The image shows a slide titled "NIIT Agenda". The title is in a blue, sans-serif font, with "NIIT" in blue and "Agenda" in orange. The background of the title bar is light beige with a faint world map. Below the title, there is a list of agenda items, each preceded by a small orange icon with a white crosshair. The items are: "Annual Business Review", "Results Highlights", "Consolidated Financials" (with sub-items "Income Statement" and "Balance Sheet"), "Operating Metrics" (with sub-items "Segmental Break Up", "Revenues", "Profitability", and "Lead Indicators"), "Head Count", and "Shareholding Distribution". At the bottom left of the slide, the date "June 10, 2005" is written in a small, black, sans-serif font. At the bottom right, the number "2" is written in a small, black, sans-serif font.

**NIIT** Agenda

- ✦ Annual Business Review
- ✦ Results Highlights
- ✦ Consolidated Financials
  - ▣ Income Statement
  - ▣ Balance Sheet
- ✦ Operating Metrics
  - ▣ Segmental Break Up
    - Revenues
    - Profitability
    - Lead Indicators
  - ▣ Head Count
- ✦ Shareholding Distribution

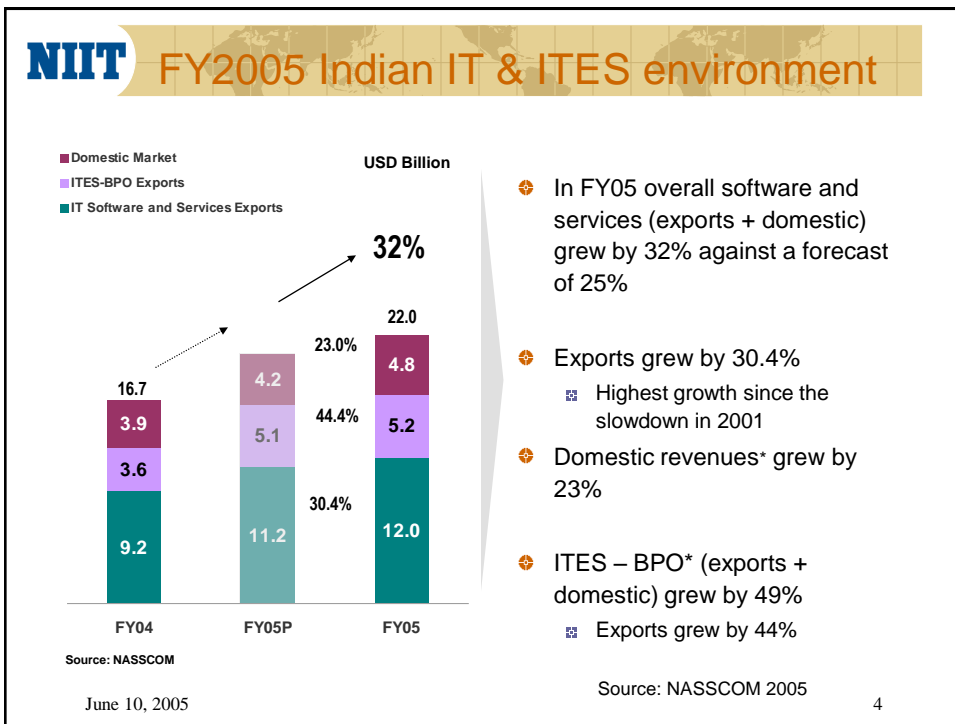
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# NIIT

## Annual Business Review

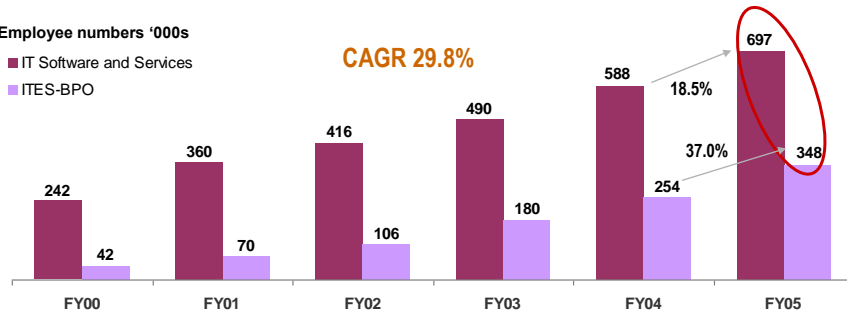
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# NIIT FY05 recorded highest ever employment..

