

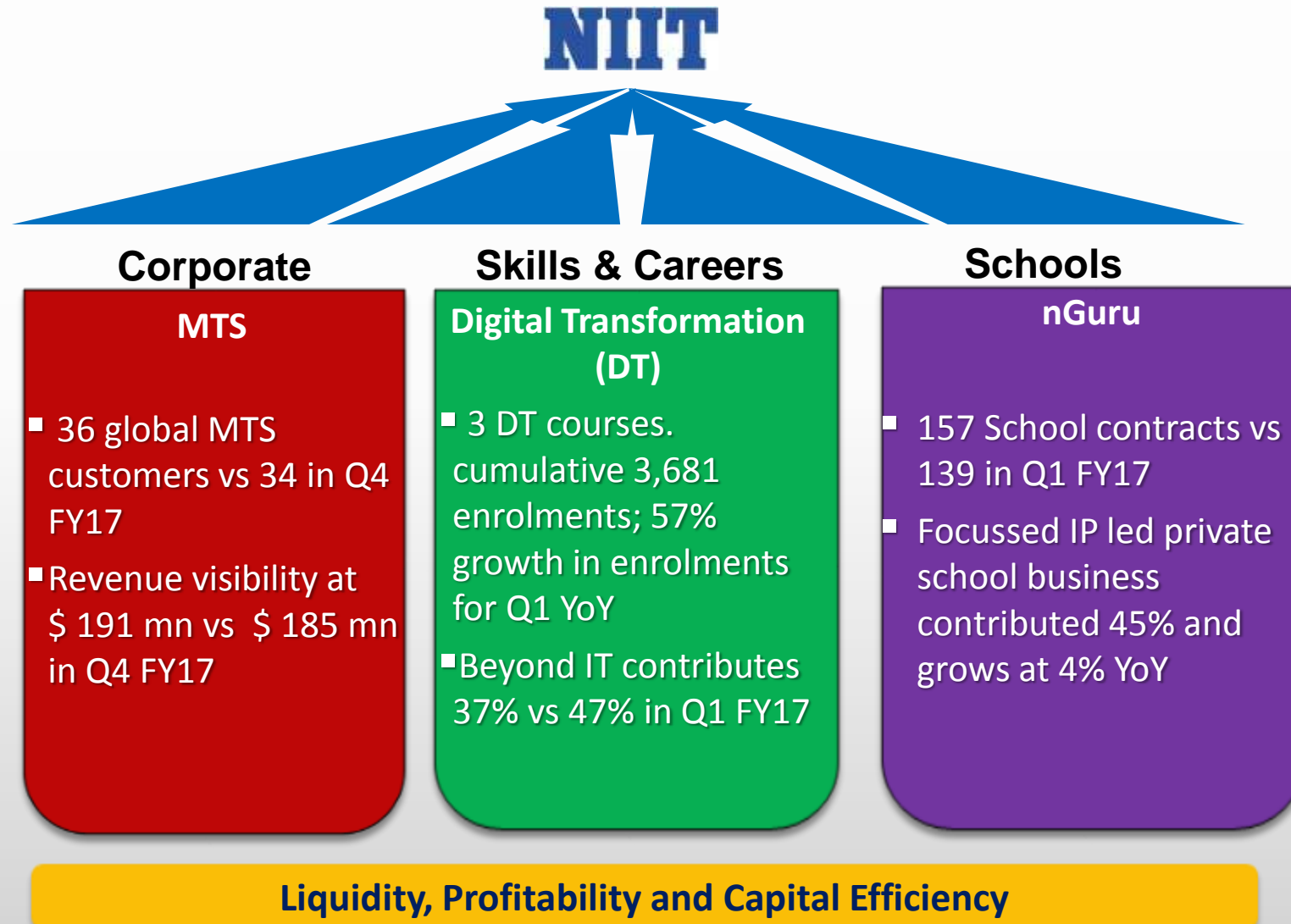
# FINANCIAL RESULTS

Q1 FY18

July 28, 2017

ESCAPE  
VELOCITY  
*THE NEXT FRONTIER*

- Global GDP growth expected to improve to 3.5% in 2017 vs 3.1% in 2016. However risks remain due to monetary policy normalization, geopolitical uncertainty and increased protectionism (IMF)
- Uncertain macro environment and volatile forex rates & commodity prices continue to impact pace of decision making in global companies
- Robust growth in spending on corporate training continues. Increasing confidence in outsourcing of training among large corporations
- India GDP growth declined to 6.1% in AMJ'17 (vs 9.2% growth in AMJ'16) driven by slowdown in consumer spending. CPI Inflation hit a record low of 1.54% in June 2017
- Gross employee addition at multi quarter lows in IT companies. Banks turn cautious on hiring. Reduced volume growth and increased automation lead to reduced hiring across sectors. Increased demand for reskilling in digital skills to address digital transformation requirements
- Government continues to focus on skills development to drive sustainable and inclusive growth.
- Continuing trend of adoption of digital tools for learning in K-12 market. However, increased uncertainty on regulatory changes impacting decision making.



**CONCEPTS:-**

- Retrospective application of all the standards unless exempted
- Concept of Substance over Legal form of the arrangement
- Certain optional exemptions are available for the ease of transition to Ind-AS. Under this Fair Valuation of Land and Investments in Subsidiaries / Associates is under consideration.
- Multiple deliverables in a contract are to be identified based on customer's perspective and is measured at its fair value.
