



## **Financial Results**

**Quarter ended December 31, 2006**

**January 19, 2007**

# Agenda

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

- *As per Nasscom Strategic review*
  - *India remains the preferred destination for across all offshore locations*
  - *IT & ITES people requirement to be in excess of 2.2 Mn by FY 2009-10*
  - *As per current trends, the supply shortfall will be approx. 0.5 Mn*
- *Training moving from out tasking → selective outsourcing → comprehensive outsourcing*
- *Indian software companies in China step up recruitments*

## Financial Highlights

- **Global System Wide Revenues grow 111% YoY to Rs. 2970 mn**
- **Net Revenue grows 114% YoY & 11% QoQ to reach Rs. 2251 mn**
- **Net profit up 97% YoY to touch Rs. 107 mn**

**Individual business clocks 59% YoY growth in net revenues**  
**Corporate business grows 18% YoY**

- **Full quarter of Element K**
  - Generates revenues of USD 21.34 mn (Rs.960 mn) for OND'06 & EBITDA of USD 0.92 mn (Rs. 41 mn)
  - Contributes 43% of the net revenues
  - Continues to be EPS accretive
  - Integration on track
- **New businesses generate revenues of Rs. 25 mn**
- **Total order intake for the quarter – Rs. 2,271 mn**
- **Closing Order book – Rs. 5,407 mn**

|                    | <i>Rs. Mn</i> | <i>% Total</i> | <i>%Growth</i> | <i>OM</i> | <i>Improvement</i> |
|--------------------|---------------|----------------|----------------|-----------|--------------------|
| <i>Current Biz</i> | 1265          | 56%            | 20% YoY        | 15%       | +332 bps           |
| <i>New Biz</i>     | 25            | 1%             | 133% QoQ       | -188%     | -                  |
| <i>Element K</i>   | 960           | 43%            | 36% QoQ*       | 4%        | -                  |

# OND'06 Consolidated Financials



| (Rs in mn)                              | OND'06       | OND'05 | JAS'06 | YoY (%)         | QoQ (%)         |
|---|--------------|--------|--------|-----------------|-----------------|
| <b>System Wide Revenue</b>              | <b>2,970</b> | 1,408  | 3,213  | <b>111%</b>     | <b>-8%</b>      |
| <b>Net Revenues</b>                     | <b>2,251</b> | 1,053  | 2,031  | <b>114%</b>     | <b>11%</b>      |
| <b>Operating Expenses</b>               | <b>2,073</b> | 934    | 1,792  | <b>122%</b>     | <b>16%</b>      |
| <b>Operating Profit</b>                 | <b>178</b>   | 119    | 238    | <b>50%</b>      | <b>-25%</b>     |
| <b>DPM</b>                              | <b>8%</b>    | 11%    | 12%    | <b>-336 bps</b> | <b>-383 bps</b> |
| <b>Depreciation</b>                     | <b>125</b>   | 96     | 113    | <b>31%</b>      | <b>11%</b>      |
| <b>Other Income</b>                     | <b>(46)</b>  | -5     | -23    |                 |                 |
| <b>Profit Before Taxes</b>              | <b>7</b>     | 18     | 103    | <b>-63%</b>     | <b>-93%</b>     |
| <b>Provision For Tax</b>                | <b>-9</b>    | 9      | 8      |                 |                 |
| <b>Operational Net Profit</b>           | <b>16</b>    | 10     | 94     | <b>66%</b>      | <b>-83%</b>     |
| <b>Share of Profits from Associates</b> | <b>92</b>    | 45     | 67     | <b>104%</b>     | <b>36%</b>      |
| <b>PAT</b>                              | <b>107</b>   | 55     | 161    | <b>97%</b>      | <b>-33%</b>     |
| <b>Basic EPS (Rs)</b>                   | <b>5.5</b>   | 2.8    | 8.3    | <b>95%</b>      | <b>-34%</b>     |