Employee numbers '000s

■ IT Software and Services  
 ■ ITES-BPO



Source: NASSCOM

- ✦ Industry employee base crossed the 1million mark in FY05
  - ▣ IT Software and services employee base has grown at a CAGR of 23.6% (FY00-05)
  - ▣ ITES-BPO employee base has grown at a CAGR of 52.6% (FY00-05)
- ✦ Employees base estimated to move up to over 2million by 2009
  - ▣ Addition of 340K IT jobs and 650K ITES-BPO jobs

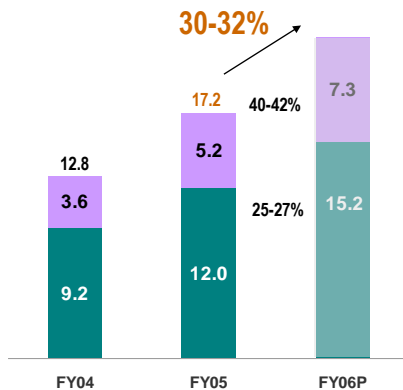
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# NIIT Positive outlook for FY06

■ ITES-BPO Exports  
 ■ IT Software and Services Exports

USD Billion



Source: NASSCOM

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- ✦ Export growth forecast 30-32%
- ✦ Domestic growth forecast 25%
- ✦ Emerging service opportunities in BPO, infrastructure management, testing services, consulting, etc.
- ✦ India's offshore value proposition remains the strongest
  - ▣ Superior offshore process management and service delivery capabilities
  - ▣ Talent pool: size does matter – esp. when you need to scale-up

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## NIIT India Retail Business - Environment

- ✦ Growing M/p requirement in - development & testing, networking & infrastructure management, BPO, animation and bio-informatics
- ✦ Education environment change with engineering colleges seats up from 60K in '99 to over 450K in '04
- ✦ At the same time 20% engineers could not get placements; have degrees but lack skills
- ✦ More options and opportunities for plain vanilla graduates – BPO, Fashion designing etc
- ✦ Competitive Environment
  - ▣ Non-formal disorganized; becoming formal
  - ▣ Formal system is full scale competition
  - ▣ Increase in private universities – Amity, ICFAI etc.
  - ▣ New players emerging in H/w and networking



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## NIIT Strategies planned & worked in 2005

- ✦ Aligning to a revenue of 1000Mn... Consolidation & downsizing
  - ▣ Closed unproductive centres
  - ▣ Organization structure changes
  - ▣ Premises & marketing spends
  - ▣ "Concentric Circles" focus (Own, Metro, Major..)
- ✦ Own Centre focus
  - ▣ Rightsizing coupled with proliferation
  - ▣ Sales efficiency & control
  - ▣ Order Book & CATS growth
  - ▣ Ensuring profitability
  - ▣ Benchmarks of EDL excellence
  - ▣ Faculty motivation & productivity
- ✦ No discounted sales
  - ▣ Collections grew in all except smallest centres
  - ▣ Improved variable costs
  - ▣ Helped restore credibility, simplify operations
  - ▣ Improved student profile!
- ✦ Education Delivery – Back to Basics with Passion & Processes
- ✦ Channel Management
  - ▣ Clarity of Operating Framework
  - ▣ Clean-up of legacy issues
  - ▣ Consolidation & close-down
- ✦ People Quality & Attrition Arrest
  - ▣ Retainers → Roles
  - ▣ C2C Increases

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### Launch of New Futurz Product Architecture – Industry Endorsed Curriculum

