Agenda

- Environment Review
- Business Review
- Financial Performance
- Operations Review
- Growth Drivers
✓ Environment Review

✓ Business Review

✓ Financial Performance

✓ Operations Review

✓ Growth Drivers
Environmental Challenges

- Sub-prime Crisis
- Credit Crisis
- Economic Slowdown
- Volatile Crude Prices
- Exchange Rate Volatility
- Financial Markets Melt-down
- Global Recession & Uncertainty
Reduced GDP growth

<table>
<thead>
<tr>
<th>Year</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>GDP</td>
<td>9.3%</td>
<td>7.9%</td>
<td>6.7%</td>
</tr>
</tbody>
</table>

Inflation levels hit a 13 year high

<table>
<thead>
<tr>
<th>Month</th>
<th>January</th>
<th>August</th>
<th>December</th>
<th>May</th>
</tr>
</thead>
<tbody>
<tr>
<td>Inflation</td>
<td>3.8%</td>
<td>12.6%</td>
<td>5.9%</td>
<td>0.6%</td>
</tr>
</tbody>
</table>

Oil Prices (USD) swung dramatically

<table>
<thead>
<tr>
<th>Month</th>
<th>February</th>
<th>July</th>
<th>December</th>
<th>May</th>
</tr>
</thead>
<tbody>
<tr>
<td>Price</td>
<td>93.7</td>
<td>132.5</td>
<td>41.5</td>
<td>60</td>
</tr>
</tbody>
</table>

Stock markets dipped

<table>
<thead>
<tr>
<th>Date</th>
<th>Jan 1st 2008</th>
<th>Dec 31st 2008</th>
<th>May 25th 2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>Price</td>
<td>6,144</td>
<td>2,990</td>
<td>4,238</td>
</tr>
</tbody>
</table>

Currency swings in the last two years have been approximately 30%

Source: CLSA, IMF, Industry reporting
Fundamental Restructuring of Major Client Industries

- Financial services consolidation
- Auto sales free fall, consolidation, and bankruptcies
- Retail drowning in debt and sales drop
- Media business especially newspapers getting restructured
- Real estate and construction free fall
- Travel dropped 24% in Q4
- Insurance and commercial real estate likely to be next
“How do you expect the current global economic conditions will impact your firm’s IT spending over the next 12 months?”

![Bar chart showing the results of a survey on IT spending.](chart)

- **51%** will spend less on IT
- **38%** will spend the same
- **11%** will spend more

*Base: 640 North American and European technology decision makers*
What are the implications?

- IT spending to drop 15% to 20%
- Firms finally forced to let go of infrastructure
- Vendors could lose 5-15% of revenue with the consolidation of suppliers
- $10-$12 billion of offshore spending could be in play
- Firms finally have courage/desperation to rationalize application portfolio as dust settles in 2010
- Suppliers with specialist and very targeted service/value proposition could gain access to accounts
An eventful year for the Indian IT-BPO industry

- First half of 2008-09 on track with industry forecast; Second half impacted by worldwide economic downturn.

- Additional challenges are cross currency fluctuation, terror attacks, corporate governance, US elections; protectionist sentiments

- Some positive developments as well
  - Amendment of IT Act 2000
  - STPI extension till 2010
  - SEZ issue resolved
  - Lower inflation, wage moderation
Overall GDM IT Services Preliminary Forecast

- 2007: $38,940
- 2008: $44,398
- 2009: $46,891
- 2010: $53,465
- 2011: $63,621
- 2012: $75,716

6% growth
14% growth
19% growth
19% growth

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✓ Environment Review
✓ Business Review
✓ Financial Performance
✓ Operations Review
✓ Growth Drivers
Corporate Profile

- Global IT Solutions Organization
  - Operations in North America, Europe, Asia and Australia
- Strategy: Focus & Differentiate
- Focused on select Industry Segments, globally
  - Banking, Financial Services & Insurance
  - Travel, Transportation and Logistics (TTL)
  - Retail & Distribution
- Services
  - ADM
  - Package Implementation
  - Managed Services
  - BPO
  - Integrated (Platform) Solutions
- High Maturity Processes
  - SEI CMMi Level 5 Ver. 1.2, PCMM Level 5, ISO 27001, ISO 20000
Banking, Financial Services and Insurance

- Contributes 43% to NIIT Technologies’ revenues
- Over 50 active accounts
- 3 new accounts added
- Ranked #3 in the Black Book of Outsourcing Insurance Industry
- ACORD Accomplishment Awards
- 1% growth
Travel, Transportation & Logistics

- Contributes 28% of revenues
- Over 50 active accounts
- 7 new customers added
- Ranked # 1 in the Black Book of Outsourcing: Travel Industry
- IATA Strategic Partner
- 16% growth