**Revenues include EK (Rs. 960 mn) & New businesses (Rs. 25 mn)**  
**Existing business revenues (Rs. 1,265 mn)**

# Financial summary by business line

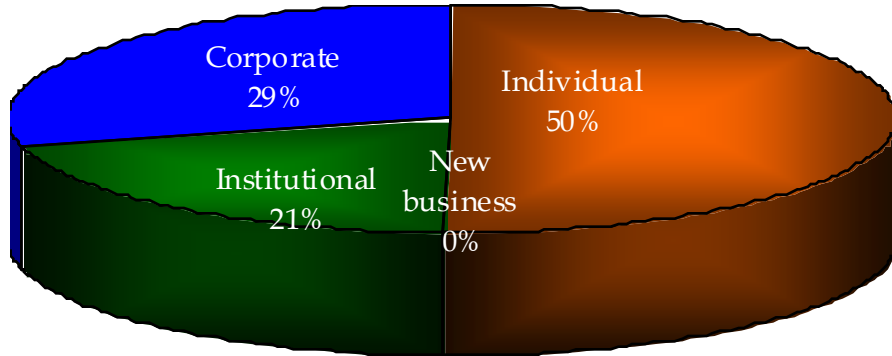


|                                     | Individual | Insitutional | Corporate | Existing NIIT | New Biz | Organic NIIT | EK  | NIIT  |
|-------------------------------------|------------|--------------|-----------|---------------|---------|--------------|-----|-------|
| <b>Net Revenues</b>                 | 560        | 226          | 479       | 1,265         | 25      | 1,290        | 960 | 2,251 |
| <b>YoY%</b>                         | 59%        | -23%         | 18%       | 20%           | 0%      | 23%          | 0%  | 114%  |
| <b>QoQ%</b>                         | -25%       | 2%           | -7%       | -15%          | 133%    | -14%         | 0%  | 11%   |
| <b>Opex</b>                         | 467        | 199          | 414       | 1,081         | 73      | 1,154        | 919 | 2,073 |
| <b>EBITDA</b>                       | 93         | 27           | 65        | 184           | (48)    | 137          | 41  | 178   |
| <b>EBITDA margin</b>                | 17%        | 12%          | 14%       | 15%           | -188%   | 11%          | 4%  | 8%    |
| <b>Other income</b>                 |            |              |           |               |         | 5            | (1) | 4     |
| <b>Interest Expenses</b>            |            |              |           |               |         | 16           | 34  | 50    |
| <b>Depreciation</b>                 |            |              |           |               |         | 121          | 4   | 125   |
| <b>PBT</b>                          |            |              |           |               |         | 5            | 2   | 7     |
| <b>Tax</b>                          |            |              |           |               |         | (10)         | 1   | (9)   |
| <b>PAT</b>                          |            |              |           |               |         | 15           | 1   | 16    |
| <b>Associate Profit</b>             |            |              |           |               |         | 92           | -   | 92    |
| <b>PAT (after associate profit)</b> |            |              |           |               |         | 107          | 1   | 107   |
| <b>EPS</b>                          |            |              |           |               |         | 5.5          | 0.0 | 5.5   |