- 4 Specialised Tracks after a Common Foundation Semester
  - Curriculum design after intense interactions with industry
  - Flexibility to customise 4th semester to needs of large recruiters
  - Built-in Placement Partnerships leading to employment

### Company Alliances for Placement

Pre-selection by companies, followed by (reasonable) customization of Futurz curriculum, accelerated delivery, guaranteed employment

### 1st-ever National IT Aptitude Test (NITAT)

### Launch of Bio-Informatics program in collaboration with IIT Delhi

Launch of full-time programs and DQ programs for Engineers & IT Grads, with placement focus

### Strategy behind these initiatives:

- From Market Share Grab to Market Expansion
- Outside-in orientation for product management
- Rediscovery of our Role as intermediaries between employers who need people, and students who need more success.
- *Return to our core philosophy that Education is the business of providing Quality & Value, and Demanding a price for it.*

- Earlier curriculum restricted to S/w Eng. While needs boom in BPO, ELT, Networking
- More value for students & organizations
- Ensure Placements, will boost enrolments
- 10,641 placements in FY05

• Did a successful pilot with Wipro

- 65,746 candidates, with 44,000 Engineers & IT Qualifications in NITAT-1 & 36K in NITAT-2
- Student profile improvement

• Specialization programs for Niche segment

- Largest TA for recruitment in Top IT Cos. & our Biz.
- Total 593 AAE placements till Mar'05; avg. sal. 11K



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- ✦ Government schools focus shifting from IT education to IT enabled education
  - ▣ Teacher centric approach by governments
  - ▣ Focus on primary/ middle school segment thru SSA
- ✦ Low entry barriers
- ✦ Products and solutions specific to segment arising
- ✦ Funds allotment for ICT increasing
- ✦ IT enabled education products demand increasing
- ✦ New delivery models emerging
- ✦ Consortia formation for bids
- ✦ NGOs / MNCs becoming category killers
- ✦ Innovation in execution models by bureaucrats



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# NIIT Strategies & Initiatives in K-12

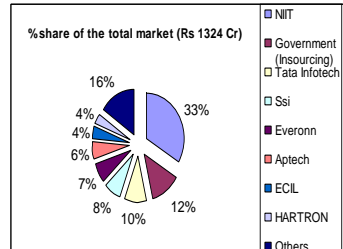
## Strategies Planned

- ✦ Cost -leadership for new orders
  - ▣ Lower cost of PC & Maintenance
  - ▣ Reduce service execution costs
- ✦ Generate revenue from existing business
  - ▣ Increase reach through SSP network
  - ▣ SSP profitability, productivity & growth
- ✦ Licensed Products sales
  - ▣ IT enabled education
  - ▣ Technology aided teaching –iCAT, dCAT
  - ▣ Computer aided Experience (CAX)
  - ▣ Computer aided learning (CAL)

## Key Initiatives

- ✦ Intel alliance
- ✦ Addition of E-gurucool in portfolio

• Added 376 schools in Assam & Meghalaya



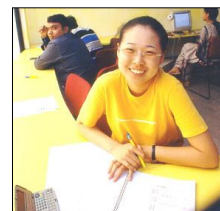
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# NIIT China - Environment

- ✦ In 2004, IT training industry was RMB 2.2Bn ; CAGR for 2003-05 in IT Training was 15%
- ✦ NIIT Brand Revenue was 6% of this revenue; NIIT grew at 20% in 2005
- ✦ Government makes economic development targets, controls pace of growth & keeps key departments in hand
- ✦ Growth is driven by foreign investments – 400 out of top 500 MNCs have over 2000 projects in China
- ✦ Big gaps in economy size & population between eastern, coastal areas and middle, western areas,
- ✦ As per China Computer world survey 2004 the requirement of IT Training Programs is in areas of:
 

▣ Software Engineering	20%
▣ Network Engineering	16%
▣ On lime game development	13%
▣ International Certification	11%
▣ Development Language	10%
▣ Network Administration	10%
▣ Others ( Pagemaker, CD etc.)	20%



