# Reprioritization for accelerated growth

## Financial Results

### Quarter ended June 30, 2006

July 27, 2006

# Agenda

- *Environment*
- *Results Highlights*
- *Consolidated Financials*
- *Business Operations Analysis*
- *Headcount*
- *Shareholding pattern*

# Industry Environment

- *India*
  - *IT & ITES Industry recorded YoY growth of 32%; Exports grew 33%; employee base expanded to 1.3 mn people*
  - *NIIT strengthened its competitive position in the Top 5*
  - *New opportunities in emerging services sector*
- *China*
  - *Chinese universities opting for IT skills & English proficiency*
- *USA / Europe*
  - *Learning BPO gaining favour*
  - *Tech companies increasing international focus*
  - *New product announcements create training opportunities*

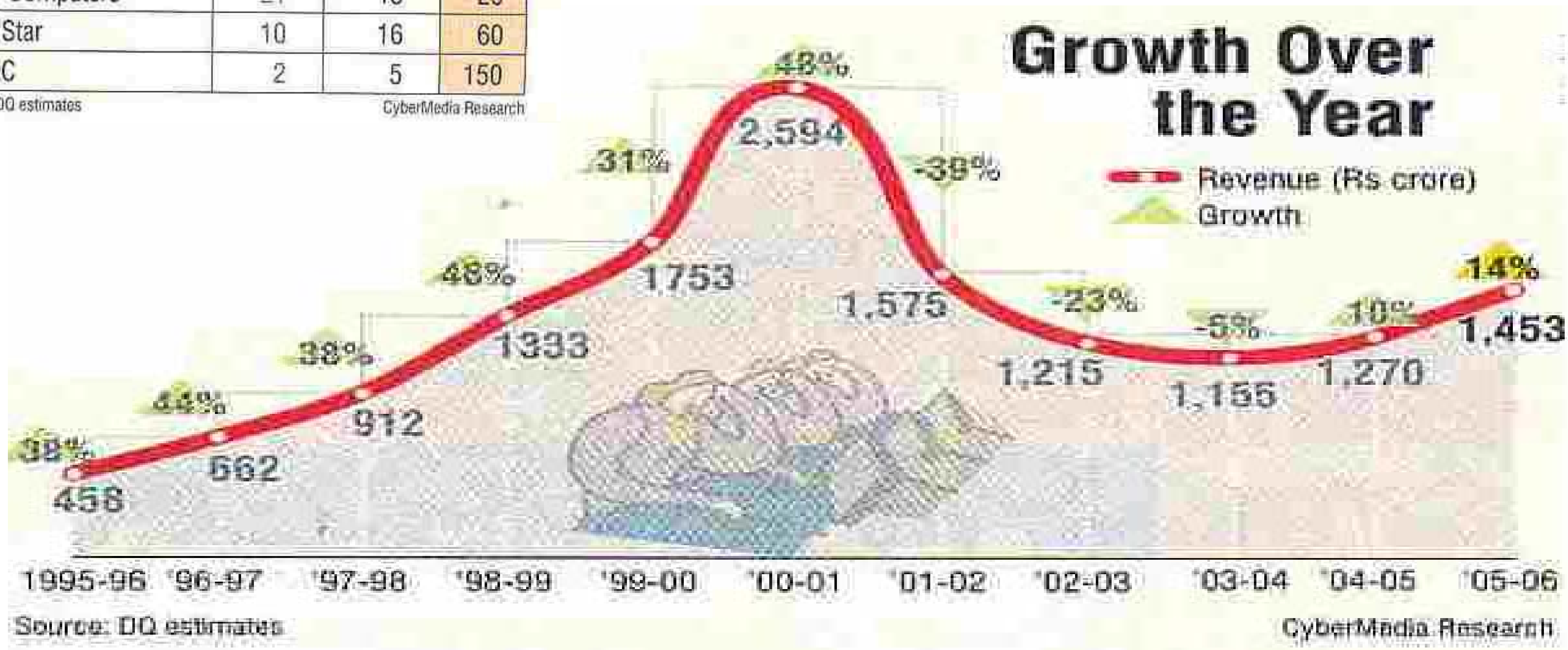
# NIIT’s market position

aining: The Top Players

| | Revenue (Rs crore) 2004-05 | 2005-06 | Growth (%) |
|---|---|---|---|
| | 398 | 450 | 13 |
| ch | 115 | 121 | 5 |
| Interactive Systems | 98 | 98 | 0 |
| ng Infotrain | 47 | 63 | 34 |
| ens | 13 | 34 | 162 |
| Computers | 21 | 15 | -29 |
| Star | 10 | 16 | 60 |
| C | 2 | 5 | 150 |

