

NIIT Technologies

Financial Results Analysis - Q1, 2011-12

19 July 2011



Outline



- Financial Highlights
- Business Update
- Financial Statements
 - Income Statement
 - Balance Sheet
- Business Analysis
- Shareholding Pattern

Financial Highlights for Q1, 2012

- Consolidated Revenues at Rs 3288 Mn
 - Up 4.1% QoQ, Up 12.8% YoY
 - International business grew by 10% QoQ
- Operating profits at Rs 608 Mn
 - Down 6.0% QoQ, Up 12.5% YoY
 - Operating Margins at 18.5%, Down 200 bps QoQ, same levels YoY
- Net Profits at Rs 412 Mn
 - Down -17.6% QoQ, same levels YoY
 - Net Margins at 12.5%, Down 331 bps QoQ, Down 149 bps YoY
 - Net Tax Rate at 26.6% vs 11.5% LQ and 14.5% Q1 LY
 - EPS at 6.95
- Fresh order intake of \$86 Mn

Business Highlights for Q1, 2012

- **BFSI Up 8% QoQ, Contributes 41%**
 - 1 New customers added
 - All key accounts ramping up well

- **Transport Up 9% QoQ, Contributes 35%**
 - 5 new clients added in TTL
 - Transformational deal with Eurostar

- **Manufacturing/Distt Up 23% QoQ, Contributes 8%**
 - 1 New customer added
 - Scale up in an existing client

- **Government Down 46% QoQ, Contributes 5%**
 - BSF project ramps down, nearing commissioning
 - Seasonal dip in GIS business

- **Non-linear revenues up 7% QoQ, Contributes 27%**
 - Good traction in Managed Services
 - Asset based services contribute 14%
 - Created cloud platform for Co-operative banks

For the Quarter

- NIIT Technologies' following 3 projects were selected by PCQuest's "Best IT Implementation of the year", 2011.
- NIIT Technologies was ranked amongst Top 25 Fastest-Growing Process Management Providers, 2010-2011 in Gartner's "Market Share Analysis: Process Management 2011" report

Consolidated Quarterly Income Statement

(Rs Mn)	Q1'11	Q4'11	Q1'12	QoQ (%)	YoY (%)
Revenues	2914	3157	3288	4.1%	12.8%
Cost of Revenues	1908	1897	2015	6.2%	5.6%
SG&A	465	613	664	8.4%	42.8%
Total Operating Expenses	2373	2510	2680	6.8%	12.9%
Operating Profit	541	648	608	-6.0%	12.5%
OPM (%)	18.6%	20.5%	18.5%	-200 bps	-6 bps
Depreciation	80	92	78	-14.7%	-2.7%
Other Income (net of interest)	24	21	39	-88.7%	62.6%
Tax	70	66	151	127.8%	115.7%
PAT after Minority Interest	408	500	412	-17.6%	0.8%
Net Margins (%)	14.0%	15.8%	12.5%	-331 bps	-149 bps
EPS (Rs. Basic)	6.94	8.49	6.95	-18.1%	0.2%

