operational; over 1000 enrolments
- Services sector jobs linked 10 courses launched
- Innovative mobilization drive covers over 7000 prospects
- Technology enabled pedagogy & delivery



**NIIT Yuva Jyoti**

**पहले नौकरी पक्की\* फिर ट्रेनिंग की तैयारी**

**अपना offer letter\* पाने के लिए NIIT Yuva Jyoti centre आए**

हमारी 5 हफ्तों की सकल ट्रेनिंग से बाद आप पा सकते हैं, एक मेधावी नौकरी आपके अपने क्षेत्र में। तो फिर देर किस बात की?

• 5 हफ्तों की ट्रेनिंग • आयु 18-29 वर्ष • 12वीं पास होना जरूरी

तुरन्त सम्पर्क करें 1800 103 2020 (एन बी)

NIIT Yuva Jyoti Ltd. is a JV of NIIT & NSDC (a PPP initiative of Govt. of India).  
Karnal Centre: SCO 111, 1st Floor,  
Old Tehsil Complex, Opp. Haryana Photostat, Ph.: 0184-2272170

# **FUTURE DIRECTION: KEY INITIATIVES & STRATEGIES**

# Platforms of Growth: Journey so far



Highest Rated Education Brand



## Individual

**Cloud Campus**

- 13,800 enrolments in first year
- 340 centres coverage
- NIIT Inside 80 colleges

## Corporate

**MTS**

- 9 Global customers with revenue visibility \$ 120 million
- MTS FY'12 revenue + 72% YoY

## Schools

**NGuru**

- FY'12: 687 private schools added
- 32% growth in Q4'12
- Order Intake +47%

## Skills

**Yuva Jyoti**

- 90:10 JV with NSDC launched
- 6 centres operational
- Over 1,000 enrolments

## Platforms Of Growth

## Key Trends

- Opportunity large and growing
- Cautious environment in IT hiring affects near term consumer sentiments
- Increased preference for shorter duration programs
- Increase in engineering and college enrolments. More interest among colleges for employability solutions



## Key Initiatives and Direction

- **Cloud Campus:** Embedding technology based delivery, across centers and online portal to expand reach and increase efficiency
- **Shorter duration, accelerated placement focused programs:** To address changing preferences
- **New alliances and programs to fuel IFBI growth**
- **NIIT Inside:** Focused team to deliver in-college solutions
- **'NIIT One World' Centers:** Integrating IT, ITeS, Finance and Management offerings
- **Focus on key African countries and PPP centers in China**



## Key Trends

- Global economic uncertainty
- Increased attractiveness of managed services evidenced by large number of RFPs
- Recovery in training spends



## Key Initiatives and Direction

- **Improve win rates in MTS RFPs with sharpened value proposition**
- **Go deep in identified segments and mine existing customers**
- **Improve productivity through innovation**

## Key Trends

- Slow pace of improvement in Government collections
- Increased competition in Interactive Classroom segment



## Key Initiatives and Direction

- **Aggressive receivables follow up**
- **Extreme selectivity in fresh government BOOT contracts**
- **Strong focus on growing nGuru comprehensive solution in schools**
  - Increase customer acquisition capability
  - Aggressive expansion in new cities
  - Maintain first to market position with innovative solutions



## Key Trends

- Large demand for skilled workforce and large supply pool
- Low awareness and ability to pay



## Key Initiatives and Direction

- **Innovative sales and marketing to create awareness at low cost; 360 degree thrust on mobilization through**
  - mass counseling/ job fairs
  - local alliances
- **Innovative use of technology to reduce delivery costs**
- **Tuning new center specifications and lead times with experience**

**NIIT's core competencies, acquired over its 3 decades of existence, will remain foundational to its future**

**Pedagogy**

Creation of quality learning materials

**Technology**

Distributed education process management

**Partnerships**

Building sustainable partnerships

## 1. Focus on four Platforms of Growth

- **Individual:** Cloud Campus
- **Schools:** nGuru
- **Corporate:** Managed Training Services
- **Skills:** Yuva Jyoti

## 2. Business Mix Improvement

- Higher proportion of business from India and Emerging markets
- Improved margin and ROCE profile of continuing businesses

## 3. Strengthening of Balance Sheet

- Reduction in capital employed
- Net Cash Positive





## Leadership in the Century of the Mind

