

LEADERSHIP

IN GLOBAL TALENT DEVELOPMENT



Education, Employability, Productivity

October 2008

Agenda

Part I:

NIIT Overview

Part II:

Environment
Current Performance
Business Direction

Part I: NIIT Overview



The Global Talent 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

India's Demographic Advantage: Global Workforce 2020



56 million shortage in the World



46 Million surplus in India

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



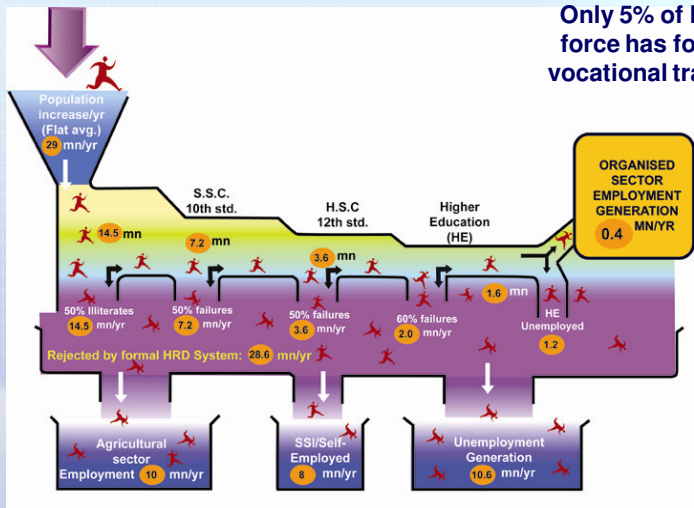
Considerable investment in Education and Training would be required to enable India to reap the advantage

India: Skill Supply Chain



Only 5% of labor force has formal vocational training

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



Source: I Watch Survey, 2007



Issues of relevance, reach, inclusion and quality

Education, Employability, Productivity **NIIT**

“Growth will get choked out if skills development does not take place”, Montek S. Ahluwalia – Planning Commission

- **Huge gap in talent supply and demand, in all sectors of the economy**
 - Only 5% of labor force in 19-24 age group has one certifiable skill
- **School infrastructure is woefully inadequate. 142 Mn children outside the school system***
 - Government allocation 5x (Rs 3 Trillion) for education and skills development in the 11th five year plan; New PPP models
- **Global enterprises increasingly looking to leverage training for productivity enhancement and maximum business impact**
 - Training outsourcing is the future of corporate training

* source: CLSA



Education and Training business has strong tailwinds, globally

7

NIIT in this environment **NIIT**

Has successfully transitioned from an IT training company to a Global Talent Development Corporation

- One of the largest providers of vocational and professional skills worldwide across various service sectors. Acknowledged market leader in India
- One of the largest providers of Corporate Training in the world. Uniquely positioned to take maximum advantage of the growing training outsourcing trend, in India and Internationally
- Leading player in the School Education segment in India. Positioned to take maximum advantage of the emerging Public-Private initiatives



NIIT is best positioned to take advantage of the environment

8



NIIT: Market leader with strong credentials NIIT

Only Education Company in India to feature amongst “BCG 50 Local Dynamos”

- Dataquest “Top Training Company” in India award since its inception
- Avaya Global Connect award for Customer Responsiveness for three successive years
- 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

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Proven execution ability and strong brand

NIIT: Servicing the full labor supply chain



Target Audience	School children	Young adults	Working professionals
Value Proposition	Academics	Employability	Productivity
Customer	School	Individual	Corporate
Coverage	<ul style="list-style-type: none"> Multimedia Learning Content IT Learning Teacher Training 	<ul style="list-style-type: none"> IT Training BFSI Training Management Education English Language Professional Life skills 	<ul style="list-style-type: none"> Learning Products Training Delivery & Administration Custom Projects
Geographic Coverage	India	India/ China/ Emerging Economies	India, USA, Europe



Market Opportunity and NIIT's Positioning



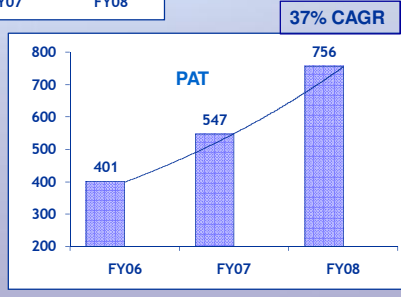
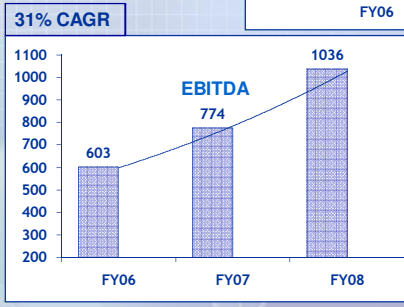
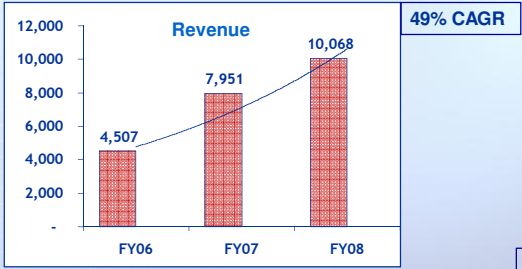
Segment	Market	NIIT
Individuals	\$20Bn * <ul style="list-style-type: none"> 80% of 11m in colleges need training for employment Low penetration levels; only 5% of labor force has at least one certifiable skill 	NIIT is the one of the largest professional skills development companies in the world
Schools	\$29Bn ** <ul style="list-style-type: none"> Urgent need to upgrade quality of education in both Govt. and Pvt. Schools An increasing part of the total spend outsourced to service providers 	NIIT is the pioneer in this segment and has cumulatively serviced 7700 schools so far
Corporates	\$59Bn *** <ul style="list-style-type: none"> Growing recognition of training as a tool to achieve business goals Outsourcing growth at ~18% 	NIIT is one of the few companies in the world, having end to end solutions capability