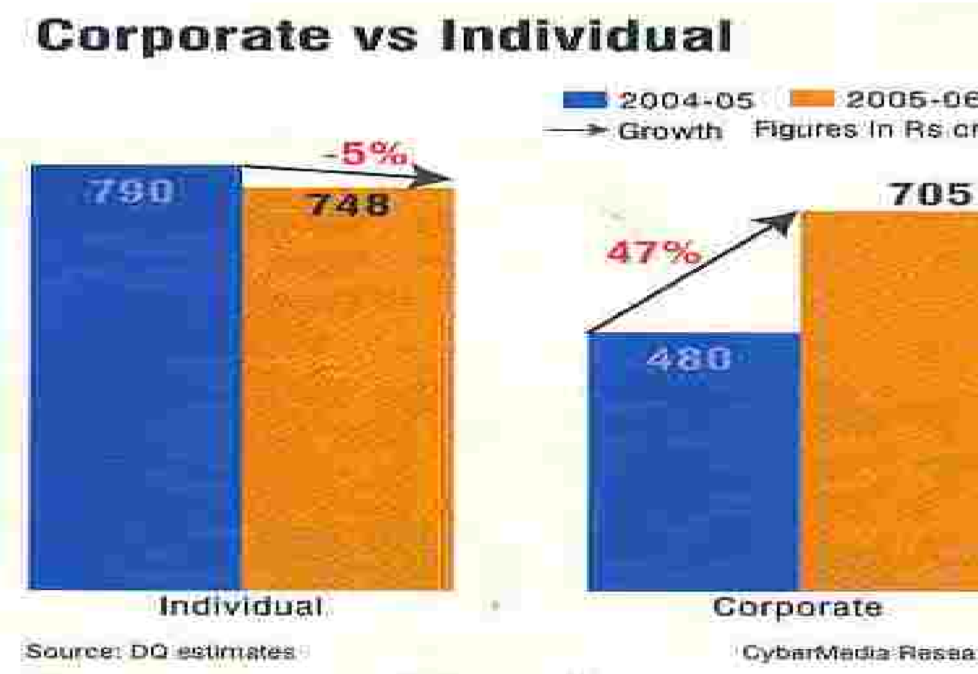
DQ estimates CyberMedia Research

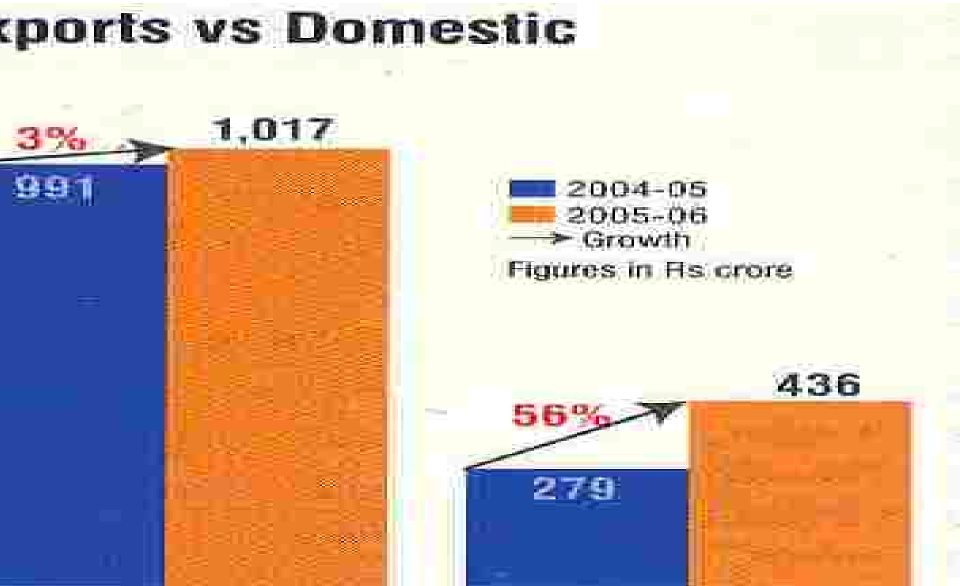
*NIIT has consolidated its market position and is now 3.7 times its nearest competitor compared to 3.4 times last year*



# NIIT remains the market leader

*NIIT grew 22% in the Individual Training space while the market de-grew 5% clearly showing NIIT's strength*




*NIIT grew 20% in the domestic market while the market grew 3% clearly showing NIIT's hold over the market*

# AMJ’06 Highlights

- Reprioritization of business lines yields accelerated growth in Individual & Corporate business
  - Focus on Individual & Corporate business
    - Individual records a 33% YoY net revenue growth
    - Corporate records a 17% YoY net revenue growth
  - Launch new initiatives to address new opportunities
    - IFBI – Institute for Finance banking & Insurance
    - Imperia – Centres for advanced learning
    - Litmus – Assessment & Testing services
  - Become selective in highly capital intensive Govt schools business
    - Karnataka order completed
  - Focus on private schools
    - Revenue growth of 24% YoY
    - No. of schools covered increase by 55 to 783