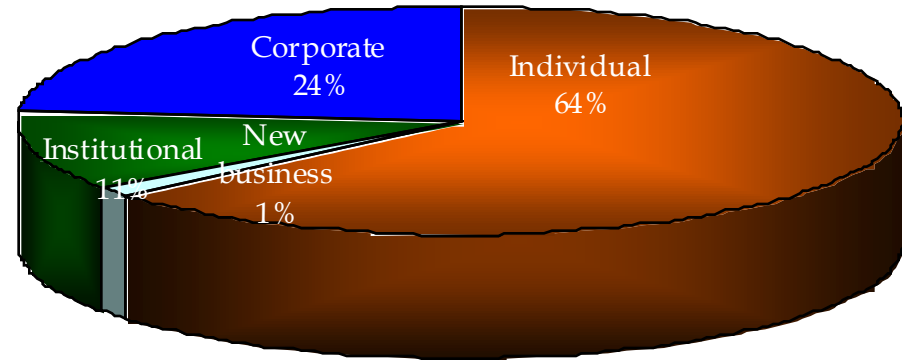
Existing NIIT OM improvement by 332 bps

# Consolidated Revenue Mix - Organic

system wide revenues – Up 43%



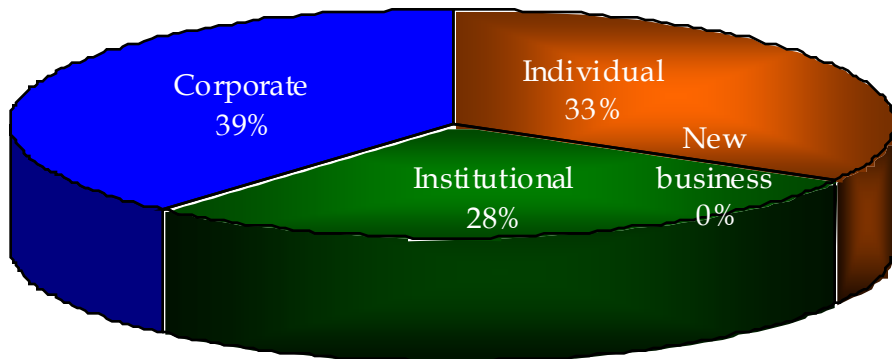
OND'05



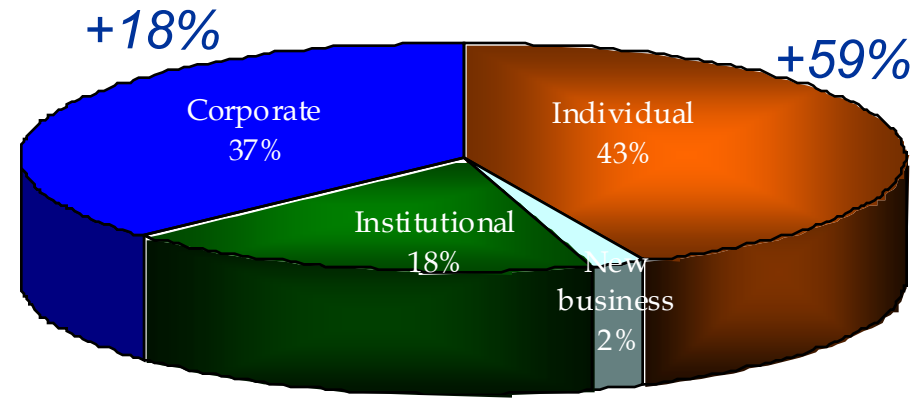
OND'06

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

Net Revenues – Up 23%



OND'05



-23%

OND'06

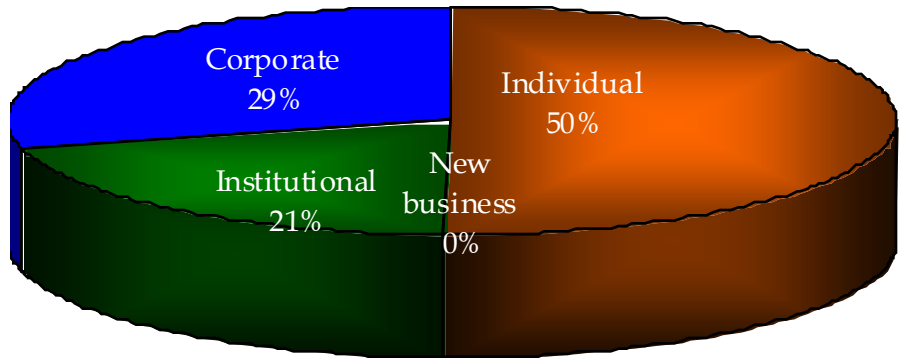
+59%



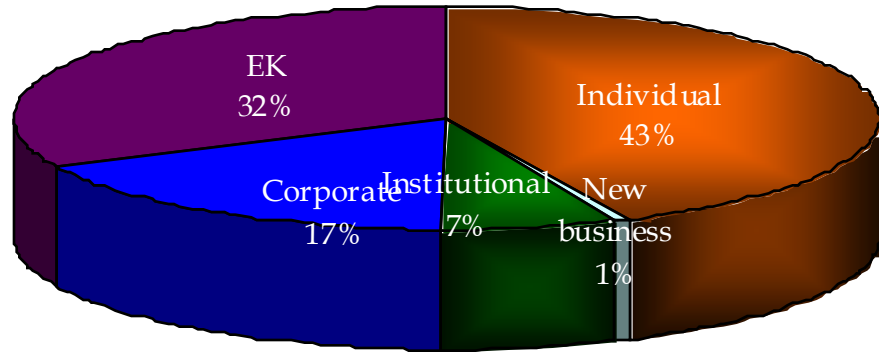
# Consolidated Revenue Mix = Including Element K



System wide revenues – Up 111%



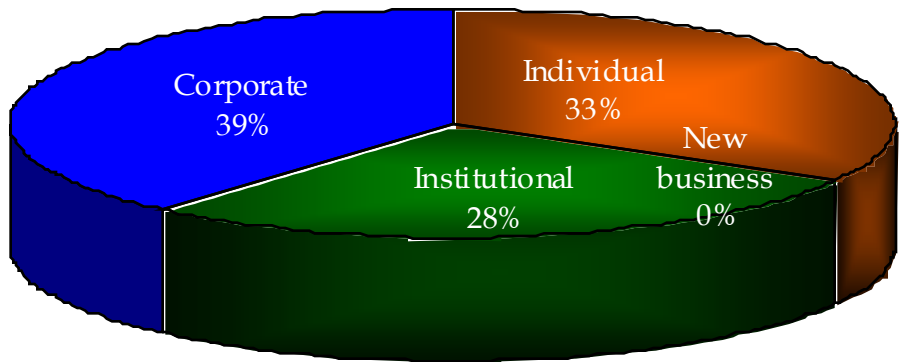
OND'05



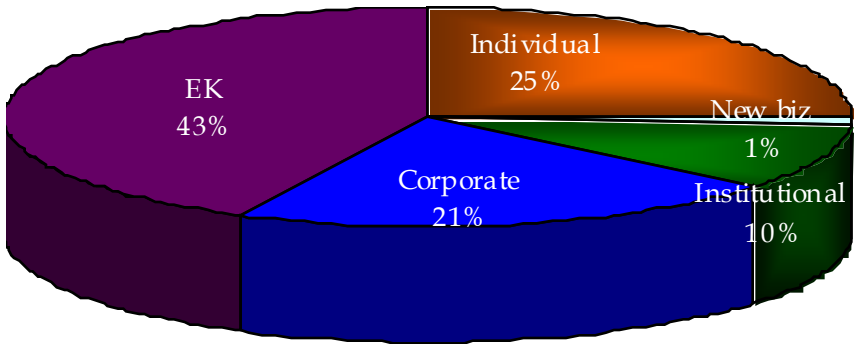
OND'06

**EK substantial part of the revenue mix**

Net Revenues – Up 114%



OND'05



OND'06

# Individual Business financials

| (Rs in mn)                 | OND'06 | OND'05 | Growth YoY% |
|----------------------------|--------|--------|-------------|
| <b>System Wide Revenue</b> | 1,279  | 707    | 81%         |
| <b>Net Revenues</b>        | 560    | 352    | 59%         |
| <i>Operating Expenses</i>  | 467    | 353    | 32%         |
| <b>Operating Profit</b>    | 93     | -1     | 9407%       |
| <i>OPM</i>                 | 17%    | 0%     | 1,682 bps   |



- India revenues clock a record 67% growth – contribute 60% to total Individual biz. SWR
- China grows 38% to contribute 15% of System wide revenues
- Improvement in cap utilization to 47% from 39% in OND'05 leads to benefit in operating leverage

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# Individual Business Metrics