* India Size, Internal Estimates
 ** India Size, CLSA, Indian Education
 *** US Size, Bersin & Associates



NIIT is closely aligned to present and future opportunities

NIIT's growth in the last 3 years

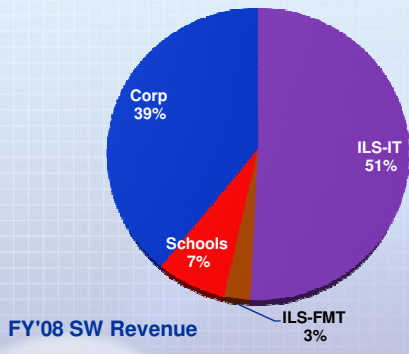


Accelerating growth and profitability

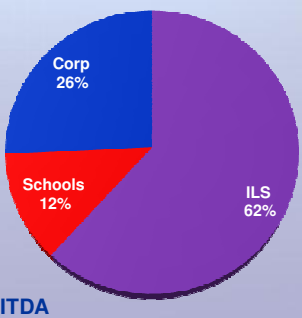
NIIT's Businesses



Where does revenue come from?



Where does profit come from?



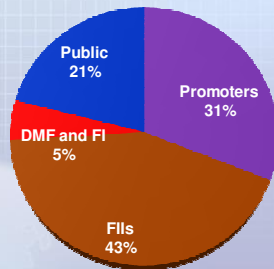
Capital Structure

NIIT

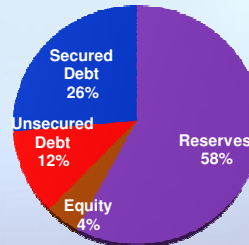
Total Capital employed – Rs. 7627 Mn

- No of Shares - 164.7 Mn
- Face Value – Rs. 2 per share
- Outstanding ESOPs – 1.45Mn

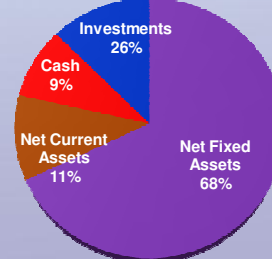
Shareholding Pattern



Sources of Funds



Application of Funds



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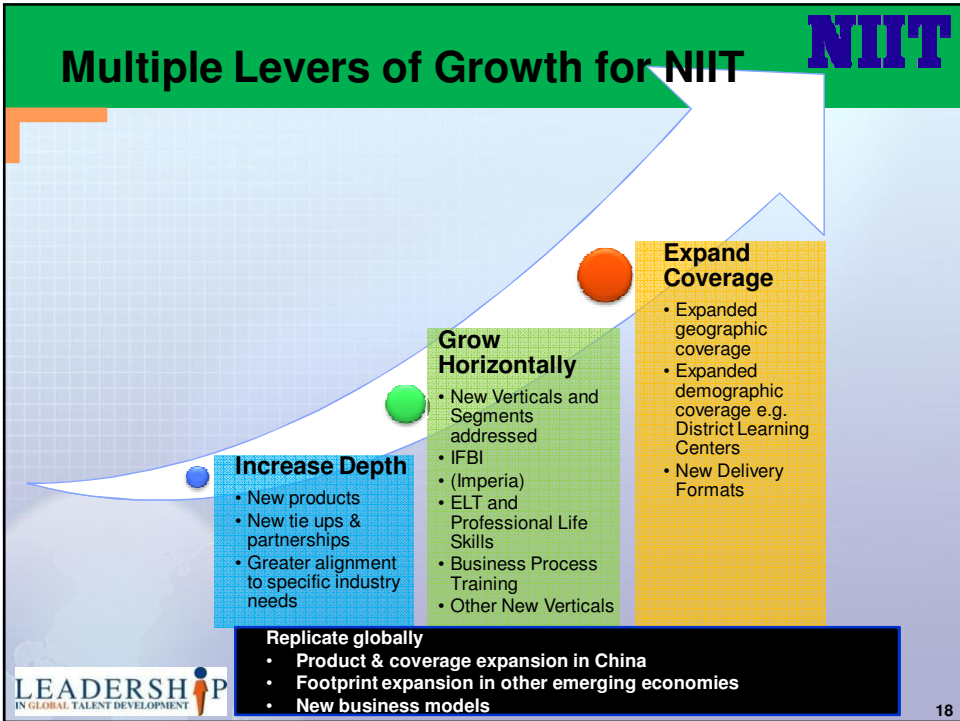
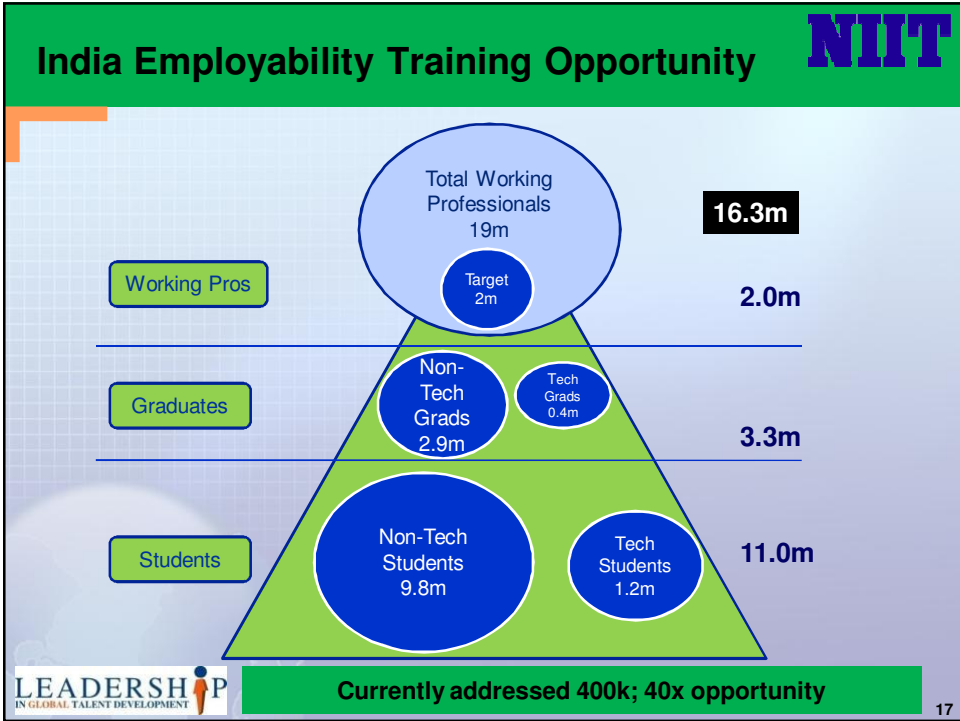
15