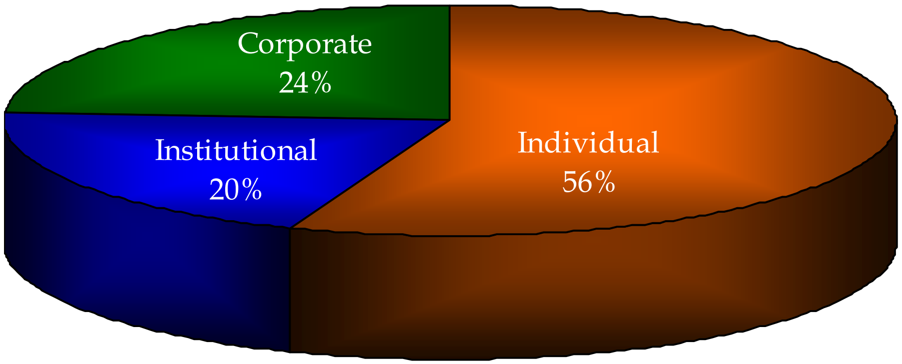
# AMJ'06 Consolidated Financials

| Rs in mn) | AMJ'06 | AMJ'05 | JFM'06 | YoY (%) | QoQ (% |
|---|---|---|---|---|---|
| **ystem Wide Revenue** | **1,637** | 1,566 | 1,836 | **5%** | **-11%** |
| **Net Revenues** | **1,102** | 1,064 | 1,149 | **4%** | **-4%** |
| Operating Expenses | **948** | 920 | 984 | **3%** | **-4%** |
| **Operating Profit** | **154** | 143 | 165 | **8%** | **-7%** |
| OPM | **14%** | 13% | 14% | **51 bps** | **-38 bps** |
| Depreciation | **106** | 86 | 102 | **22%** | **4%** |
| Other Income | **23** | 46 | -21 | **-51%** | **10%** |
| Profit Before Taxes | **71** | 103 | 43 | **-31%** | **65%** |
| Provision For Tax | **-6** | 7 | 7 | | |
| Operational Net Profit | **77** | 96 | 37 | **-20%** | **111%** |
| Share of Profits from Associates | **54** | 35 | 46 | **56%** | **18%** |
| **PAT** | **132** | 131 | 83 | **0%** | **59%** |
| **Basic EPS (Rs)** | **6.8** | 6.8 | 5.0 | **1%** | **38%** |

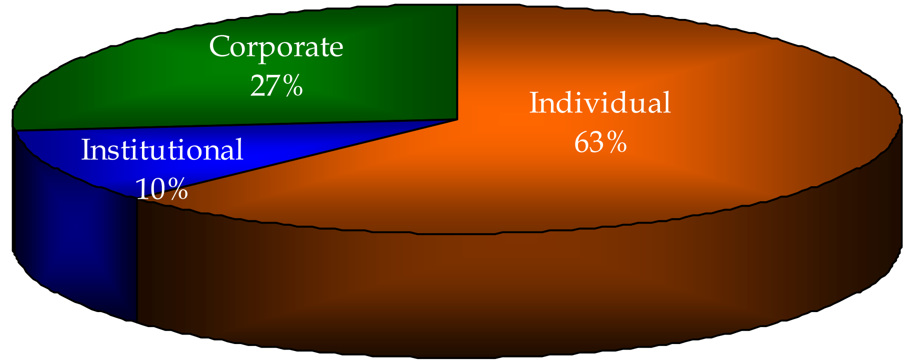
*Reprioritization yields results – Individual & Corporate together grew 25% YoY*