## GNIT & Edgeineers programs fuel growth in India

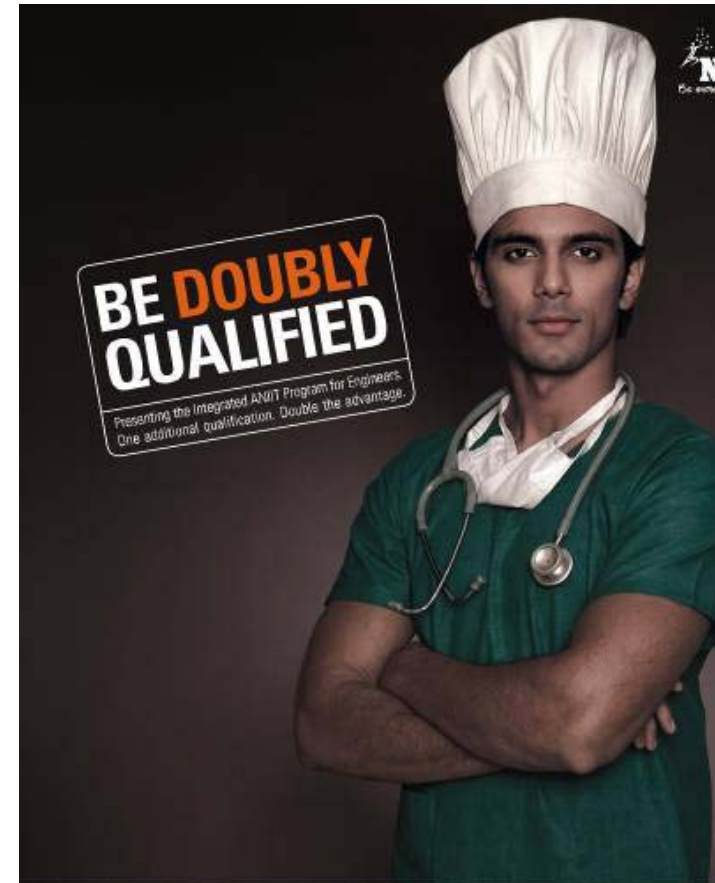
- Career Revenues up 68%
- Career registrations on like to like up 19%
- Engineering & comp science students enrollments up 45% YoY to 16,642
- New programs launched – Network Labs & IAE – received well
- Closing OB 1,254 Mn - 67% executable in next 12 months



NIIT Edgeineers presents  
**'Edge Seminar' on .NET technologies.**  
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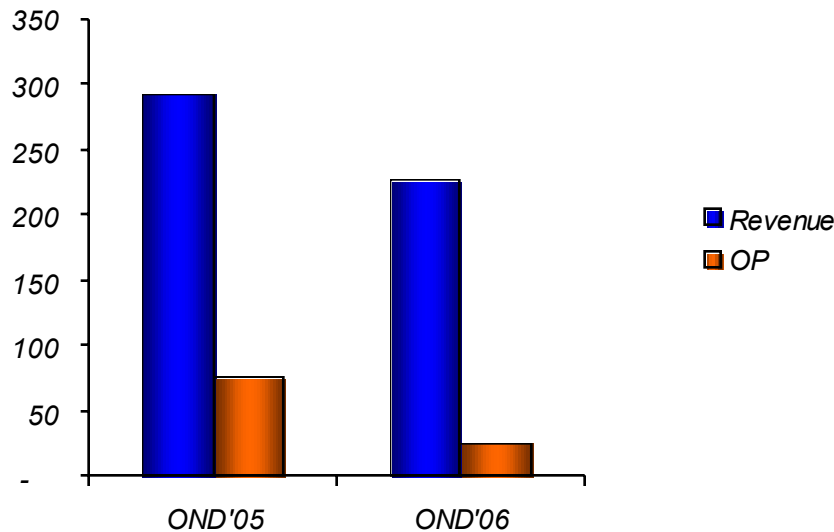
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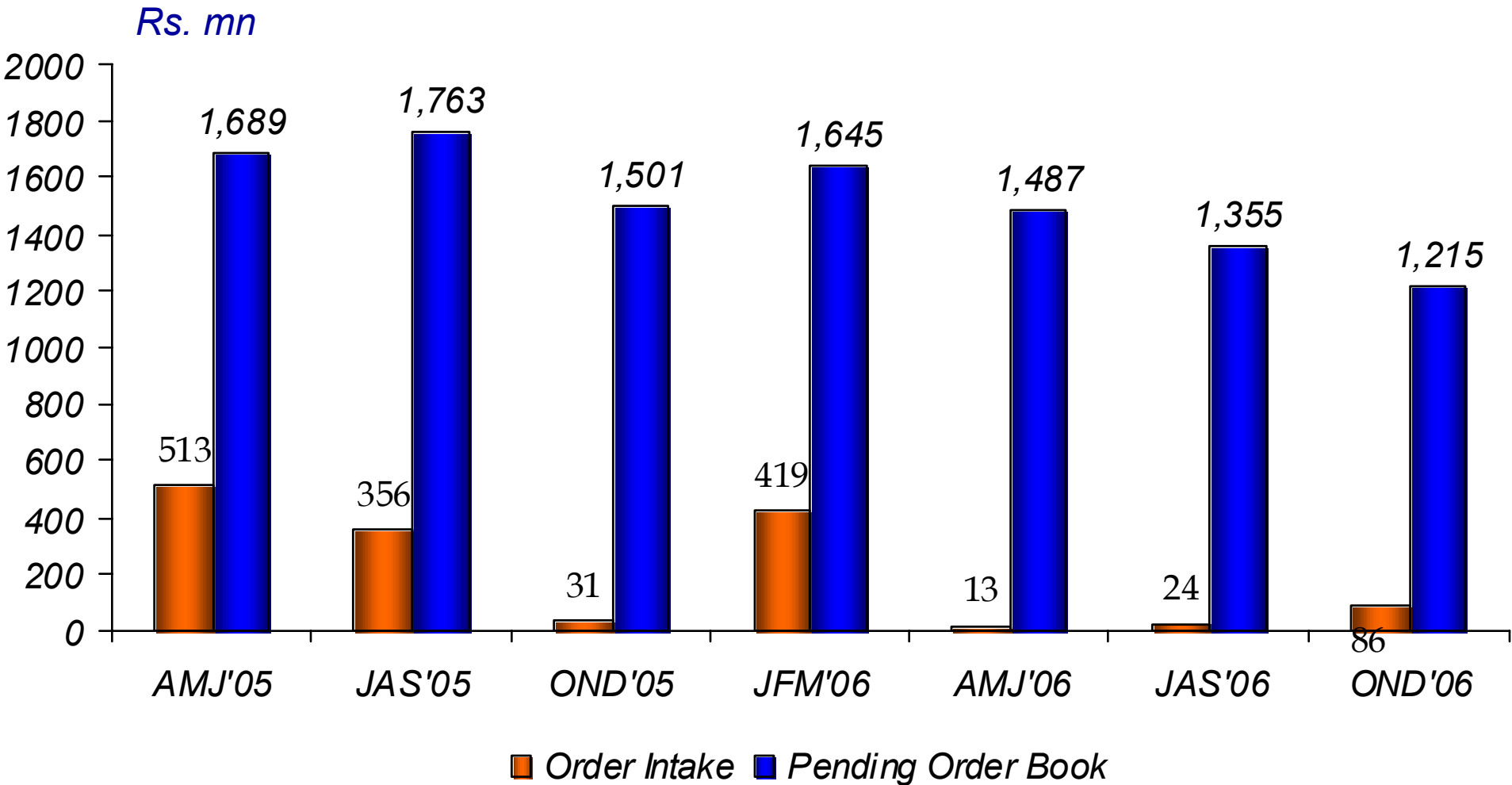
# Institutional Business financials