Individual Learning Solutions

- IT Training
- Finance, Banking, Insurance Training (IFBI)
- Executive Management Education (Imperia)
- English Language and Professional Life Development
- Business Process Training (NIPE)

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ILS - IT TRAINING



IT Training

NIIT

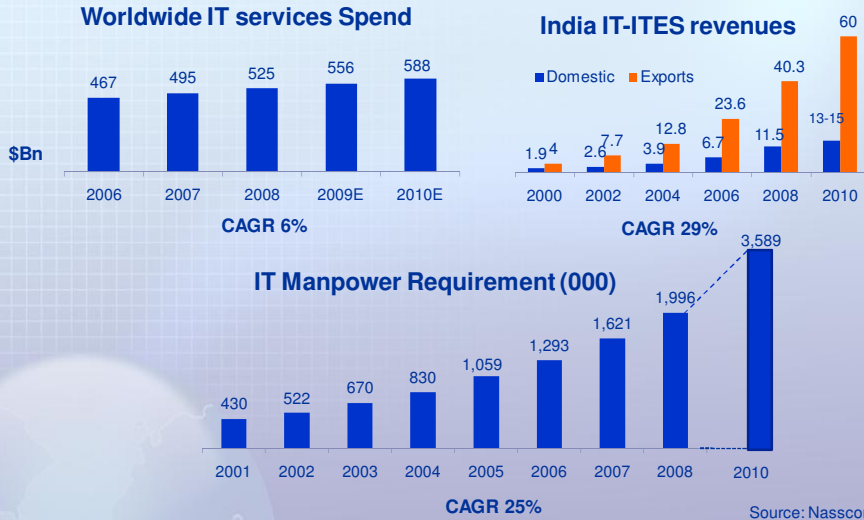


- Individuals, 16-25 years
- Career, Career-edge and Skills Upgrade courses
- For Engineers, Science / Arts /Commerce graduates, Working Professionals
- Instructor-led, supplemented by e-learning
- India. China. Developing World



Improving Individual Employability in IT Sector

IT Industry is Expected to Sustain Robust Growth



Strong outsourcing growth in a relatively slow growth industry

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	6.0 Mn	10%

Source: Mckinsey



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

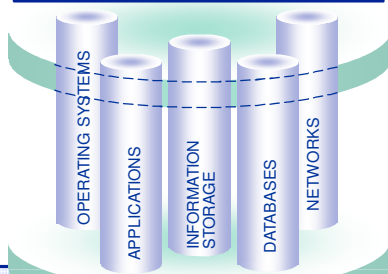
ILS: India Centre Distribution



Partnership with Leaders



Pillars of Information Technology



1	1	1	1	1	1	1	1
Computing Platform	Platform	Open Source Platform	Database & Applications	Networking	Creative Suite	Storage	Open Certifications



NIIT: In China

NIIT

- 185 centers
- Ultra modern center in Shanghai
- New center in Wuxi Software Park
- “Best IT Training Company of the Year” Award

NIIT: Rest of the World

NIIT

- 159 centers
- Vietnam, Nigeria, Botswana
- Latin American Centers of Excellence

Continued expansion. Increasing recognitions

ILS – Financial Services and Management Training (FMT)

NIIT

ifbi
Institute of Finance, Banking & Insurance

NIIT IMPERIA
CENTRE FOR ADVANCED LEARNING

ICICI Bank
HDFC BANK
ICICI Securities
YES BANK
ICICI PRUDENTIAL
LIFE INSURANCE
ICICI Lombard
Insurance 24x7
wealthadvisors

VIJAYA VIKAS VEDIC VYAPAR SAMITHI
AHMEDABAD

सिद्धिमूर्त प्रबन्धनम्
भा. प्र. सं. इन्दौर
IIM INDORE

INDIAN INSTITUTE OF MANAGEMENT
CALCUTTA

IMT
Indian Institute of Management, Lucknow

INDIAN INSTITUTE OF FOREIGN TRADE
IIFT

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Partnership with leaders in the industry

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27

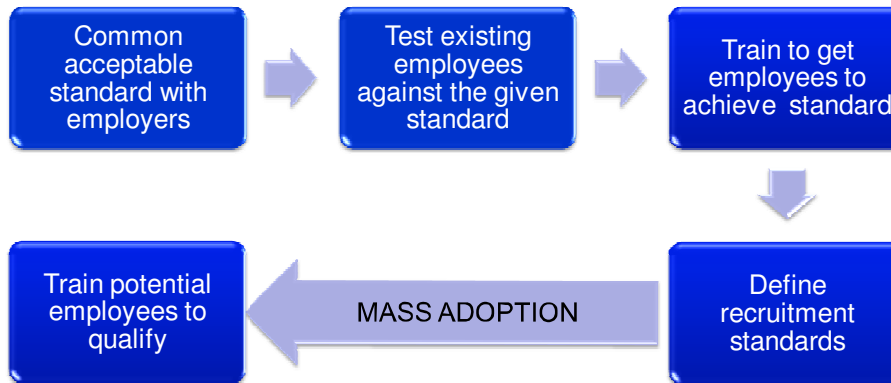
English & Professional Life Skills

NIIT

- Alliance with ETS for TOEIC testing
- Acquisition of Evolv for English language training
- Market potential
 - A huge untapped market In India
 - 11 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