Revenue in Rs’ Million

<table>
<thead>
<tr>
<th>Year</th>
<th>Revenue (Rs’ Million)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2004-05</td>
<td>1500</td>
</tr>
<tr>
<td>2005-06</td>
<td>2000</td>
</tr>
<tr>
<td>2006-07</td>
<td>2500</td>
</tr>
<tr>
<td>2007-08</td>
<td>3000</td>
</tr>
<tr>
<td>2008-09</td>
<td>3500</td>
</tr>
</tbody>
</table>
Retail & Distribution

- Contributes 13% of revenues
- 15+ active clients
- 2 new clients added
- 15% Growth

![Revenue in Rs’ Million Graph]

Revenue in Rs’ Million

- 2006-07
- 2007-08
- 2008-09
Acknowledgements

- Ranked amongst the 2008 Black Book Top 50 Best Managed Outsourcing Vendors.
- Declared 'Business Superbrand' for 2008 by the Superbrands Council of India.
- Awarded Distinguished Services Award for initiatives and efforts in promoting business with USA by Georgia Tech Center for International Business Education and Research.
- Employer Branding Award for Excellence in HR through Technology and for Innovation in Career Development by the Asia Pacific HRM congress at the regional level.
- Subsidiary ROOM Solutions Ltd UK. conferred with an Accomplishment Award at the ACORD LOMA Insurance Systems Forum.
- Amongst the top 50 IT Innovators for the year 2008 by NASSCOM.
- Amongst the Top 100 IT organizations ranked globally by IAOP. NIIT Technologies stands at 33rd overall and 7th in the Balanced Performance.
- Ranked amongst the Global Services 100 - 2009 list. The list represents companies who have the maturity and capability to lead the next wave of services globalization.
Positioning

Vendor Size

Quality of Work

Ideal Position

Big

Big Enough

Small

out of business

Average

Good Enough

Best

» NIIT technologies

© 2009, NIIT Technologies Limited
Investor Meet 28th May 2009, Mumbai
Business Innovation

- IT Services
- Industry Focus
- Managed/Integrated Services
- Platform based Solutions
- SaaS

Linear → Non-Linear

Value innovation

Cost incurred

Value delivered

From our Perspective:
- Revenue vs. Headcount

From our Customers’ Perspective:
- Value Received vs. Cost
## Annual Operating Performance

<table>
<thead>
<tr>
<th></th>
<th>Yr ended Mar 31, 2008 Rs. Mn</th>
<th>Yr ended Mar 31, 2009 Rs. Mn</th>
<th>Growth YoY</th>
<th>Growth excluding hedging losses YoY</th>
</tr>
</thead>
<tbody>
<tr>
<td>Consolidated Revenues</td>
<td>9415</td>
<td>9799</td>
<td>4%</td>
<td>10%</td>
</tr>
<tr>
<td>Operating Profit</td>
<td>1763</td>
<td>1764</td>
<td>0%</td>
<td>31%</td>
</tr>
<tr>
<td>Operating Margins</td>
<td>18.7%</td>
<td>18%</td>
<td>(72)bps</td>
<td>358 bps up</td>
</tr>
</tbody>
</table>

Operating margins excluding hedging impact at 22%
## Q4 Operating Performance

<table>
<thead>
<tr>
<th></th>
<th>Qtr ended Mar, 2008 Rs. Mn</th>
<th>Qtr ended Mar, 2009 Rs. Mn</th>
<th>Growth YoY</th>
<th>Growth excluding hedging losses YoY</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Consolidated Revenues</strong></td>
<td>2485</td>
<td>2270</td>
<td>(9%)</td>
<td>0%</td>
</tr>
<tr>
<td><strong>Operating Profit</strong></td>
<td>467</td>
<td>404</td>
<td>(14%)</td>
<td>34%</td>
</tr>
<tr>
<td><strong>Operating Margins</strong></td>
<td>19%</td>
<td>18%</td>
<td>(102)Bps</td>
<td>629 bps</td>
</tr>
</tbody>
</table>