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## NIIT Strategies & Initiatives in China

### Strategies Planned

- ✦ Proliferate through NIIT inside universities & colleges.
- ✦ Partnerships with Software parks & private enterprise for retail
- ✦ Relationship with government
- ✦ Government certification

### Key Initiatives

- ✦ ASPM launch
- ✦ GNIIT Honors curriculum launched

- ✦ NIIT awarded "Best IT training institution", "Best student placements" and "Best course material in China" by China Information world, in 2004
- ✦ Working closely with Changsha & Chongqing governments to develop human infrastructure
- ✦ 35% revenue from NIIT Inside
- ✦ 52% from retail ( including ASPM)
- ✦ 12% from business development

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## NIIT Rest of the World - Environment

- ✦ Slow growth in training market forced vendors to branch into new subject areas like – Business Applications training, CRM applications, Security training, Business Skills
- ✦ Market polarization between Vendor  $\leftrightarrow$  Formal
- ✦ Government investing in IT – specifically ME
- ✦ Upcoming technologies
  - ▣ Applications: Mobile Gaming, Open Source, Enterprise Solution Platforms, Service Oriented Architecture (Web Services)
  - ▣ Storage, Security, Networking
    - Wi Fi , Wireless Networks
    - Infrastructure Virtualization
    - Data Centers



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## NIIT Strategies & Initiatives in ROW

### Strategies Planned

- ✦ Categorization of countries based on business potential & risk
- ✦ “Committed” approach for high potential low risk countries
- ✦ “Cautious” approach for high potential high risk countries
- ✦ “Fixed commitment” approach for low potential low risk countries
- ✦ “Exit/Don’t enter” in countries with low potential high risk

### Key Initiatives

- ✦ Mastermind series curriculum launch in
  - ▣ English
  - ▣ Spanish
  - ▣ Russian

- ✦ Opened 14 new centres in Nigeria, Ghana, Vietnam & Indonesia which are focus countries
- ✦ 33% growth in overall business
  - ▣ 47% growth in Africa
  - ▣ 52% growth in APAC
  - ▣ 25% in Middle East
- ✦ Career registration growth of 25%
- ✦ Mastermind series curriculum contributes 46% of operational revenue
- ✦ 70% revenue from operations and 30% from business development
- ✦ NIIT Ghana awarded “ Best Training centre award” by provincial government

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- ✦ US market still flat
- ✦ Higher Education
  - ▣ For-profit HEEd (Size \$10-\$15 Bn) continues to show growth in registrations and revenue
  - ▣ Not-for-profit segment also interested in services
- ✦ Technology training
  - ▣ Customer Education in tech companies is becoming a profit centre with non-training heads;
  - ▣ Challenges in education / training outside US and some developed countries
  - ▣ Companies ready to look at LBPO for customers
  - ▣ Industry continues to consolidate
- ✦ Publishers
  - ▣ Traditional book publishers getting into online learning arena (Thomson purchase of NETg a few years ago)
  - ▣ Spend more than 15% on content development, mostly outsources
  - ▣ Highly competitive space with very low margins
- ✦ Competition is increasing in this space; KSB is well positioned but has to be aggressive in
  - ▣ Getting into key markets – Europe
  - ▣ Cost leadership – Templates for content development
  - ▣ Customer retention – Hosting and Services
  - ▣ LBPO – alliances or 'prime mover' relationships

### Strategies Planned

- ✦ Content Development
  - ▣ Large scalable projects leveraging offshore
  - ▣ Profitable projects with large corporate
  - ▣ Technology as base
- ✦ Higher Ed
  - ▣ Content, Instructors and Hosted technology
  - ▣ For profit universities -> Private Universities -> State Universities
- ✦ LBPO
  - ▣ Focus on customer training
  - ▣ Establish hosted technology on pay per use basis