NIIT



NIIT Institute of Process Excellence (NIPE)

NIIT

The latest addition to NIIT's offerings

- Joint venture between Genpact & NIIT
- To operate under the brand name 'NIIT Uniqua'
- To offer training to meet the growing requirement for professionals skilled in business process knowledge
- NASSCOM estimates additional requirement of 1.4 mn professionals in the BPO industry by 2010
- Commenced operations from September 2008

Another Step Forward....
District Learning Centre-Chhindwara

NIIT

Then.....

Now.....



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31

School Learning Solutions

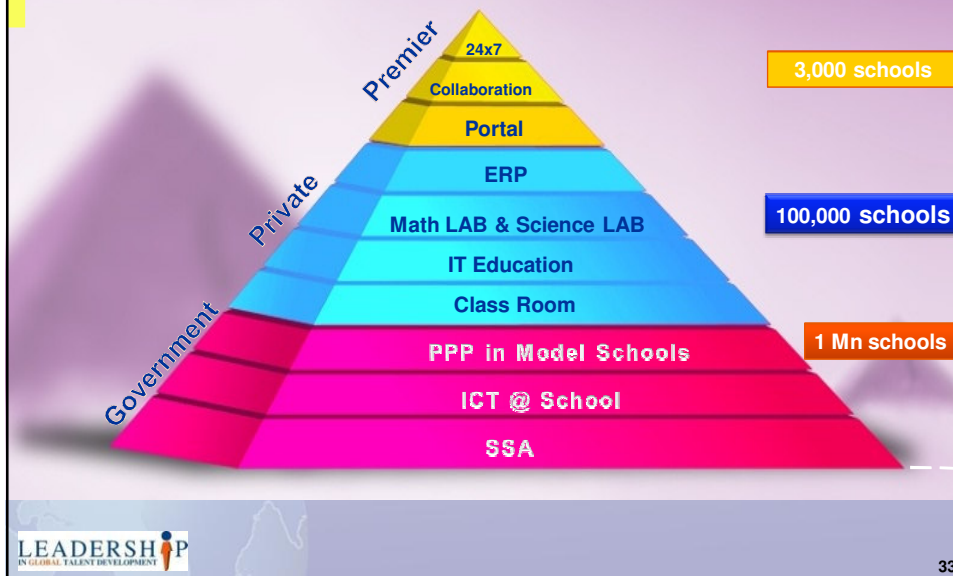


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32

Opportunity Space

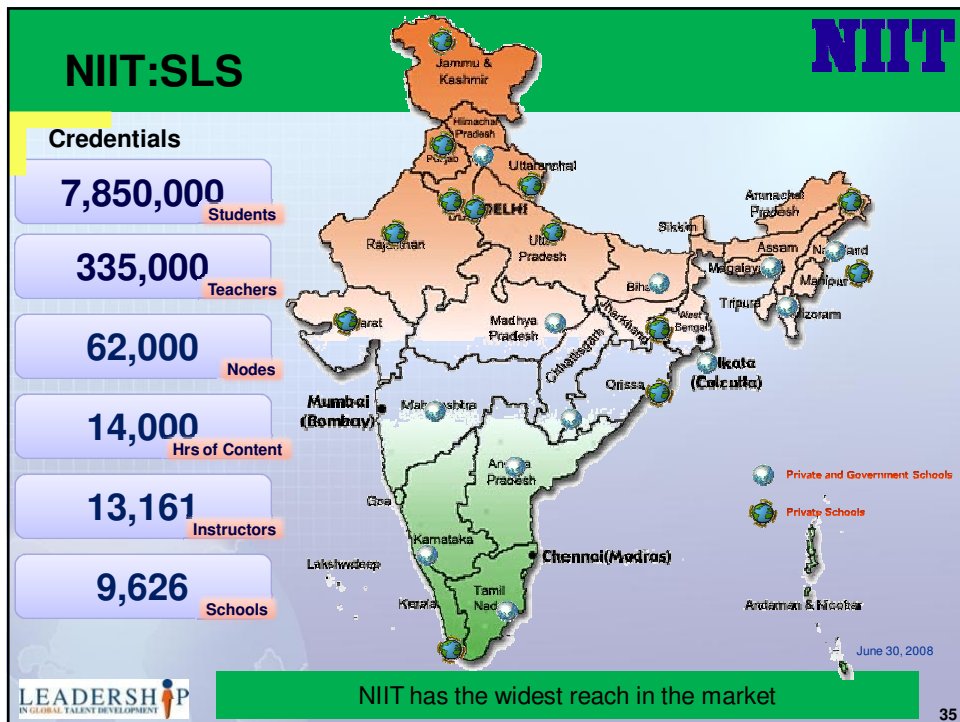
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Next 3 years addressable opportunity

NIIT

Sarv Shiksha Abhiyan	600 districts
ICT@School	60,000 schools
PPP in Govt schools	6,000 schools
Pvt Schools – Class room solutions	10,000 schools
Pvt Schools- Lab Solutions	5,000 Schools
School ERP & Portal Solutions	2,000 Schools
Teacher's training	500k Pre-service, 1 Mn In-service