| (Rs in mn)                | OND'06 | OND'05 | Growth YoY% |
|---------------------------|--------|--------|-------------|
| <b>Net Revenues</b>       | 226    | 294    | -23%        |
| <i>Operating Expenses</i> | 199    | 217    | -8%         |
| <b>Operating Profit</b>   | 27     | 77     | -65%        |
| <i>OPM</i>                | 12%    | 26%    | (1,433) bps |



➤ Non Govt business grows 39% YoY & contributes 21% of revenues for the quarter compared to 12% in OND'05

# Institutional Business Metrics



*52% executable in next 12 months*

# Corporate Business financials

| (Rs in mn)                | OND'06 | OND'05 | Growth YoY% |
|---------------------------|--------|--------|-------------|
| <b>Net Revenues</b>       | 479    | 407    | 18%         |
| <i>Operating Expenses</i> | 414    | 365    | 13%         |
| <b>Operating Profit</b>   | 65     | 43     | 52%         |
| <i>OPM</i>                | 14%    | 10%    | 311 bps     |



➤ Revenue Product mix improves with Content 44%; LD 36% & LT 18%

➤ Litmus

➤ gets 2nd customer – I. Tax dept (TRP)

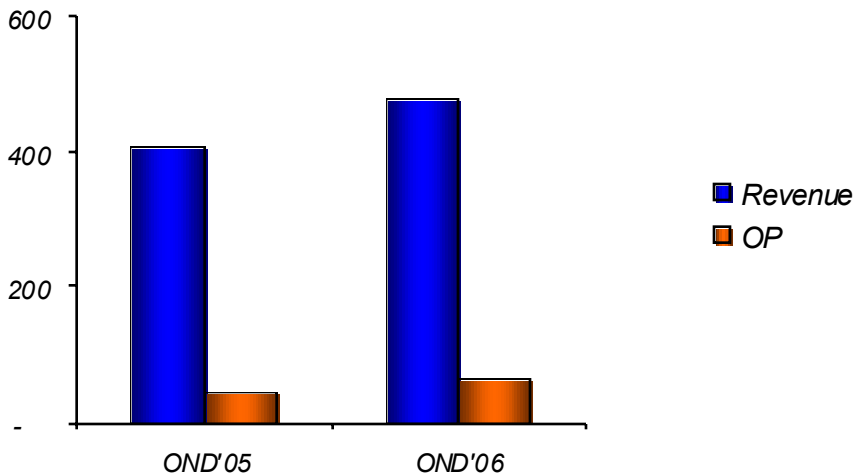
➤ contributes 2% of revenues

➤ Technology vertical continues to add new customers – 4 this quarter

➤ Added 6 new corporate clients

➤ Europe records healthy revenue growth

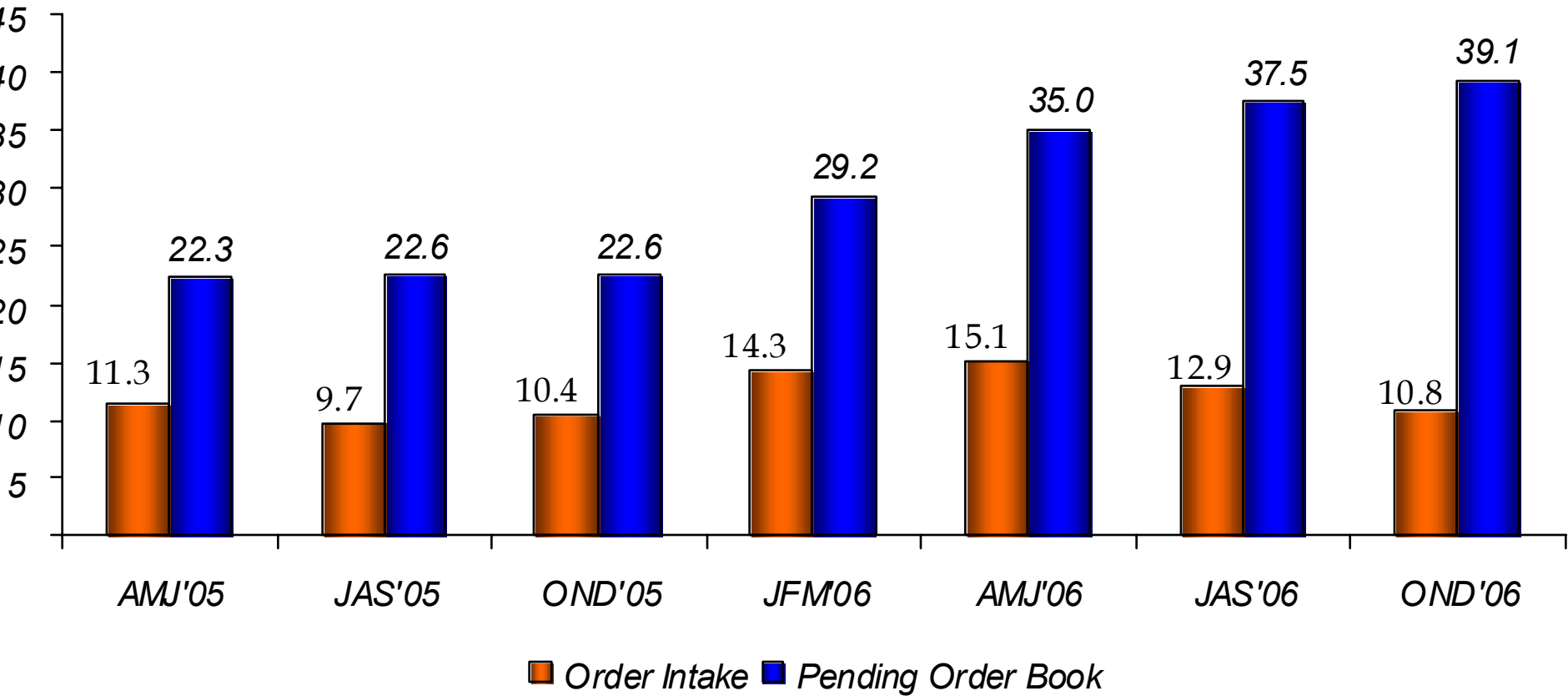
➤ Business actively engaged in Element K



# Corporate Business Metrics

US\$ Mn

63% executable in next 12 months



**Order intake of \$ 10.8 mn**

**Order intake LD 30%, Content 56%; LT 14%**

**Pending order book at \$ 39.1 mn**

- *NIIT Imperia*

- All 6 Centres of Advanced Learning and 3 studios at Kolkata, Ahmedabad & Indore became operational.
- The 1<sup>st</sup> Admissions Cycle for the 1<sup>st</sup>-set of 6 programs was successfully completed.
- Classes commenced for all 6 programs, and early reports of student satisfaction and learning effectiveness are excellent

ific American India 20.6x27.3cm



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- *Institute of Finance, Banking & Insurance*
  - *The 1<sup>st</sup> Admissions Cycle for the PGD in Banking Operations (PGDBO) was successfully completed with 423 students registering*
  - *All 423 students received Provisional Appointment letters from ICICI Bank for employment as Officers in the bank, upon successful completion of the 6-month program.*
  - *Classes commenced at all 6 centres, with excellent feedback from students.*