# Consolidated Revenue Mix

## ystem wide revenues – Up 5%



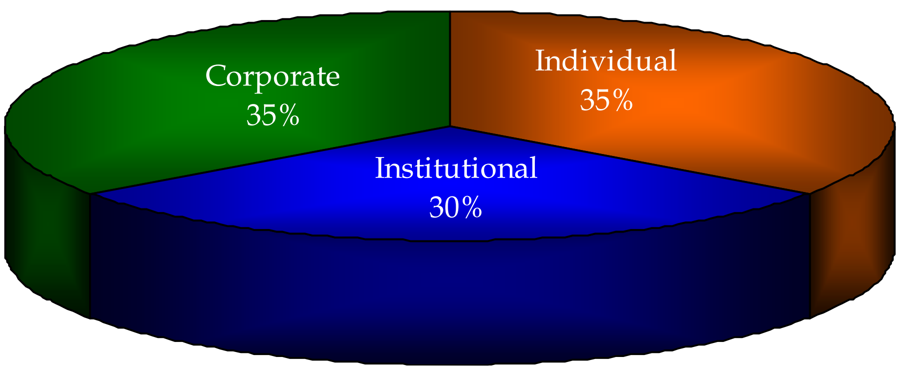

*AMJ'05*



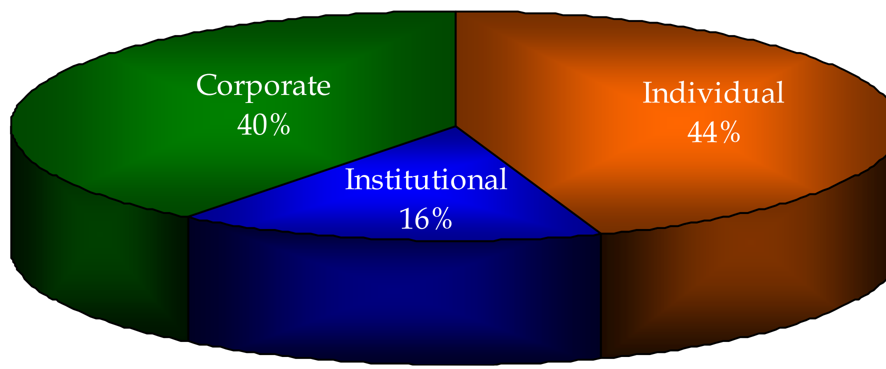

*AMJ'06*

**Individual & Corporate business share increases, Institutional share reduces**

## let Revenues – Up 4%




*AMJ'05*




*AMJ'06*

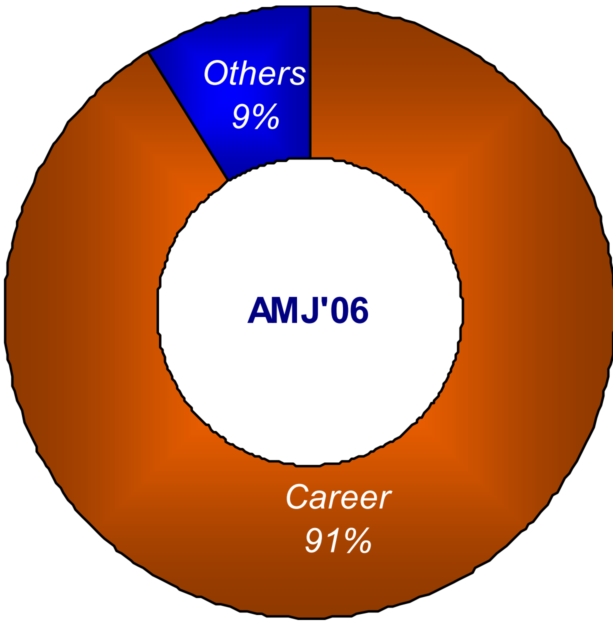
# Individual Business financials

| (Rs in mn) | AMJ'06 | AMJ'05 | Growth YoY% |
|---|---|---|---|
| **System Wide Revenue** | 1,028 | 874 | 18% |
| **Net Revenues** | 494 | 371 | 33% |
| *Operating Expenses* | 420 | 359 | 17% |
| **Operating Profit** | 74 | 12 | 528% |
| *OPM* | 15% | 3% | 1,181 bps |

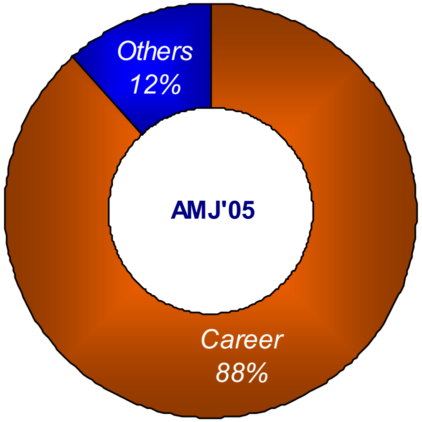

- *India revenues clock a record 58% growth – contribute 68% to to Individual biz. SWR*
- *China grows 25% to contribute 15% to total Individual business System wide revenues fuelled by NIIT Inside*
- *Improvement in cap utilization to 59% from 39% in AMJ'05 leads benefit in operating leverage*

# Individual Business Metrics

- *Resounding succcess of new GNIIT & new AAE programs as part of career segment, India*
  - *•Revenues up 62%*
  - *•Career Enrolments up 14% YoY*
  - *•GNIIT Enrolments up 156%*
  - *•AAE enrolments up 122%*