NIIT eGuru differentiators

- Teaching & learning Materials
- Computer aided experimentation
- Academic impact measurements
- Comprehensive Lab solutions
- Support & service levels
- Designed with NCF objectives
- Curriculum solution and not just content

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Launched in October 2008

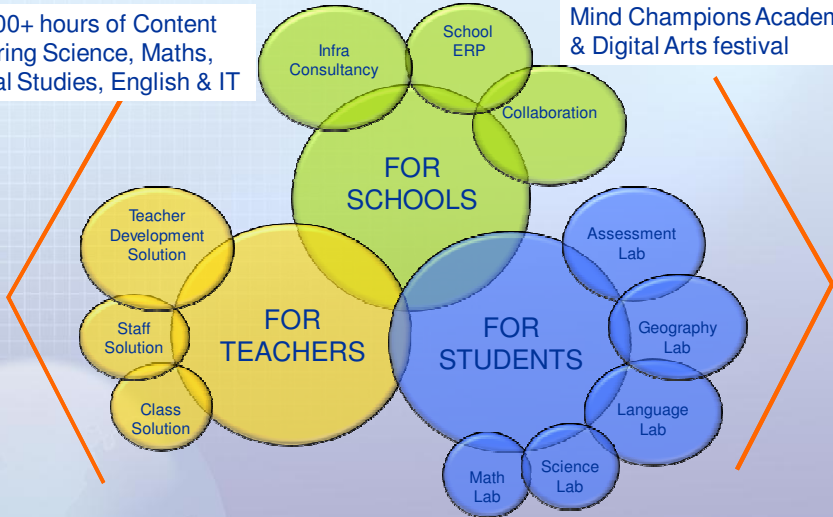
36

NIIT eGuru Product Portfolio



14,000+ hours of Content covering Science, Maths, Social Studies, English & IT

Mind Champions Academy & Digital Arts festival



Superior "End-to-End" Solution for schools

Hole In The Wall Education Limited (HIWEL)



A learning station in Cambodia

A playground computer kiosk in every village



Corporate Learning Solutions



Our Credentials



Largest e-Learning Content Library



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

1500+ Professionals: Largest Content Development Facility in the world



29,000+ Mentoring Hours



500,000 Hosted Users



297,000 Transactions/mo

Over 2000 Customers globally



Most comprehensive and global, training outsourcing capability

Diverse Customer Portfolio



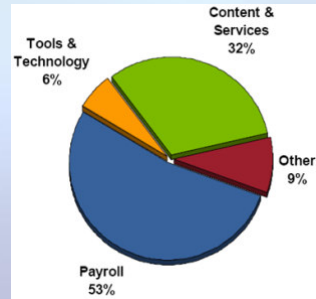
<p>Sales, Channel, and Customer Education</p>	<p>Business Process Improvement</p>
<p>Training Administration Services</p>	<p>Regulatory Compliance</p>
<p>New Product Rollout</p>	<p>Employee On-boarding and Corporate Communications</p>
<p>IT Productivity and Skills Development</p>	<p>Other Solutions</p> <ul style="list-style-type: none"> Management and Leadership Development Professional Effectiveness Office Productivity Call Center and Customer Service



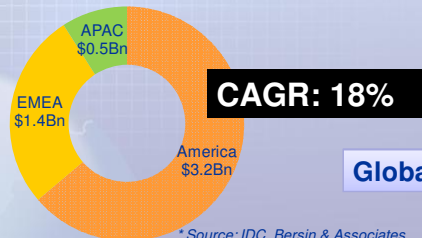
Corporate Training Market



Training spend breakup



Global Training Outsourcing Market 2008E*



Global training spend \$100Bn+

* Source: IDC, Bersin & Associates



Strong potential for training outsourcing

Corporate Learning Solutions

NIIT

Learning Products (SAAS)	<ul style="list-style-type: none"> • 3500+ titles; SAAS model • 3Mn+ learners on Khub • Largest print & eLearning library • Virtual labs now available 'in a box' • Field sales force doubled in North America • Partnership with resellers including Webex 	Invest <ul style="list-style-type: none"> - High growth (21%) - High margin # 2 position
Training Outsourcing	<ul style="list-style-type: none"> • Recurring revenues, long term partnerships • Multi year, multi geography relationships • Opportunities in India growth sectors 	Develop <ul style="list-style-type: none"> - Poised for growth (25%+ projected) - Moderate margin - Leadership in learning services
Custom Projects	<ul style="list-style-type: none"> • 150+ customers; 49 in Fortune 500 • Continue to maintain leadership position in content development • Establish 'curriculum-led' development model to increase order size and value 	Transform <ul style="list-style-type: none"> - High impact of economic swings - Moderate margin - Leader in content development

Financial Performance: Business wise

NIIT

Revenue

Rs Mn	FY07	FY08	YoY
ILS- IT	2,470	3,241	31%
ILS – FMT	73	308	322%
SLS	8,47	1,012	19%
CLS	4,560	5,508	21%

EBITDA

Rs Mn	FY07	FY08	YoY
ILS- IT	434	664	53%
ILS – FMT	(91)	(26)	-
SLS	99	131	32%
CLS	355	266	(25%)

Part II:

Environment
Current Performance
Business Direction

Global Economy: in turmoil

- Buffett's "time bomb" goes off on Wall Street sparking crisis of confidence*
- Fear of recession looming large on global economies
- Low liquidity and tight credit markets
- Corporate sector operating in a state of uncertainty
- Consumer sentiment affected across sectors