Operating margins excluding hedging impact at 25%
### Annual Income Statement

<table>
<thead>
<tr>
<th>(Rs Mn)</th>
<th>Q1’09</th>
<th>Q2’09</th>
<th>Q3’09</th>
<th>Q4’09</th>
<th>FY09</th>
<th>YoY (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenues</td>
<td>2458</td>
<td>2587</td>
<td>2485</td>
<td>2270</td>
<td>9799</td>
<td>4%</td>
</tr>
<tr>
<td>Expenses</td>
<td>2002</td>
<td>2128</td>
<td>2039</td>
<td>1866</td>
<td>8035</td>
<td>5%</td>
</tr>
<tr>
<td>Operating Profit</td>
<td>456</td>
<td>458</td>
<td>446</td>
<td>404</td>
<td>1764</td>
<td>0%</td>
</tr>
<tr>
<td>OPM (%)</td>
<td>19%</td>
<td>18%</td>
<td>18%</td>
<td>18%</td>
<td>18%</td>
<td>(72) bps</td>
</tr>
<tr>
<td>Depreciation</td>
<td>112</td>
<td>104</td>
<td>107</td>
<td>100</td>
<td>422</td>
<td>8%</td>
</tr>
<tr>
<td>Other Income (net of interest)</td>
<td>62</td>
<td>81</td>
<td>(101)</td>
<td>5</td>
<td>46</td>
<td>(66%)</td>
</tr>
<tr>
<td>Tax</td>
<td>51</td>
<td>65</td>
<td>69</td>
<td>40</td>
<td>224</td>
<td>63%</td>
</tr>
<tr>
<td>PAT after Minority Interest</td>
<td>351</td>
<td>367</td>
<td>168</td>
<td>263</td>
<td>1148</td>
<td>(15)%</td>
</tr>
<tr>
<td>Net Margins (%)</td>
<td>14%</td>
<td>14%</td>
<td>7%</td>
<td>12%</td>
<td>12%</td>
<td>(265) bps</td>
</tr>
<tr>
<td>EPS</td>
<td>5.99</td>
<td>6.25</td>
<td>2.85</td>
<td>4.48</td>
<td>19.56</td>
<td></td>
</tr>
</tbody>
</table>

- Operating margins stable across the year despite increasing hedging loss
- Other income reduced in Q3 & Q4 on account of loss on ineffective hedges and exchange rate losses
- Tax increased due to increase in onsite taxable income while offshore profit (tax free) was lower due to hedging losses
## Balance Sheet

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Equity</strong></td>
<td>587</td>
<td>587</td>
<td>1859</td>
<td>2105</td>
</tr>
<tr>
<td><strong>Reserves &amp; Surplus</strong></td>
<td>3826</td>
<td>3289</td>
<td>518</td>
<td>1052</td>
</tr>
<tr>
<td><strong>Net worth</strong></td>
<td>4413</td>
<td>3876</td>
<td>2178</td>
<td>1935</td>
</tr>
<tr>
<td><strong>Minority Interest</strong></td>
<td>49</td>
<td>22</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Loans</strong></td>
<td>647</td>
<td>348</td>
<td>810</td>
<td>1086</td>
</tr>
<tr>
<td><strong>Deferred tax Liability</strong></td>
<td>0</td>
<td>0</td>
<td>(2295)</td>
<td>(3952)</td>
</tr>
<tr>
<td><strong>Deferred tax Assets</strong></td>
<td></td>
<td></td>
<td>67</td>
<td>435</td>
</tr>
<tr>
<td><strong>Cash &amp; Equivalents</strong></td>
<td></td>
<td></td>
<td>1972</td>
<td>1585</td>
</tr>
<tr>
<td><strong>Debtors</strong></td>
<td></td>
<td></td>
<td>2178</td>
<td>1935</td>
</tr>
<tr>
<td><strong>Other Current Assets</strong></td>
<td></td>
<td></td>
<td>810</td>
<td>1086</td>
</tr>
<tr>
<td><strong>Current Liabilities</strong></td>
<td></td>
<td></td>
<td>(2295)</td>
<td>(3952)</td>
</tr>
</tbody>
</table>

- Reserves down primarily due to increased hedging losses
- Loans Reduced – NCD and UK loan repaid.
- Net block & CWIP increased due to capacity additions & GNIDA campus
- DSO improves to 72 days. from 84 days LY
- Current Liabilities up due to increased Derivative Liability now standing at 1990mn
- DTA increase due to hedging losses
<table>
<thead>
<tr>
<th>Company</th>
<th>Operating Profit Growth</th>
<th>Revenue Growth QoQ</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wipro</td>
<td>-2%</td>
<td>-2%</td>
</tr>
<tr>
<td>TCS</td>
<td>-5%</td>
<td>-1%</td>
</tr>
<tr>
<td>Infosys</td>
<td>-7%</td>
<td>-3%</td>
</tr>
<tr>
<td>HCL-T (Axxon acquisition)</td>
<td>9%</td>
<td>15%</td>
</tr>
<tr>
<td>Polaris</td>
<td>-18%</td>
<td>-9%</td>
</tr>
<tr>
<td>Zensar</td>
<td>-17%</td>
<td>-14%</td>
</tr>
<tr>
<td>Hexaware</td>
<td>-29%</td>
<td>-14%</td>
</tr>
<tr>
<td>Mindtree</td>
<td>-22%</td>
<td>-7%</td>
</tr>
<tr>
<td>Patni</td>
<td>-15%</td>
<td>-7%</td>
</tr>
<tr>
<td>Tech Mahindra</td>
<td>-11%</td>
<td>-7%</td>
</tr>
<tr>
<td>NIIT Technologies</td>
<td>-9%</td>
<td>-9%</td>
</tr>
</tbody>
</table>
✓ Environment Review
✓ Business Review
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✓ Growth Drivers
Geographic Revenue Mix