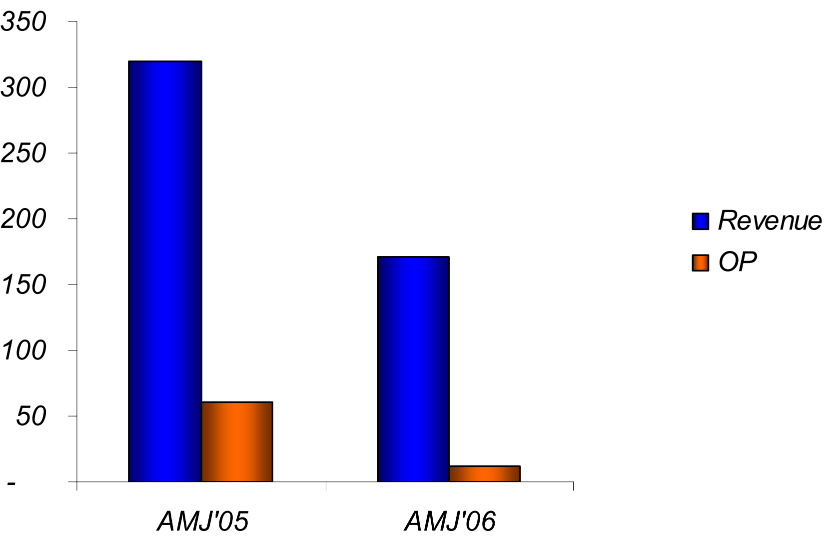



- *Overall Enrolments at 81,776 up 7% YoY*



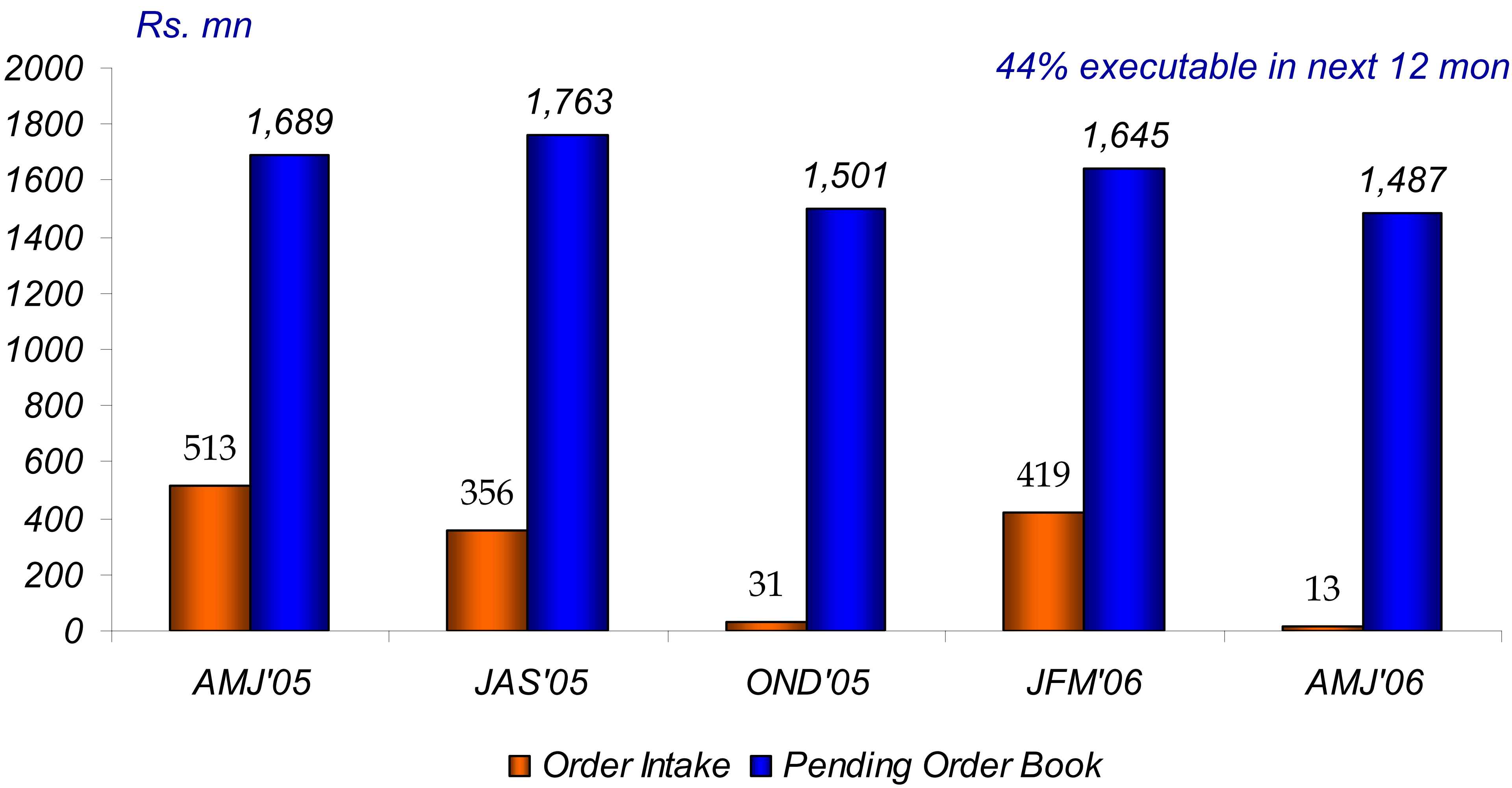
# Institutional Business financials

| (Rs in mn) | AMJ'06 | AMJ'05 | Growth YoY% |
|---|---|---|---|
| **Net Revenues** | 171 | 319 | -46% |
| *Operating Expenses* | 160 | 259 | -38% |
| **Operating Profit** | 12 | 61 | -81% |
| *OPM* | 7% | 19% | (1,216) bps |