* source: Reuters

Indian Economy: also affected, but relatively better off

NIIT

- GDP growth estimates, while lowered, still at 7%+ for FY09
- IT exports target on track for now, at the revised growth rate of 21 - 24% for FY09. Zinnov study indicates that Indian IT spend will grow by 17.6 - 24% by 2010.
- Indian banking sector severely affected, but better off vs. its global peers
- Retail consumer sentiment affected by the flow of recent news from the economy and the banking sector
- Government's focus on Education and on improving Employability continues; National Skills Development Corporation (NSDC) established
- Corporate growth and profitability to be slower in the short-medium term

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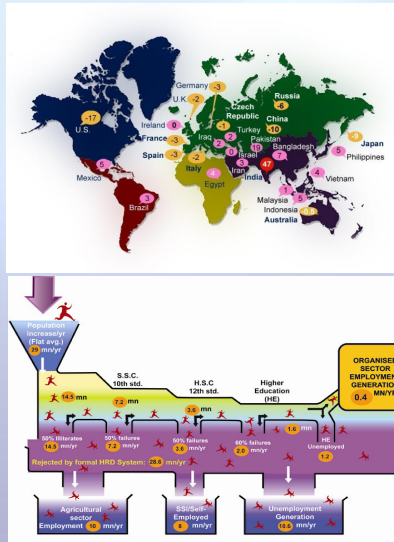
Indian economy more resilient

47

Education & Training Sector: will remain the key determinant of economic growth

NIIT

- India's Demographic Advantage: 56 million shortage in the World, 46 million surplus in India by 2020
- Only 5% of labor force has formal vocational training
- Poor education infrastructure in India: Issues of relevance, reach, inclusion and quality
- Considerable investment in Education and Training required to enable India to reap the advantage
- India Education Spend: Rs. 3 Tn (5x) allocated in 11th five year plan



source: BCG, I-Watch Survey

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Education and Training Business continues to be structurally important

48

Education & Training Sector: current environment

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- **Tech, BPO sectors see slower hiring**
 - However, IT bellwether, Infosys maintains hiring guidance; to hire 25000 employees in FY09
- **Moderation in Net Employment Outlook for Q3 FY09 in Banking and Financial Services***
 - Banking sector under recruitment freeze. All parts of BFSI industry showing restricted recruitments – likely to continue for four quarters
 - However, long term incremental growth intact**
- **US slowdown has forced corporations to reduce spend on custom services**
 - However, outsourcing and product solutions not significantly impacted
- **Government keen on expanding public-private partnerships in education & training**
 - 6000 schools planned in PPP mode
 - Rs 150 Bn planned for NSDC

source: *Manpower, **CII-IMaCS study

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Education and Training business will continue to be robust, despite headwinds in the short term

49

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NIIT: Current Performance

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50

JAS'08 Consolidated Financials

NIIT

(Rs in mn)	JAS'08	AMJ'08	JAS'07	YoY (%)	QoQ (%)
System Wide Revenue	4,680	3,664	3,986	17%	28%
Net Revenues	3,095	2,595	2,702	15%	19%
Operating Expenses	2,689	2,408	2,343	15%	12%
EBITDA	406	187	358	13%	117%
OM	13%	7%	13%	-16bps	589bps
Depreciation	146	126	142	3%	16%
Other Income	21	5	-48	-143%	317%
Profit Before Taxes	281	66	168	67%	324%
Provision For Tax	73	-15	41	77%	-578%
Operational Net Profit	208	82	127	64%	155%
Share of Profits from Associates	89	88	84	6%	1%
PAT	297	170	211	41%	75%
Basic EPS (Rs)	1.8	1.0	1.3	40%	72%

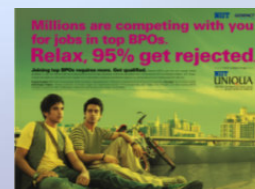
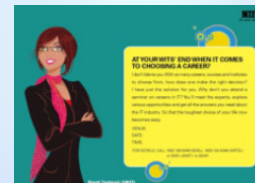
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51

JAS'08: Business Highlights

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- NIIT adjudged as a Business Superbrand
- NIIT awarded the Gold for Excellence in E-Learning Award by Chief Learning Officer magazine
- ILS: Continued on steady growth path
 - IT: Partnership with SAS to offer training in Business Intelligence Technologies
 - FMT: Introduced new courses for Financial literacy
 - NIIT Uniqua (JV with Genpact) launched with three new centers
- SLS: Full scale nationwide launch of eGuru after excellent response from initial schools.
- CLS: Significant customer wins in the quarter



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NIIT strengthens leadership position - DQ

52

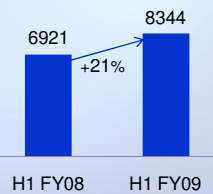
JAS'08: Results Highlights

NIIT

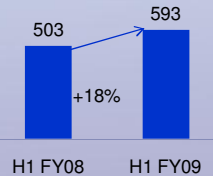
- SWR up 17% to Rs. 4,680 Mn
- Net revenues up 15% to Rs. 3,095 Mn
- EBITDA up 13% to Rs. 406 Mn; EBITDA% at 13%
- PAT up 41% to Rs. 297 mn
- Operational PAT up 64% to touch Rs. 208 Mn
- EPS of Rs 1.8 (40% YoY)
- Global enrolments up 22%
- CLS Order intake up at \$39.47 mn

Performance: H1

SW Revenue



EBITDA



Rs Mn

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Accelerating revenue growth coupled with profit improvement

53

ILS - IT: Highlights

Rs. Mn	JAS'08	JAS'07	YoY	H1 FY09	YoY
System wide revenues	2,787	2,245	26%	4,694	32%
Net Revenues	1,224	975	26%	2,077	29%
EBITDA	312	232	35%	462	37%
EBITDA %	26%	24%	170 bps	22%	130 bps