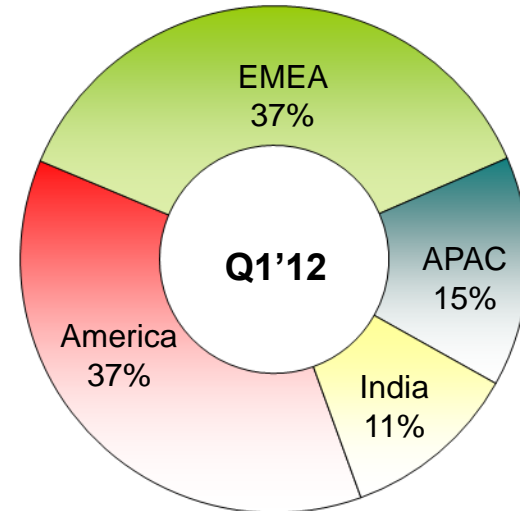
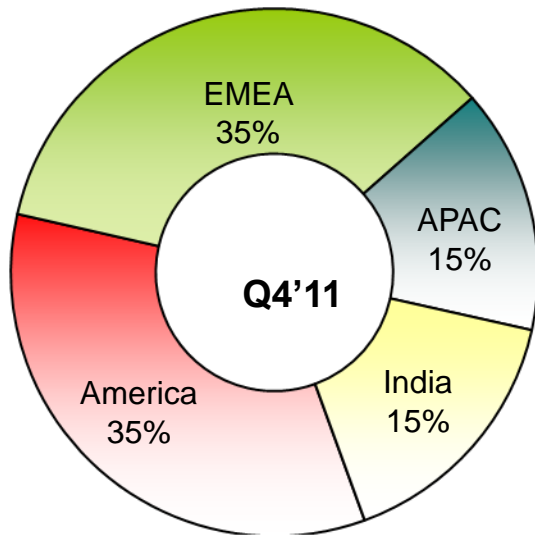
- QoQ operating margins decline due to wage hikes and salary increase
- Effective Tax rate increased as a result of withdrawal of tax incentives impacting PAT

Balance Sheet

(Rs in Mn)	June 30, 2010	Mar 31, 2011	June 30, 2011		June30, 2010	Mar 31, 2011	June 30, 2011
Equity	589	593	593	Net Block	1,917	1,893	3,380
Reserves & Surplus	5,626	6,885	7,316	Capital WIP	1,251	1,437	138
Net worth	6,214	7,478	7,909	Debtors	2,499	2,871	2,721
Minority Interest	34	43	49	Cash & Equivalents	2,179	1,637	1,946
Loans	222	110	119	Other Current Assets (OCA)	1,311	2,157	2,312
				Current Liabilities	(2,806)	(2,508)	(2,556)
				Deferred tax Assets (DTA)	121	143	136
	6,470	7,631	8,078		6,470	7,631	8,078

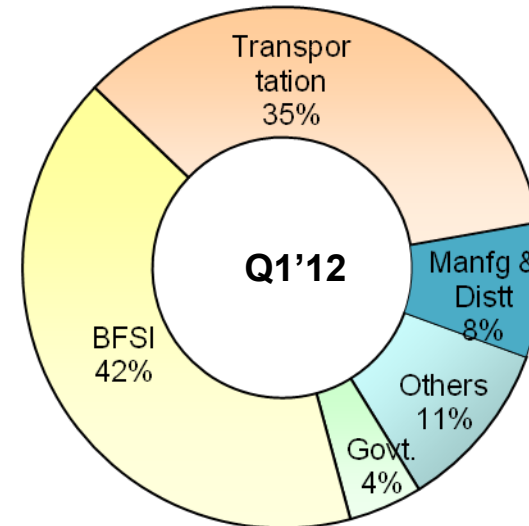
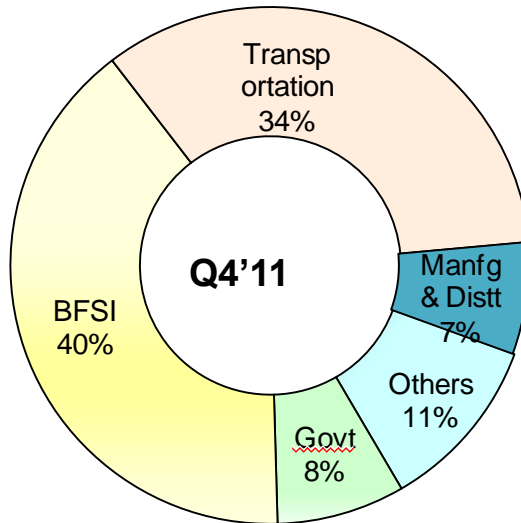
- Hedge reserve up by INR 9 Mn to INR 26 Mn
- DSO – improves to 78 days from 85 days in preceding qtr