- Concept of Control over the entity as against majority shareholding to consolidate as subsidiary or associate.

**IMPACT AREAS:-**

- Recognition of Deferred Tax Liability on undistributed profits of subsidiaries/ Associates
- Strategic Sourcing Revenue is recognized on Net basis
- Recognition of Revenue basis fair value for multiple deliverables
- Provision for doubtful debts – on “Expected Credit Loss” model as against “Incurred Loss” model.
- ESOP expenses are recognized in P&L based on Fair Value as per Black Scholes method.
- Impact due to actuarial assumptions gets classified in “Other Comprehensive Income” (OCI)
- Discounting of Long Term Assets & Liabilities to present value

## Corporate Learning Group (CLG): Continued Strong performance

- Revenue at INR 1,175 Mn up 7% YoY; Constant currency Revenue up 14% YoY
- EBITDA margin at 15%
- Added 2 MTS customers; 36 MTS customers now contribute 94% to CLG revenue
- Order Intake of \$ 20.6 Mn (up 23% YoY); Revenue Visibility at \$ 191 Mn (up 19% YoY)

## Skills & Careers Group (SNC): Renewal phase

- Revenue at INR 681 Mn; down 8% YoY; Constant currency Revenue from Focus-Business up 1% YoY
- EBITDA margin at 1%; Constant currency EBITDA from Focus-Business @ 5%
- Cumulative 3,681 DT enrolments; 57% growth in enrolments for Q1 YoY

## School Learning Group (SLG): Move towards IP led asset light business model

- Revenue at INR 232 Mn down 12% YoY due to ramp down of government school projects
- Order Intake of INR 87 Mn; 157 school contracts during the quarter (up 13% YoY)
- Focussed IP led private school business contributes 45%; up 4% YoY