# New Business financials

**ifbi**

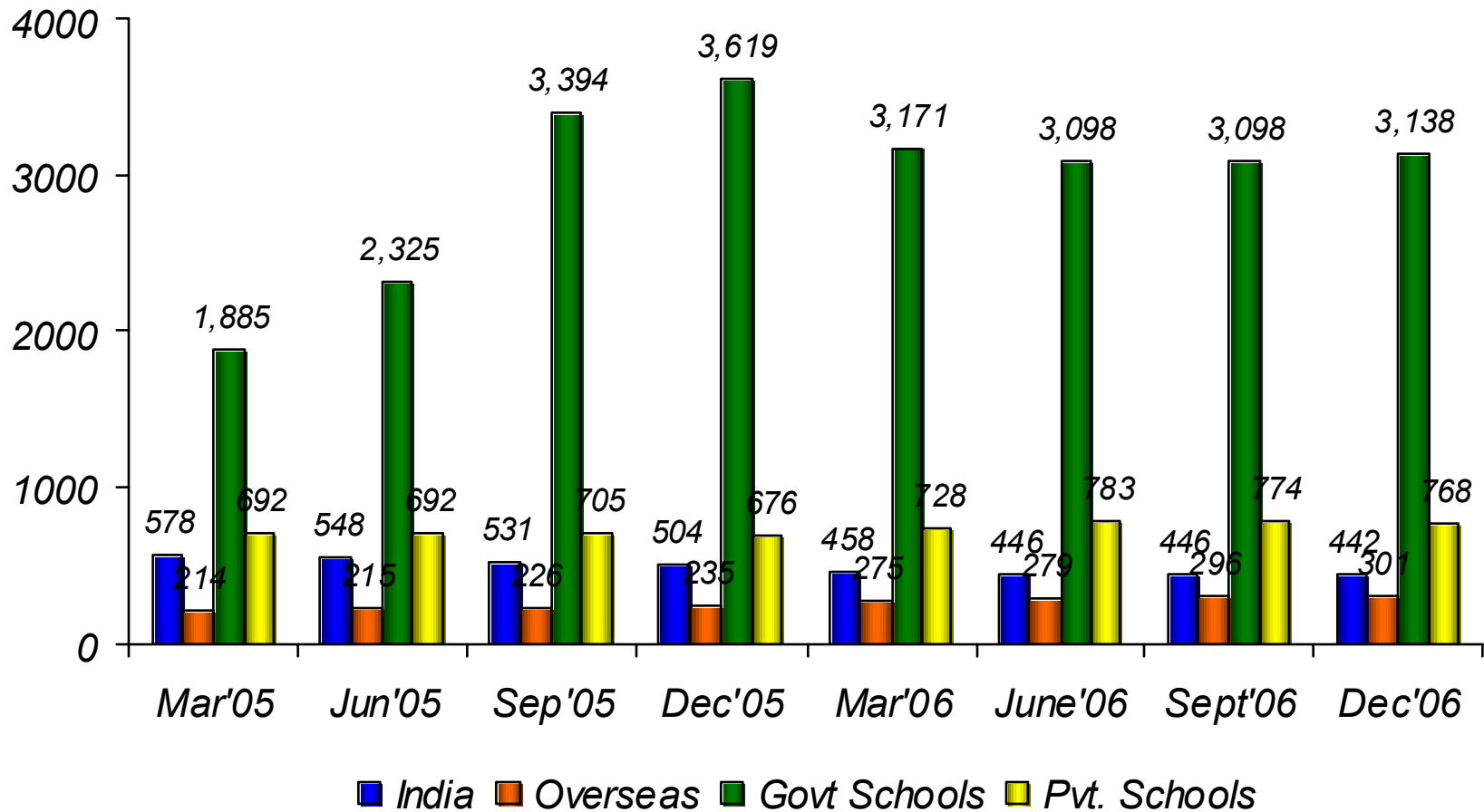
*Institute of Finance, Banking & Insurance*

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CENTRE FOR ADVANCED LEARNING

| (Rs in mn)                | OND'06 | JAS'06 | Growth QoQ% |
|---------------------------|--------|--------|-------------|
| <b>Net Revenues</b>       | 25     | 11     | 133%        |
| <i>Operating Expenses</i> | 73     | 25     | 194%        |
| <b>Operating Profit</b>   | -48    | -14    | 240%        |
| <i>OPM</i>                | -188%  | -129%  | (5,929) bps |

- *Order intake of Rs. 68 mn*
- *Pending order book Rs. 43 mn*
  - *Rs. 31 mn executable in next 3 months*