### Key Initiatives

- ✦ LBPO - pilot projects for NASD, Gateway & BEA

- ✦ Robust financials for 2005
- ✦ 70% offshore revenue; 30% from onshore
- ✦ 90% revenue from old customers; 10% from new
- ✦ Increasing success of US sales team
  - ▣ Added 41 new customers
  - ▣ New orders of \$26Mn in FY'05
- ✦ Cognitive Arts integrated and profitable
- ✦ Hosting stable



## **NIIT** FY Results Highlights

- ⊕ Improved Profits & Profitability
  - ⊠ Operating Profit for the year at Rs 490 mn, up 106% from Rs.238 mn for corresponding twelve months last year
  - ⊠ Twelve month EPS at Rs.18.0, up 84% from Rs 9.8 for 12 months ending Mar'04
  - ⊠ Operating Margin for 12 months @12%, improvement of 567 basis points
- ⊕ Acceleration in Revenue
  - ⊠ System wide Revenues for the year at Rs. 6,363 mn, up 11% YoY
  - ⊠ Net Revenues at Rs 3983 mn, up 11% YoY

## NIIT Financials – Consolidated for FY'05

(Rs in mn)	FY'05 12 Months ended Mar'05	Previous period 12 Months ended Mar'04	Growth YoY (%)
<b>System Wide Revenue</b>	<b>6,363</b>	<b>5,749</b>	<b>11%</b>
<b>Net Revenues</b>	<b>3,983</b>	<b>3,580</b>	<b>11%</b>
Operating Expenses	3,493	3,342	5%
<b>Operating Profit</b>	<b>490</b>	<b>238</b>	<b>106%</b>
OPM	12%	7%	567 bps
Depreciation	345	190	
Other Income	72	144	
Profit Before Taxes	217	192	
Provision For Tax	10	27	
<b>Net Profit</b>	<b>207</b>	<b>165</b>	<b>25%</b>
Share of Profits from Associates	149	24	
<b>PAT</b>	<b>356</b>	<b>189</b>	<b>88%</b>
<b>EPS (Rs)</b>	<b>18.0</b>	<b>9.8</b>	

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## NIIT Segmental Profitability

(Rs in mn)	India Individual	India Institutional	International	Total
<b>12 months ended March 31, 2005</b>				
<b>System Wide Revenue</b>	<b>1,675</b>	<b>1,339</b>	<b>3,348</b>	<b>6,363</b>
YoY Growth (%)	14%	15%	6%	12%
<b>Net Revenues</b>	<b>967</b>	<b>1,307</b>	<b>1,710</b>	<b>3,984</b>
YoY Growth (%)	16%	15%	6%	11%
<b>Operating Profit</b>	<b>(16)</b>	<b>241</b>	<b>265</b>	<b>490</b>
OPM (%)	-2%	18%	16%	12%

India Individual business operating profit positive in the Quarter

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## NIIT Financials- Balance Sheet

(Rs in mn)	March 31, 2004	March 31, 2005		March 31, 2004	March 31, 2005
Equity	193	193	<b>Net Block</b>	<b>1,362</b>	<b>1223</b>
Preference Cap	34	56	Capital WIP	20	15
Reserves & Surplus	1,952	2,157	Investments	136	238
<b>Net worth</b>	<b>2,179</b>	<b>2,406</b>	<b>Debtors</b>	<b>1,257</b>	<b>1259</b>
Secured Loans	215	405	<b>Cash/equiv.</b>	<b>995</b>	<b>545</b>
Unsecured Loans	43	7	Other Current Assets	540	534
<b>Total Debts</b>	<b>258</b>	<b>412</b>	(Current Liabilities)	(1,874)	(997)
<b>Total</b>	<b>2,437</b>	<b>2,818</b>	<b>Total</b>	<b>2,437</b>	<b>2,818</b>

- **Asset additions Rs 211 Mn** for the year
- **DSOs at 115 days** on LTM basis, 74% is less than 180 days
- **Net cash Rs 133 Mn**, over Rs 6.8 per equity share
- **Dividend** – Rs. 5.50 per share

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## NIIT JFM'05 Results Highlights