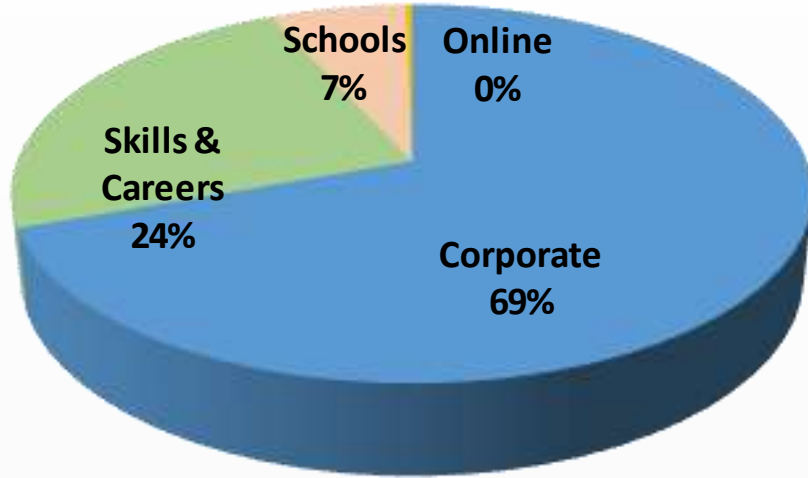
## Overall NIIT

- Revenue at INR 2,099 Mn; flat YoY; Constant currency Revenue from Focus-Business up 9% YoY
- EBITDA at INR 163 Mn (8%); Constant currency EBITDA from Focus-Business @ 10%
- PAT at INR 104 Mn vs INR 8 Mn in Q1 FY17
- Net Debt at INR 402 mn down INR 17 mn compared to last quarter and down INR 902 mn YoY

INR Mn	Q1 FY18	Q1 FY17	YoY	Q4 FY17	QoQ
<b>System wide Revenue</b>	3,587	3,405	5%	4,011	-11%
<b>Net Revenue</b>	<b>2,099</b>	<b>2,100</b>	<b>0%</b>	<b>2,113</b>	<b>-1%</b>
Operating expenses	1,936	1,916	1%	1,945	0%
<b>EBITDA</b>	<b>163</b>	<b>184</b>	<b>-11%</b>	<b>168</b>	<b>-3%</b>
EBITDA%	8%	9%	-100 bps	8%	-19 bps
Depreciation	102	119	-14%	109	-6%
Net Other Income	-44	-93	Rs 49 mn	-11	Rs -33 mn
<b>Operational PBT</b>	<b>17</b>	<b>-28</b>	<b>Rs 45 mn</b>	<b>48</b>	<b>Rs -31 mn</b>
Share of Profits from Associates	120	65	85%	241	-50%
Tax	33	29	13%	46	-29%
<b>PAT</b>	<b>104</b>	<b>8</b>	<b>1275%</b>	<b>242</b>	<b>-57%</b>
<b>Basic EPS (Rs.)</b>	<b>0.6</b>	<b>0.0</b>	<b>1272%</b>	<b>1.5</b>	<b>-57%</b>

- System wide revenue includes Strategic sourcing (CLG) & Biz partner share (SNC)
- Growth in Corporate Learning helps offset planned ramp down of government schools business and exit from de-focussed SNC business
- Depreciation down 14% YoY reflecting planned reduction in capital intensity