# Center Network- International & India

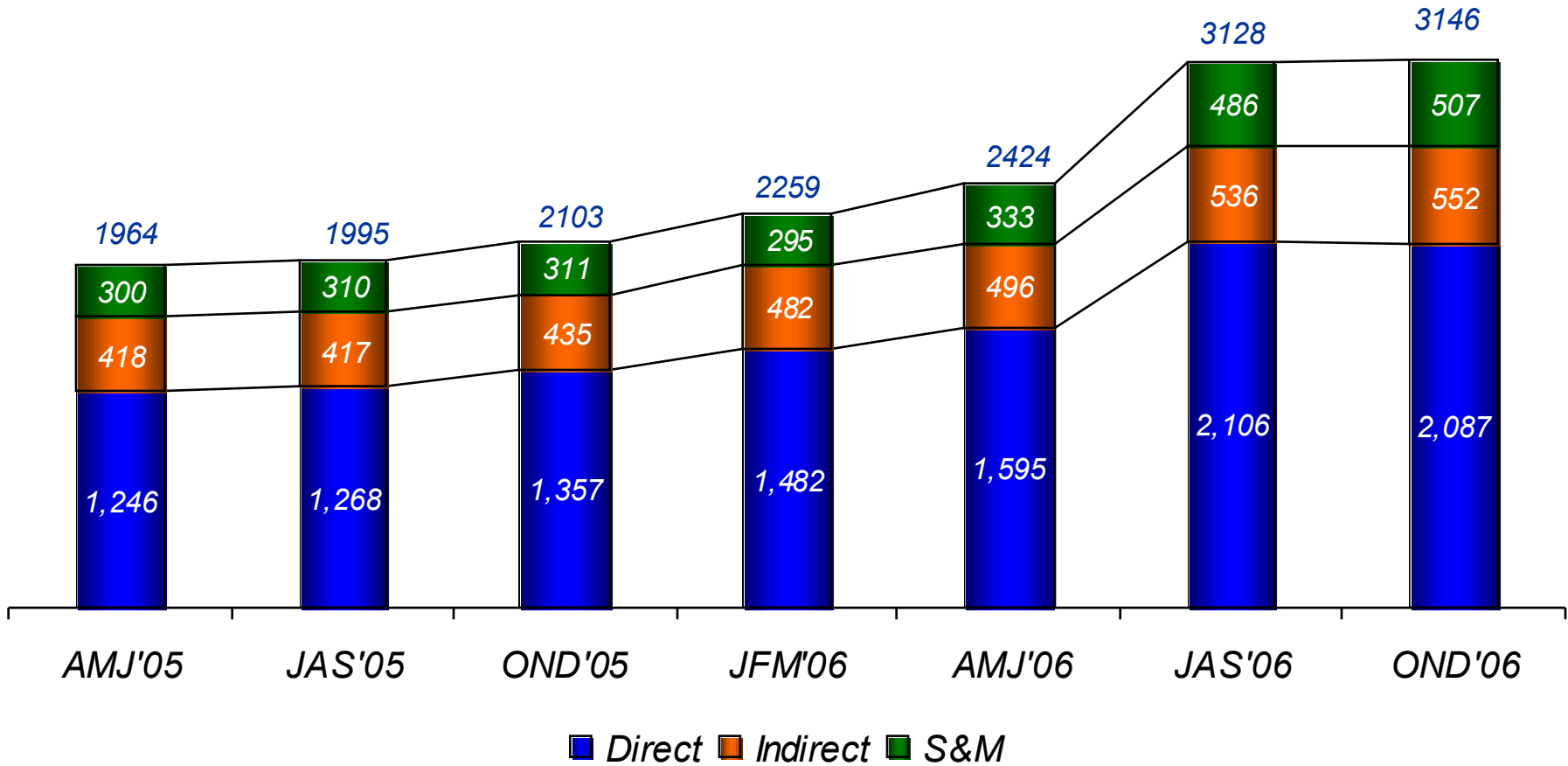


*Center consolidation exercise continues*

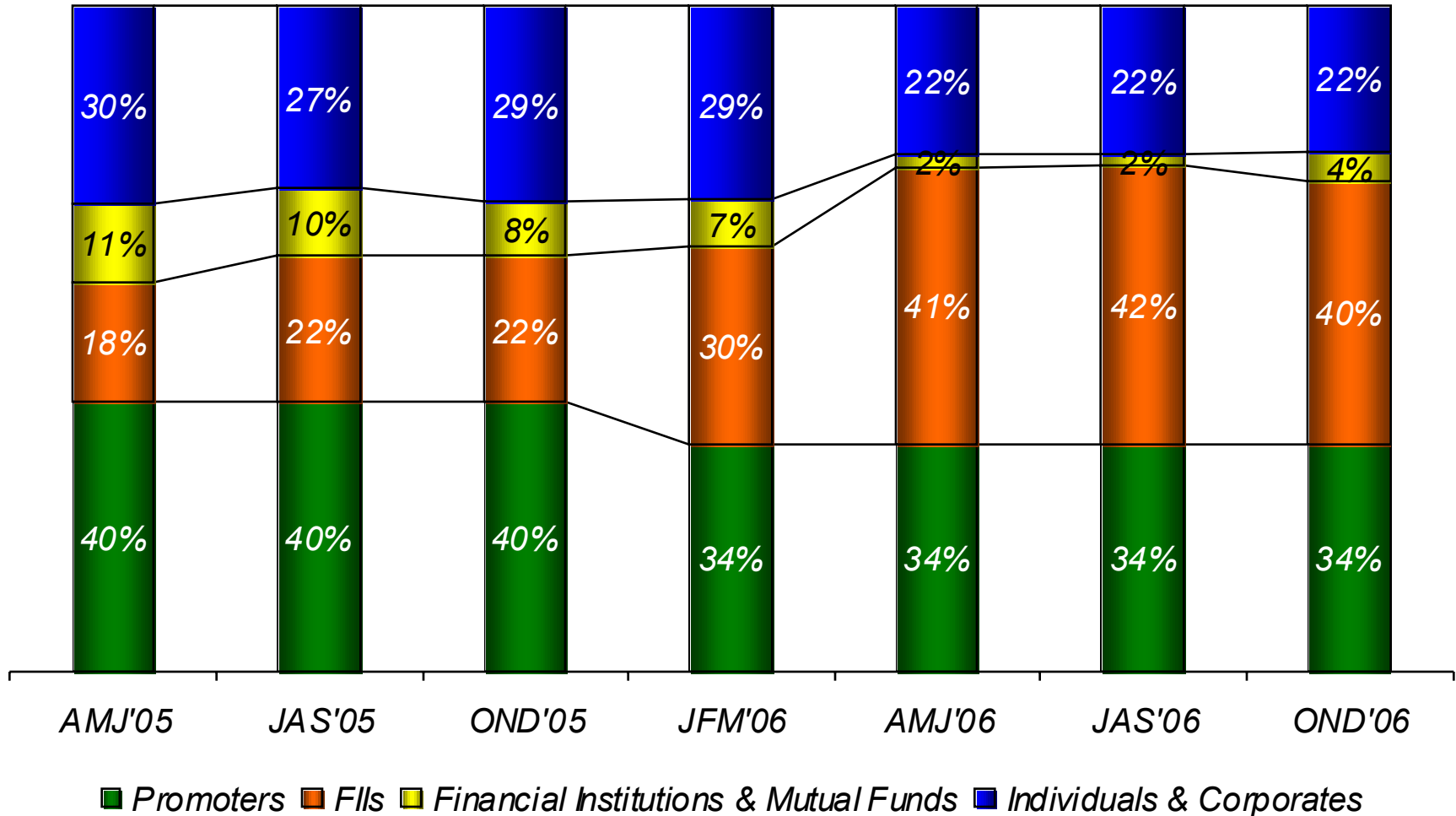
*India Individual - rationalization of low revenue centers*

*Focused approach to international centers*

# Head Count



# Shareholding Pattern



19.5 Million Equity Shares including 128k ESOPs converted  
449k outstanding ESOPs  
\$ 10 mn FCCB