- SWR Geo Mix: India 64%, China 16%, ROW 20%
- Enrolments:
 - Overall + 21%;
 - India : GNIIT Series +24%, Career +25%, Engineers +25%
- India Seat Capacity enhanced by 14% YoY (202K Seat Years)
- Revenue Capacity utilization at 67%
- New courses launched in Business Intelligence; CISCO
- Sun courses launched in key international geographies – Vietnam & Ghana
- Closing Net OB Rs. 1,902 Mn; 68% executable in next 12 months



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Accelerating Growth, Improving margins

54

FMT: Highlights

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Rs. Mn	JAS'08	JAS'07	YoY	H1 FY09	YoY
Net Revenues	104	76	37%	194	62%
EBITDA	6	1	548%	9	-
EBITDA %	6%	1%	490 bps	4%	-

- Enrolments grow 89% YoY
- H1'09: revenue + 62%; enrolments + 56%
- Partnership with Reliance Retail for Certificate Program in Financial Services
- Launched SWIFT Personal Finance, and Business Communication & Personality program for BFSI professionals
- NIIT Imperia launches two programs from IIM Lucknow – Executive General Management Program, and a management program designed for IT/ITeS professionals
- Order intake of Rs. 104 Mn, Pending order book at Rs. 79 Mn



Expanded partnerships and product offerings

55

SLS: Highlights

NIIT

Rs. Mn	JAS'08	JAS'07	YoY	H1 FY09	YoY
Net Revenues	320	242	32%	572	36%
EBITDA	44	35	28%	79	38%
EBITDA %	14%	14%	(51) Bps	14%	+ 12 bps

- GSA contributed 67% of revenue vs. 68% LY; Non GSA grows 36% YoY
- Pending order book at Rs 2,810 Mn
- 32% executable in next 12 months
- Successful launch of eGuru product range
- Total schools serviced at 7,803 including 1,131 non GSA schools



SLS continues on a its strong growth trajectory

56

CLS: Highlights

NIIT

Rs. Mn	JAS'08	JAS'07	YoY	H1 FY09	YoY
Net Revenues	1447	1409	3%	2846	2%
EBITDA	43	90	(53%)	45	-68%
EBITDA %	3%	6%	(347 bps)	2%	(347 Bps)

- 15% YoY growth in Training Outsourcing & Learning Products revenues balances sluggish Custom Content revenues
- India revenues grow at 48%YoY
- QoQ margin expansion of 279 bps; YoY margin contraction due to new products and sales force expansion
- Order intake of \$ 39.47 Mn; Pending order book at \$ 93 Mn; 65% executable in next 12 months

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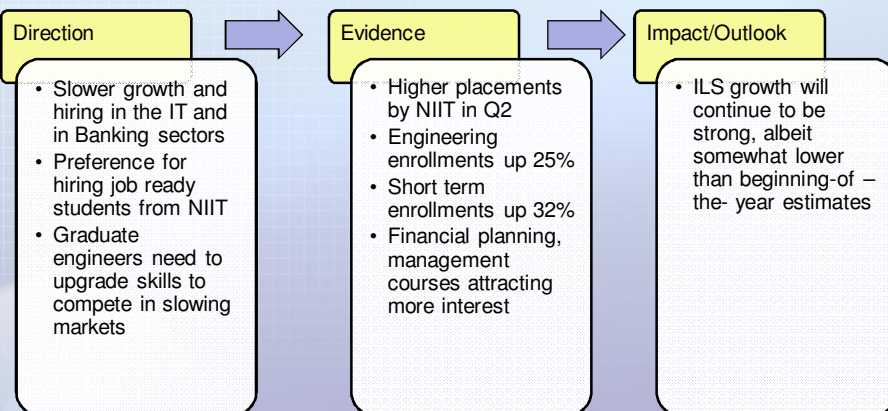
Strong growth in Learning Products and Training Outsourcing, India business