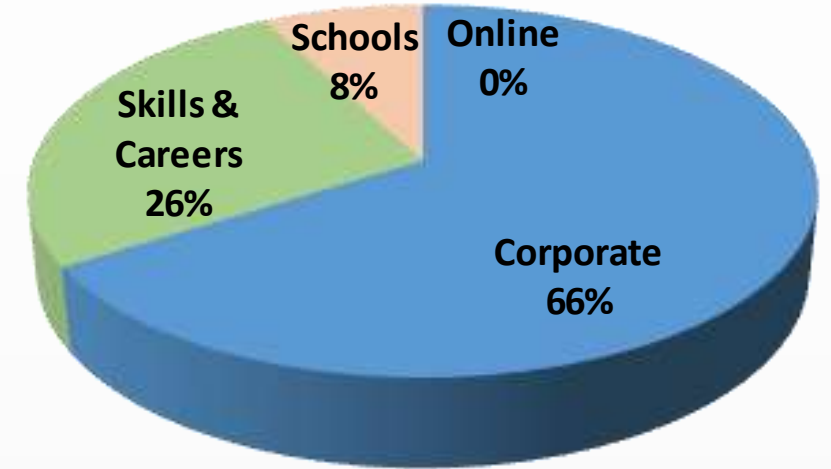
**Q1 FY18**



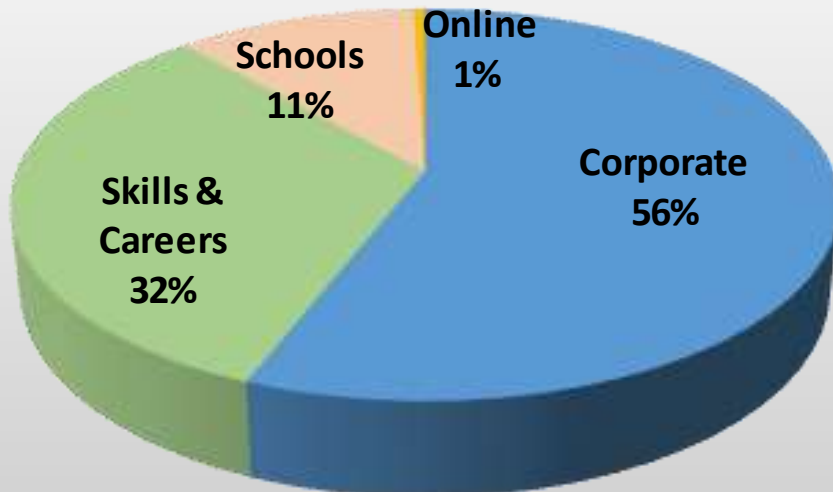
**System-wide Revenue**

	Growth
Corporate	11%
Skills & Careers	-5%
Schools	-12%
Online	0%
<b>NIIT</b>	<b>5%</b>

**Q1 FY17**



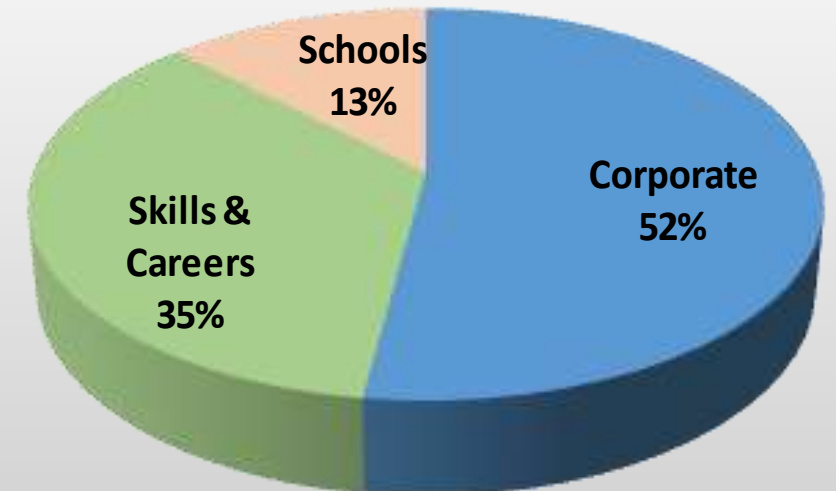
**Q1 FY18**



**Net Revenue**

	Growth
Corporate	7%
Skills & Careers	-8%
Schools	-12%
Online	0%
<b>NIIT</b>	<b>0%</b>

**Q1 FY17**



INR Mn	Q1 FY18	Q1 FY17	YoY	Q4 FY17	QoQ
System wide Revenues	2,490	2,247	11%	2,745	-9%
Net Revenues	1,175	1,095	7%	1,134	4%
EBITDA	172	161	6%	153	12%
EBITDA %	15%	15%	-13 bps	14%	106 bps

- Revenue at INR 1,175 Mn up 7% YoY; Constant currency Revenue growth at 14% YoY
- Signed 2 new MTS customers;
- Strong momentum on back of 36 MTS customers which now contribute 94% to CLG revenue vs 87% in Q1 FY17
- Order Intake of \$ 20.6 Mn up 23% YoY. Revenue visibility of \$ 191 Mn



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\* All financials above are as per Ind AS



INR Mn	Q1 FY18	Q1 FY17	YoY	Q4 FY17	QoQ
System wide Revenues	854	895	-5%	1,004	-15%
Net Revenues	681	741	-8%	717	-5%
EBITDA	3	11	-8 mn	16	-12 mn
EBITDA %	1%	2%	-101 bps	2%	-167 bps

- Revenue at INR 681 Mn down 8% YoY; Constant currency Revenue from focused Biz up 1%
- Beyond-IT contributes 37% to SNC revenue
- 57% growth in enrolments in DT for Q1 YoY

