

January 19, 2011, Wednesday

NIIT Technologies Q3 net profit up 35%

Our Bureau*New Delhi, Jan. 18*

IT services company NIIT Technologies Ltd on Tuesday reported 35.3 per cent rise in consolidated net profit for December quarter with growth coming from BFSI, travel and Government verticals and the Asia market.

The net profit for third quarter ended December 31, 2010 stood at Rs 47.8 crore.

The consolidated revenue increased almost 31 per cent year-on-year to about Rs 301 crore. The volume growth stood at 4.7 per cent for December quarter.

"We are seeing a good recovery in the sector in term of the economic activity. But broad economic concerns remain around Europe and also the currency volatility," its CEO Mr Arvind Thakur said.

MARGIN DIP

The operating margin at 20.7 per cent was 134 basis points lower on a year-on-year basis, although in sequential terms (quarter-on-quarter) it translated into a 243 basis points expansion.

Explaining this, Mr Thakur said the drop in margin on a



Mr Arvind Thakur (right), CEO, NIIT Technologies Ltd, with Mr Rajendra S. Pawar, NTL Chairman, at a press conference in the Capital on Tuesday. — Ramesh Sharma

year-on-year basis should be seen in the context of the turnkey contract that the company had bagged from the Border Security Force (BSF).

"The contract had an element of hardware 'bought outs' and since hardware involves lower margins, therefore on a year-on-year comparison the operating margin is lower. On the other hand, the proportion of bought outs in December quarter is less than the September quarter and hence the margins have improved on a sequential basis. Next quarter

as the bought outs' reduce further, the margins are likely to improve," Mr Thakur said.

NTL added four new clients - one in BFSI, two in the travel and one in government vertical (Government of Singapore). It booked fresh orders worth \$50 million during the quarter. As of December 31, it had orders worth \$137 million executable over 12 months.