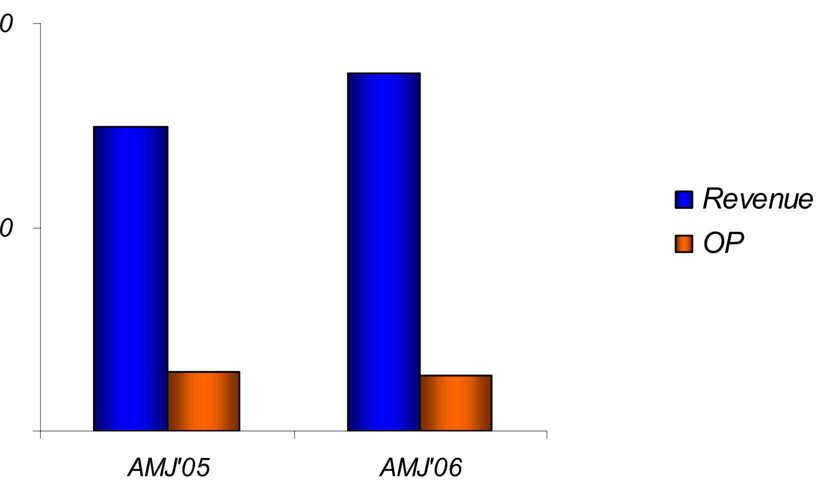

- *Non GSA business contributes 30% of revenues the quarter compared to 13% in AMJ'05 – 24% Yo growth*
- *Completion of existing GSA orders along with the focused approach to de-risk the business impacted revenues and margins*

# Institutional Business Metrics



# Corporate Business financials

| (Rs in mn) | AMJ'06 | AMJ'05 | Growth YoY% |
|---|---|---|---|
| **Net Revenues** | 438 | 373 | 17% |
| *Operating Expenses* | 369 | 301 | 22% |
| **Operating Profit** | 69 | 71 | -4% |
| *OPM* | 16% | 19% | (346) bps |