57

Q2 Results: pointers to business prospects for medium term

NIIT

ILS SLS CLS

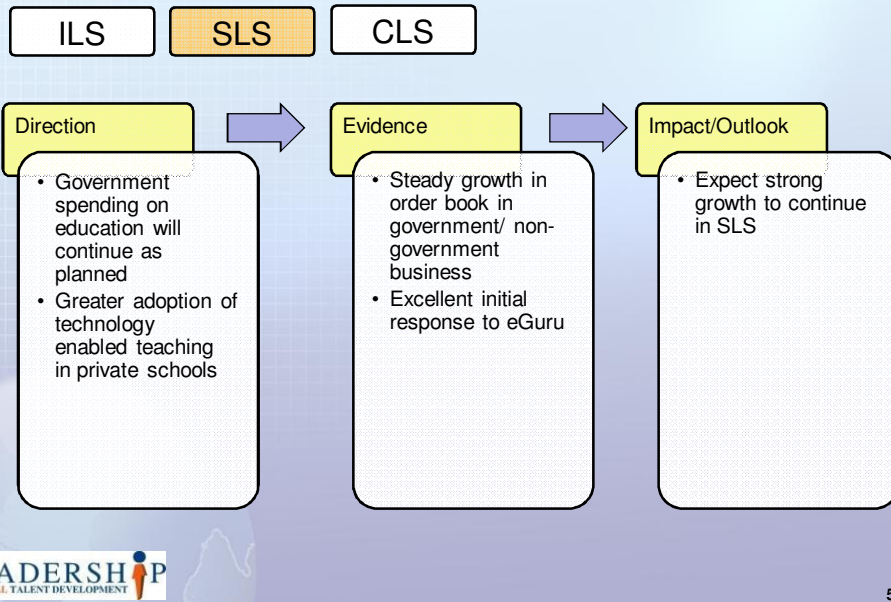


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58

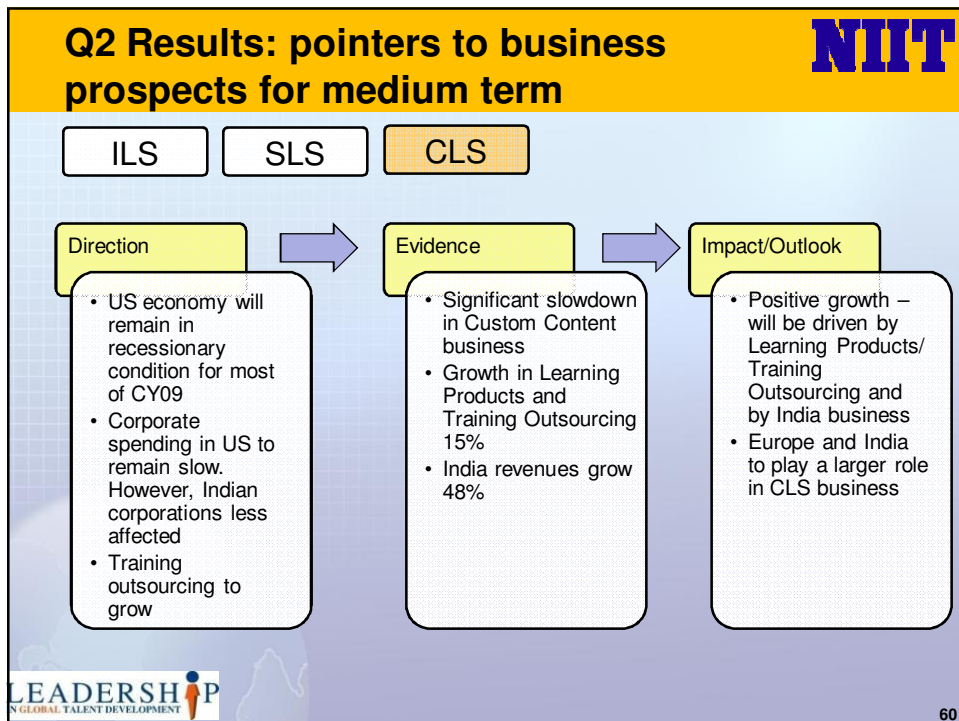
Q2 Results: pointers to business prospects for medium term

NIIT



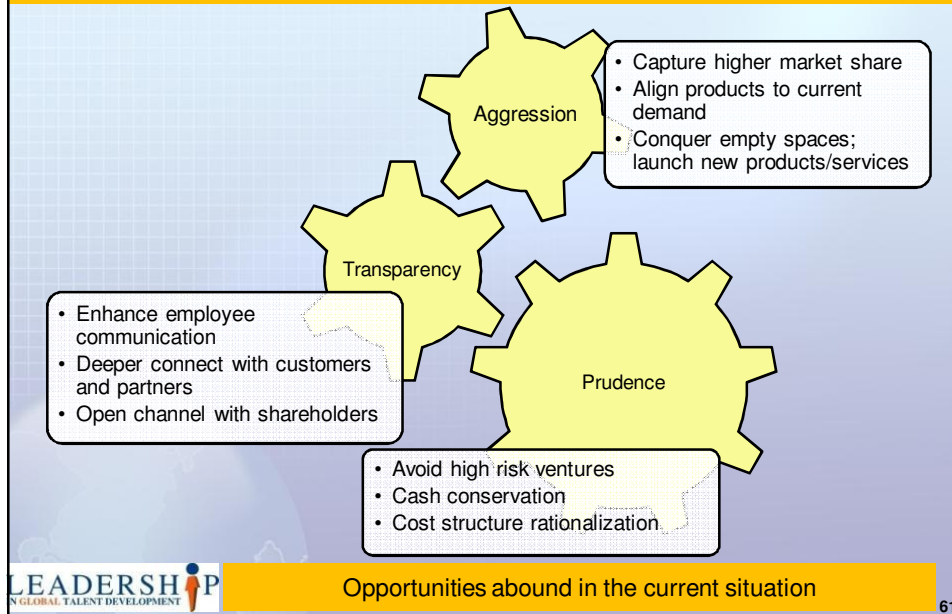
Q2 Results: pointers to business prospects for medium term

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Response to the current environment

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Response to the current environment: Immediate

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ILS	<ul style="list-style-type: none"> • Certification and short term products for enhanced market share • High end products for better realization • Establishing newer offering: BPO Training, English Language Training
	<ul style="list-style-type: none"> • Restrict center expansion • Capacity Consolidation
SLS	<ul style="list-style-type: none"> • Aggressive capture of market share through eGuru solution • Introduction of new products eg ERP solution
	<ul style="list-style-type: none"> • Selectivity in new business acquisition
CLS	<ul style="list-style-type: none"> • Focus on Learning Products and Training Outsourcing segments • Expansion of the India business
	<ul style="list-style-type: none"> • Higher annuity business • Reduce onsite dependence

At the bottom left is the LEADERSHIP IN GLOBAL TALENT DEVELOPMENT logo. At the bottom right, a yellow bar contains the text "Velocity, Agility, Simplicity" and the number "62".

Response to current environment: Long term

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ILS	<ul style="list-style-type: none">• Higher education partnerships• Expansion of product portfolio; expansion in focus geographies• Increased market size by moving down the pyramid (DLC, CLC)
SLS	<ul style="list-style-type: none">• Growth in GSA; balance risk, profitability, resources• Excellence in Math, Science, IT, English – foundation for strong growth in private schools• Vocational training in schools
CLS	<ul style="list-style-type: none">• Growth in Learning Products and Training Outsourcing business with focus on annuity streams• From development to deployment• Greater growth in emerging economies

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The long term strategy and direction remains intact

63

Summarizing

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64

NIIT: Today and Tomorrow

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- 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
- Our current businesses are aligned to attractive markets
- We have a robust and de-risked strategy for the future

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Leadership in the Century of the mind

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