- ⊕ **Improvement in Quarterly performance**
  - ⊞ JFM'05 System wide revenues at Rs. 1,656 mn up 12% YoY
  - ⊞ Net revenues for the quarter record a 10% YoY growth at Rs. 1,045 mn
  - ⊞ Operating margin for the quarter at 12%

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## NIIT JFM'05 Financials – Consolidated

(Rs in mn)	JFM'04	OND'04	JFM'05	Growth QoQ (%)	Growth YoY (%)
<b>System Wide Revenue</b>	<b>1,478</b>	<b>1,327</b>	<b>1656</b>	25	12
<b>Net Revenues</b>	<b>946</b>	<b>861</b>	<b>1045</b>	21	10
Operating Expenses	855	769	916	19	7
<b>Operating Profit</b>	<b>91</b>	<b>92</b>	<b>129</b>	40	42
OPM	10	11	12	165 Bps	270 Bps
Depreciation	151	84	95		
Other Income	81	7	6		
Profit Before Taxes	22	14	40		
Provision For Tax	27	0	2		
<b>Operational Net Profit</b>	<b>(5)</b>	<b>14</b>	<b>38</b>	171	860
Share of Profits from Associates	24	34	43		
<b>Operational PAT</b>	<b>19</b>	<b>48</b>	<b>81</b>	69	326
<b>EPS (Rs)</b>	<b>1.0</b>	<b>2.5</b>	<b>3.8</b>		
Depreciation benefit due to restructuring	347				
<b>Reported PAT</b>	<b>366</b>				

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## NIIT JFM'05 - Segmental Profitability

(Rs in mn)	India Individual	India Institutional	International	Total
<b>System Wide Revenue</b>	<b>453</b>	<b>367</b>	<b>836</b>	<b>1,656</b>
YoY Growth (%)	17%	7%	11%	12%
<b>Net Revenues</b>	<b>279</b>	<b>351</b>	<b>416</b>	<b>1,045</b>
YoY Growth (%)	68%	3%	-5%	11%
<b>Operating Profit</b>	<b>18</b>	<b>53</b>	<b>58</b>	<b>129</b>
OPM (%)	6%	15%	14%	12%

India Individual business operating profit positive in the Quarter

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## NIIT Operational Metrics – Segmental Analysis

India Individual grows 14% YoY

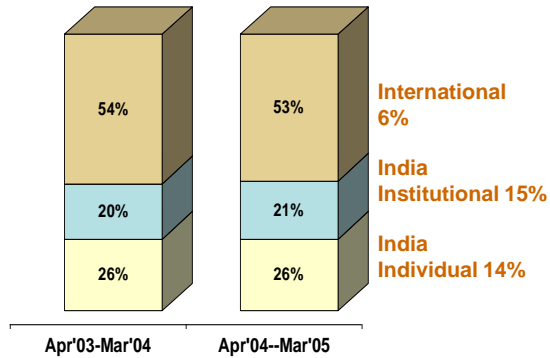
- Specific Industry oriented initiatives

India Institutional revenue increase of 15% YoY

- Aided by new contracts
- Corporate Training

International grows 6% YoY

- Led by NIIT Inside
- Corporate Training

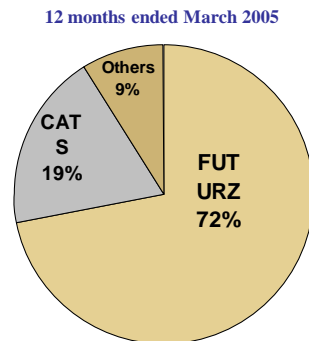
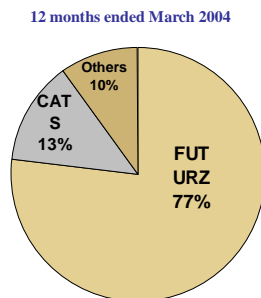


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## NIIT India Individual-Portal Revenue Mix