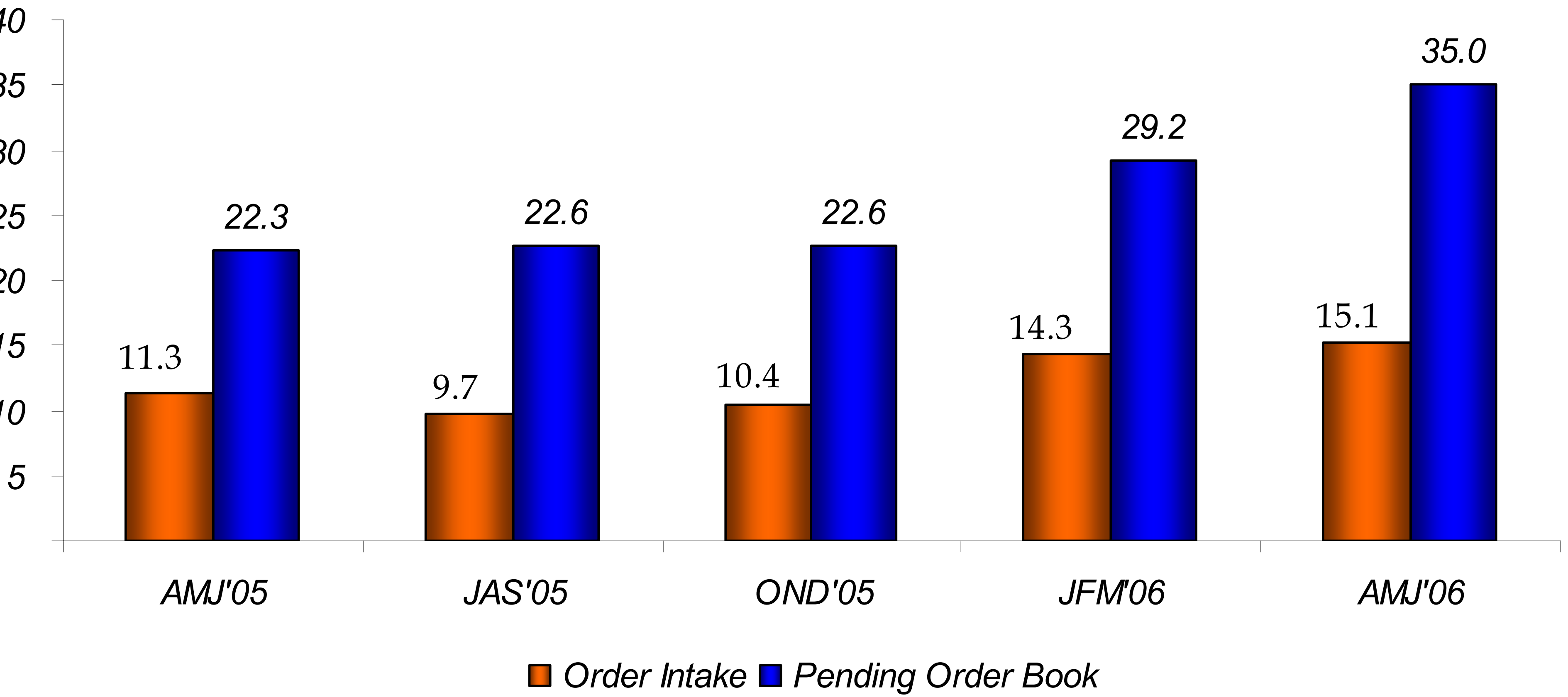



- *Revenue Product mix improves*
- *8 New customers include 2 technology companies*
- *One multi million multi year order in LD*
- *Margin stable despite continuing product mix transformation*

# Corporate Business Metrics

*US$ Mn*

*61% executable in next 12 months*




**Order intake of $ 15.1 mn in excess of 150% of the quarters' revenue**

**Pending order book at $ 35.0 mn**

# New businesses – An update

- *IFBI*
  - *Commenced short term programs*
  - *Trained 587 sponsored candidates*
  - *Public launch in JAS'06 through 6 centres*

*Institute of Finance, Banking & Insur*

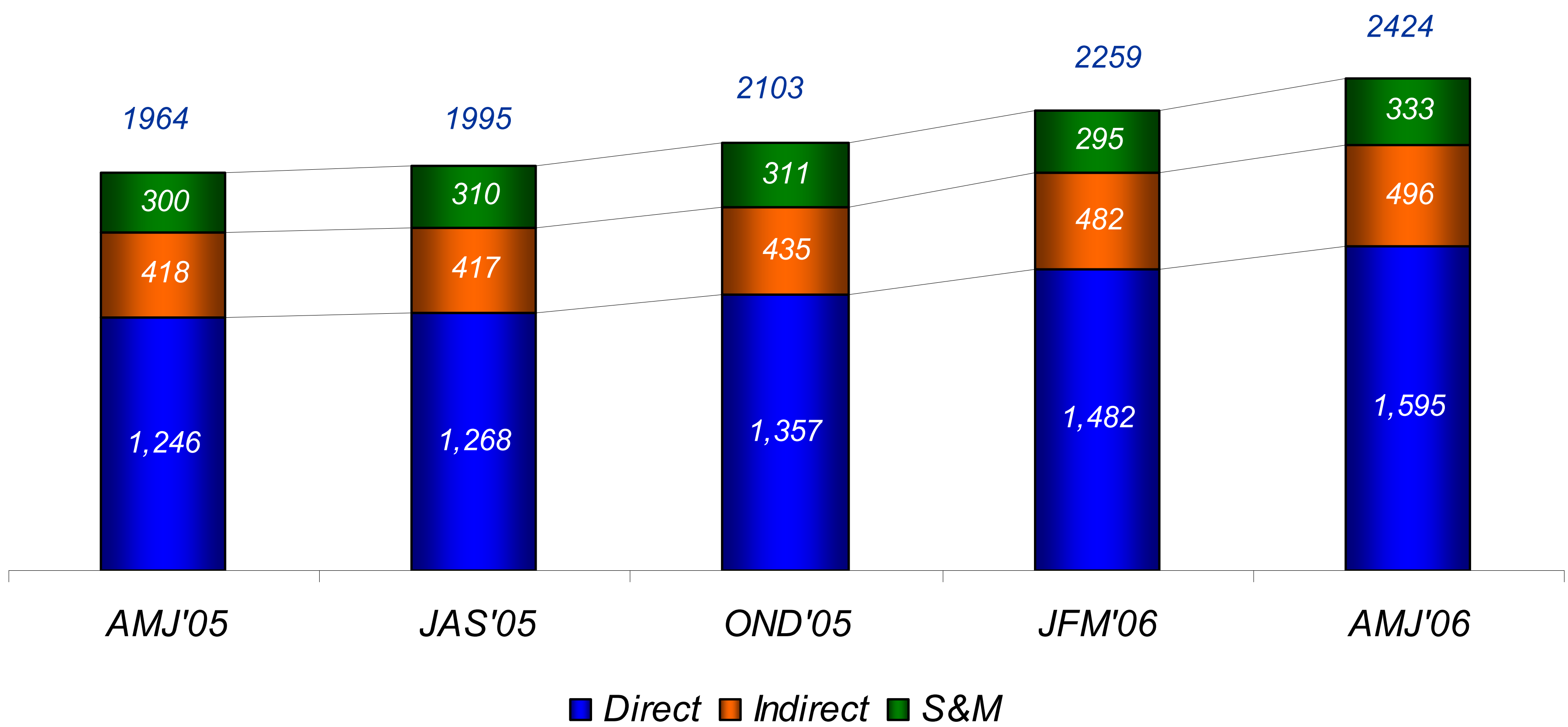
- *Imperia*
  - *2 premier tie ups*
  - *Launch in JAS'06 through 6 centres*