STACK  
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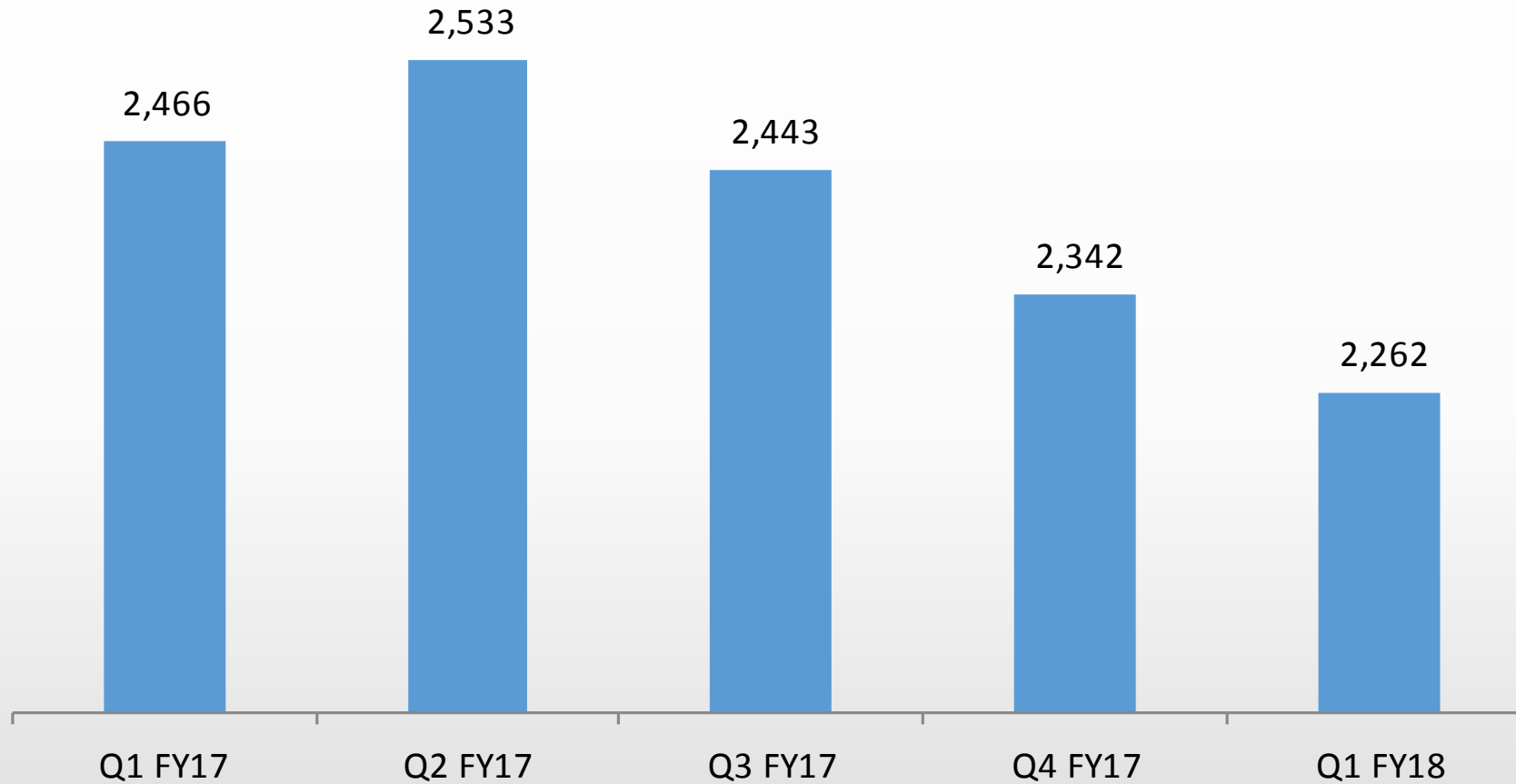
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INR Mn	Q1 FY18	Q1 FY17	YoY	Q4 FY17	QoQ
Net Revenues	232	263	-12%	258	-10%
EBITDA	18	21	-15%	28	-37%
EBITDA %	8%	8%	-26 bps	11%	-324 bps