- USA down 1% due to hedging impact
- India up 1% due to stronger domestic demand
Vertical Revenue Mix

- Focused vertical contribute 84% (against 81% last year)
- 54% in FY’04, 62% in FY’05, 75% in FY’06, 79% in FY’07
Managed Services

- 2006-07: YOY Revenue Growth 47%
- 2007-08: YOY Revenue Growth 34%
- 2008-09: YOY Revenue Growth 34%
Customer Mix

- 36 Million dollar+ customers
- Broad-basing of customer base
• 5 new significant customers added during the last quarter
• $312 mn intake during the year (LY- $229 mn), up 36% YoY
Annual attrition 14.9%
Changing Managerial Demands

- **Focus on Volatility, Discontinuities**
  - Build new capabilities

- **Focus on Disruptive Business Models, Innovation**
  - New value propositions

- **Focus on Cycle-time, Speed**
  - Leverage core competence, business process efficiencies

- **Focus on Productivity, Cost**
  - Training, systems, overhead analysis, restructuring

- **Focus on Quality**
  - Training, TQM, empowerment

Prof. C K Prahalad, University of Michigan, @ NASSCOM, 13th Feb 2009
Drivers for Growth

- Demand Constraints
- Impact on Growth and Margins
- New Paradigms

- Volatility
- Cost Pressures

- Business Continuity:
  - “More for Less”

- Exploit Discontinuities:
  - Think Big. Act Fast

- Cash is King:
  - Conserve Capital, Reduce Costs
Operating Strategy

- Secure business with existing customers
- Exploit discontinuities with new value propositions
- Improve cost structures
- Accelerate transformation
Secure Business with Existing Customers

- Renewed focus on deepening existing engagements
- Co-creation of fresh and relevant value propositions
- Joint strategies for leveraging discontinuities
- Consolidation opportunities
- ‘More-for-less’ renewals
- Adaptive and flexible outcome-driven contracts
- Long term agreements
Exploit discontinuities with new value propositions

<table>
<thead>
<tr>
<th>Vertical</th>
<th>Discontinuity</th>
<th>NIIT Initiative</th>
</tr>
</thead>
<tbody>
<tr>
<td>BFS</td>
<td>Tighter regulatory control and compliance requirements</td>
<td>GRC Framework, Management Dashboard</td>
</tr>
<tr>
<td>Insurance</td>
<td>Sliding customer confidence, reducing loyalty</td>
<td>IPF³ platform</td>
</tr>
<tr>
<td>TTL</td>
<td>IATA’s SIS (Simplified Interline Settlement) mandate</td>
<td>Renewal of MonaLisa suite</td>
</tr>
<tr>
<td>Retail &amp; Distt.</td>
<td>Renewed focus on supply chain efficiencies</td>
<td>ProcureEasy in SaaS mode</td>
</tr>
<tr>
<td>Government</td>
<td>Renewed spending</td>
<td>Leverage GIS penetration</td>
</tr>
</tbody>
</table>
Improve cost structures

- **Wages**
  - Hiring freeze
  - Wage freeze
  - Variable Compensation
  - Deployment and utilization
  - On-site / off-shore mix
  - Non-linear business focus

- **Rent**
  - Space rationalization
  - Consolidation

- **Travel**
  - Control and optimization
Accelerate Transformation

IT Services

Industry Focus

Managed/Integrated Services

Platform based Solutions

SaaS

Linear

Non-Linear

FY 2008

Linear 79%

Non-Linear 21%

FY 2009

Linear 75%

Non-Linear 25%

FY 2010E

Linear 72%

Non-Linear 28%

FY 2012E

Linear 60%

Non-Linear 40%

- Future growth engines around non-linear businesses
- Accelerated growth, margin expansion, on-target FY’08, FY’09
Changing Business Focus

- **Before 2000**
  - Integrated within NIIT
  - Focused on Emerging technologies

- **2000 – 2004**
  - Dotcom Bust
  - Enterprise and Legacy play
  - Focus to expand market and reach

- **2004 – 2008**
  - De-merger to form NTL
  - Vertical Strategy
  - Focus and Differentiate

- **2008 –**
  - Volatility
  - Platform based
  - Focus on Non–Linear business
“Times are uncertain…
…trust us to find the way”