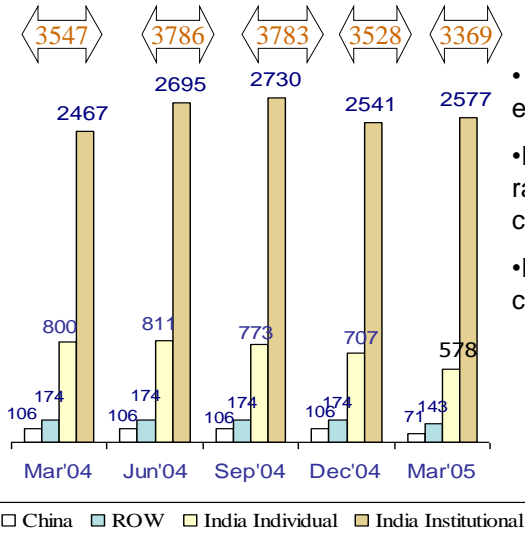
- Increased contribution from FUTURZ and CATS segment
  - FUTURZ
    - grows at 12% YoY in revenue terms for the 12 months ended March 2005
  - CATS
    - Witnesses 81% YoY growth in revenue terms in the same period
- Overall Enrolments at 242,492



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## NIIT Center Network- International & India



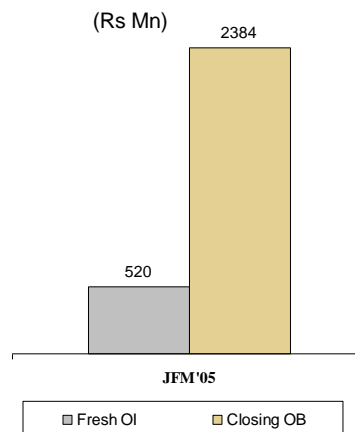
- Center consolidation exercise continues
- India Individual - rationalization of low revenue centers
- International - low revenue centers rationalized

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## NIIT Institutional & International - Order Book

- Total Fresh order intake Rs 2,263 mn for 12 months
- India Institutional closing OB Rs 1,575 mn,
  - 51% executable over next 12 months
- International closing OB of Rs 809 mn,
  - 45% executable over next 12 months

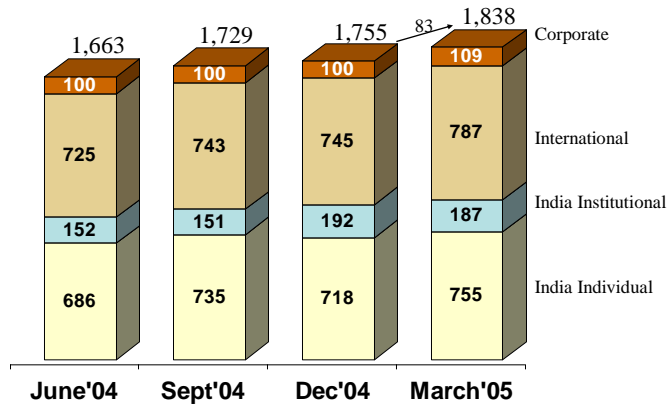


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## NIIT Headcount

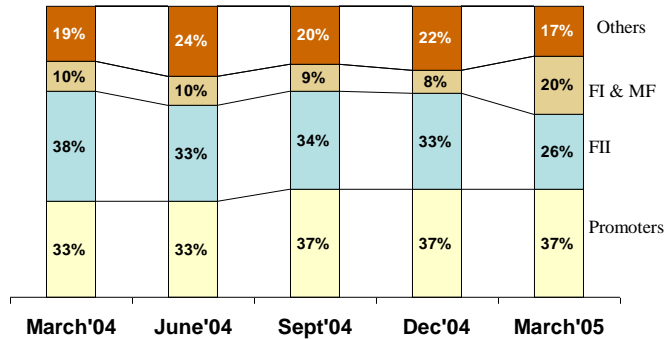
- Net addition of 83 people resources during the quarter vs. 26 in previous quarter. Total increase of 307 over the year
- Total strength at year end 1,838



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## NIIT Shareholding Distribution



19.3 Million Equity Shares, no outstanding ESOPs

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