- Revenue at INR 232 Mn down 12% YoY
- Overall revenue impacted due to planned ramp down of government school projects
- Revenue from Focussed IP led private school business contributes 45% to SLG revenue; up 4% YoY
- 157 school contracts up 13% YoY

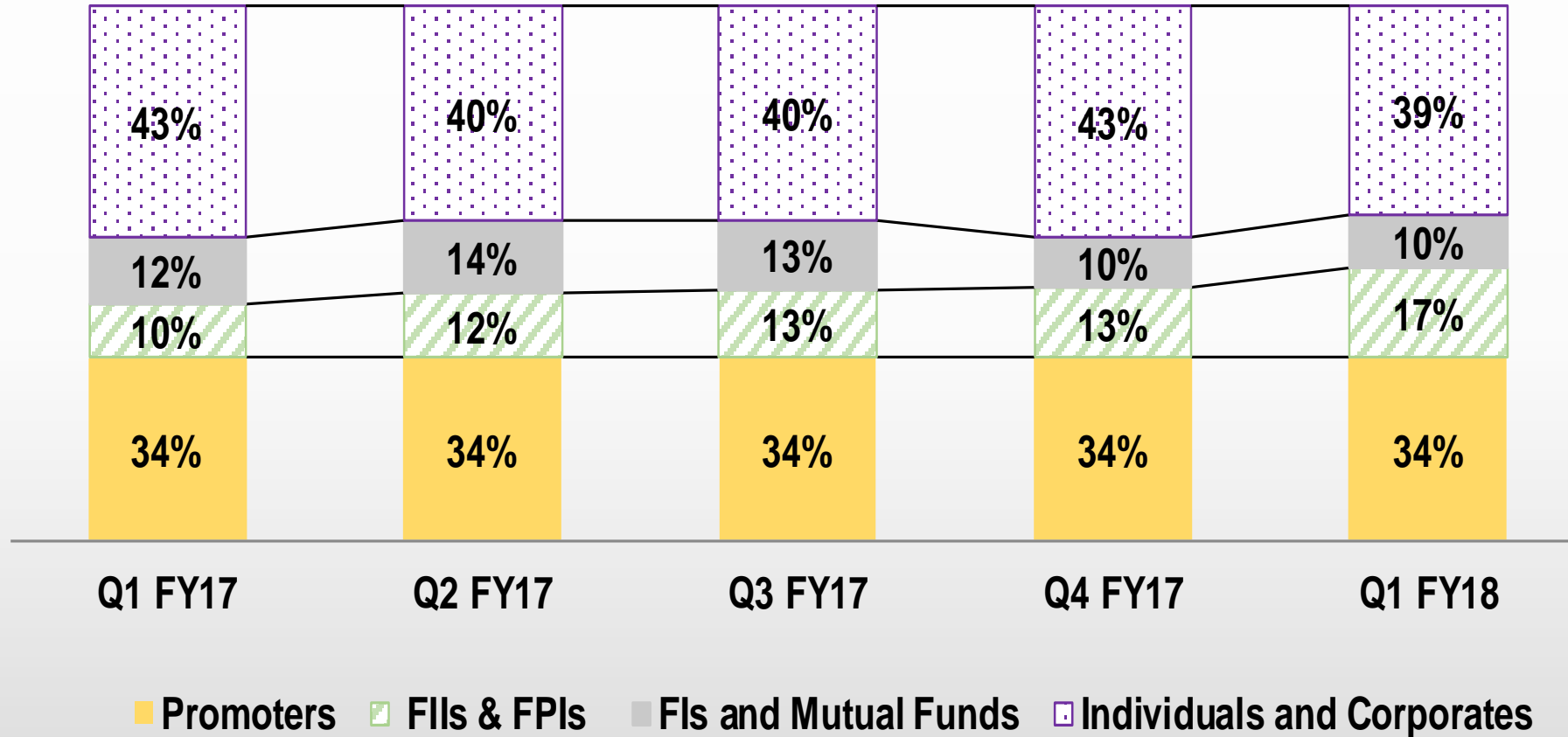
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Headcount down 80 QoQ and down 204 YoY

*\* excludes project retainers*



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