CENTRE FOR ADVANCED LEAR

- *Litmus*
  - *Prospective customers in the pipeline*
  - *Tie ups and commencement of business in JAS'06*

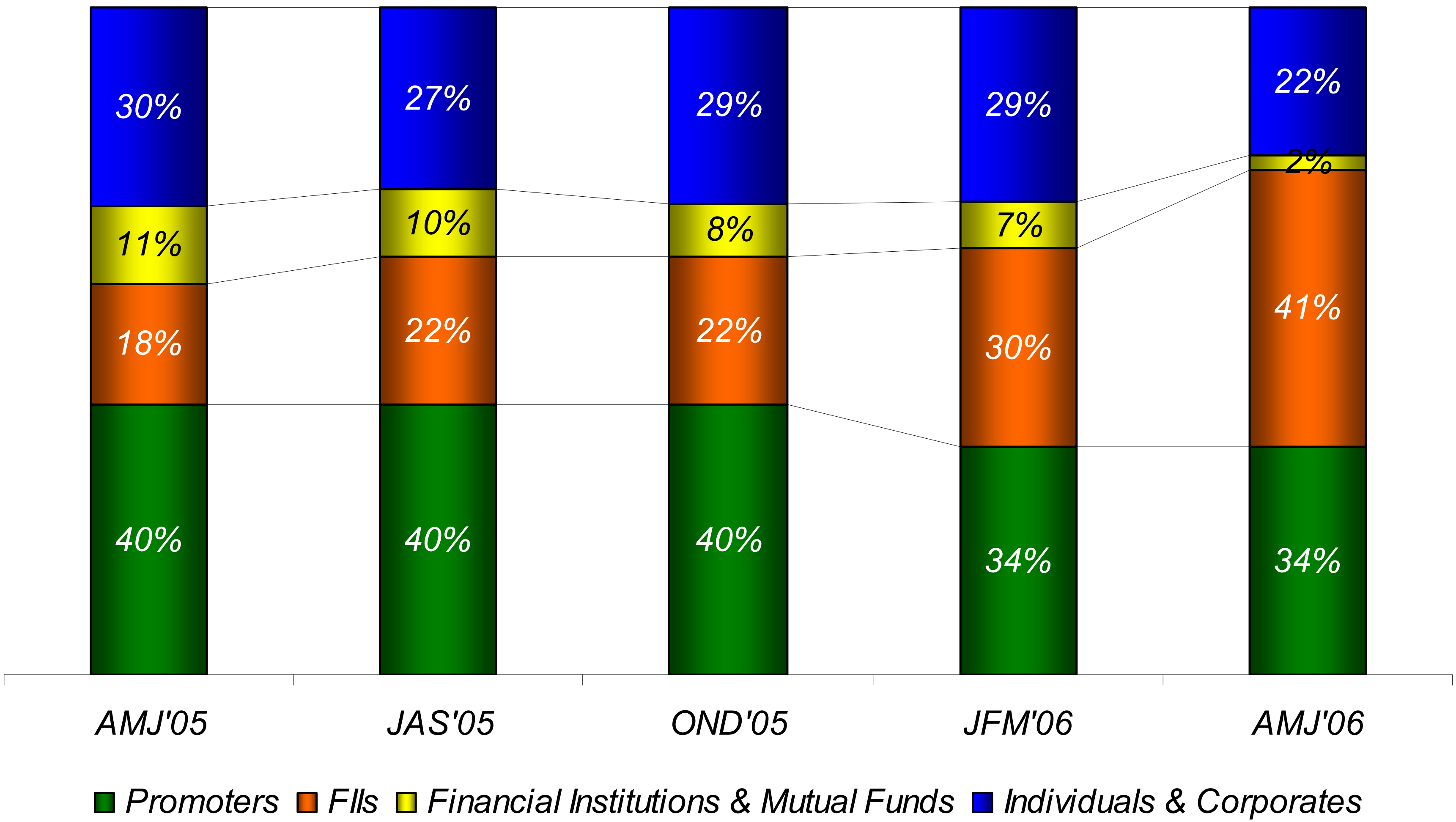
A Division of

# Head Count



1964
1995
2103
2259
2424
300
418
1,246
310
417
1,268
311
435
1,357
295
482
1,482
333
496
1,595
AMJ'05
JAS'05
OND'05
JFM'06
AMJ'06
Direct
Indirect
S&M

# Shareholding Pattern




*19.3 Million Equity Shares*
*570k outstanding ESOPs*
*$ 10 mn FCCB*

# Leadership in the Century of the mind