Geographic Revenue Mix

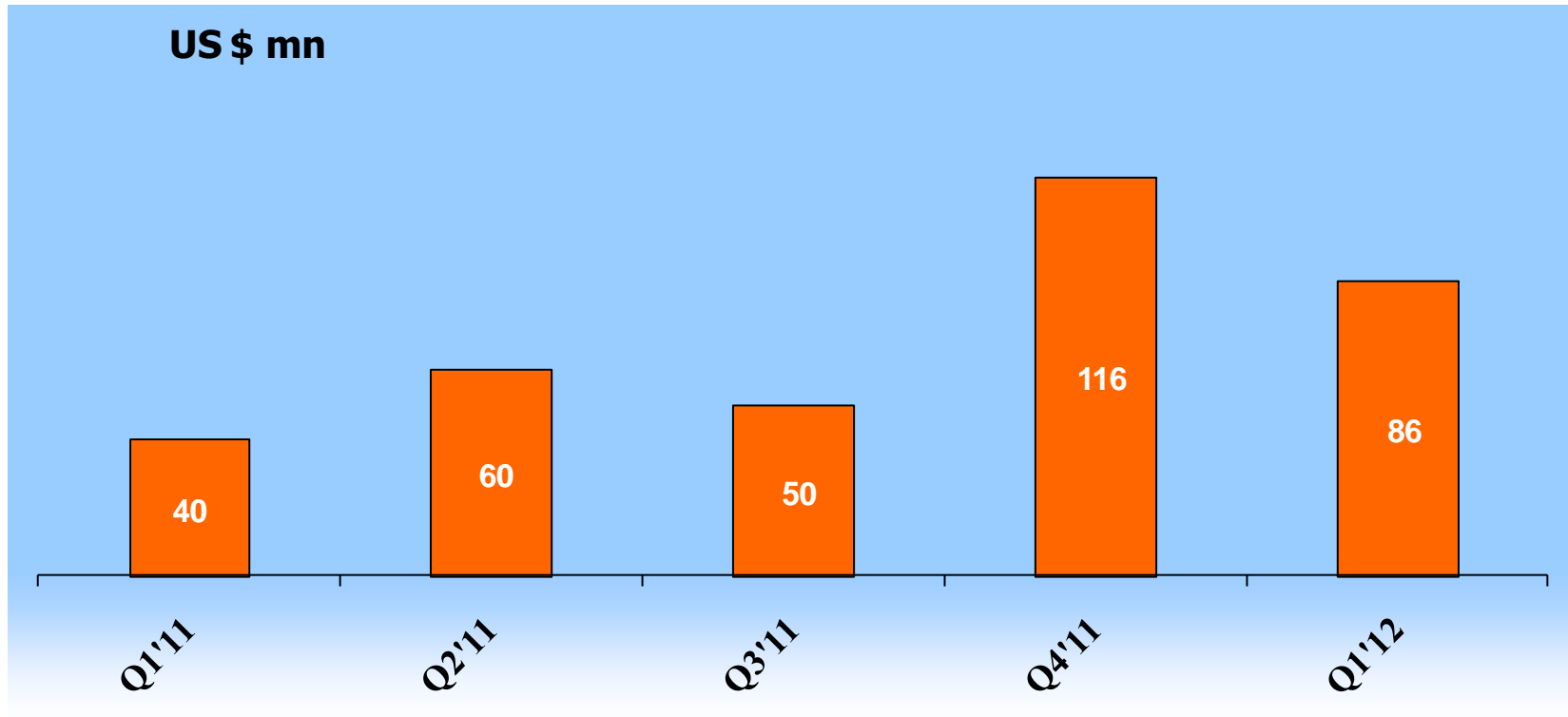


- Robust growth in US and EMEA
- Reduction in India due to seasonality in GIS business and scale down in BSF project

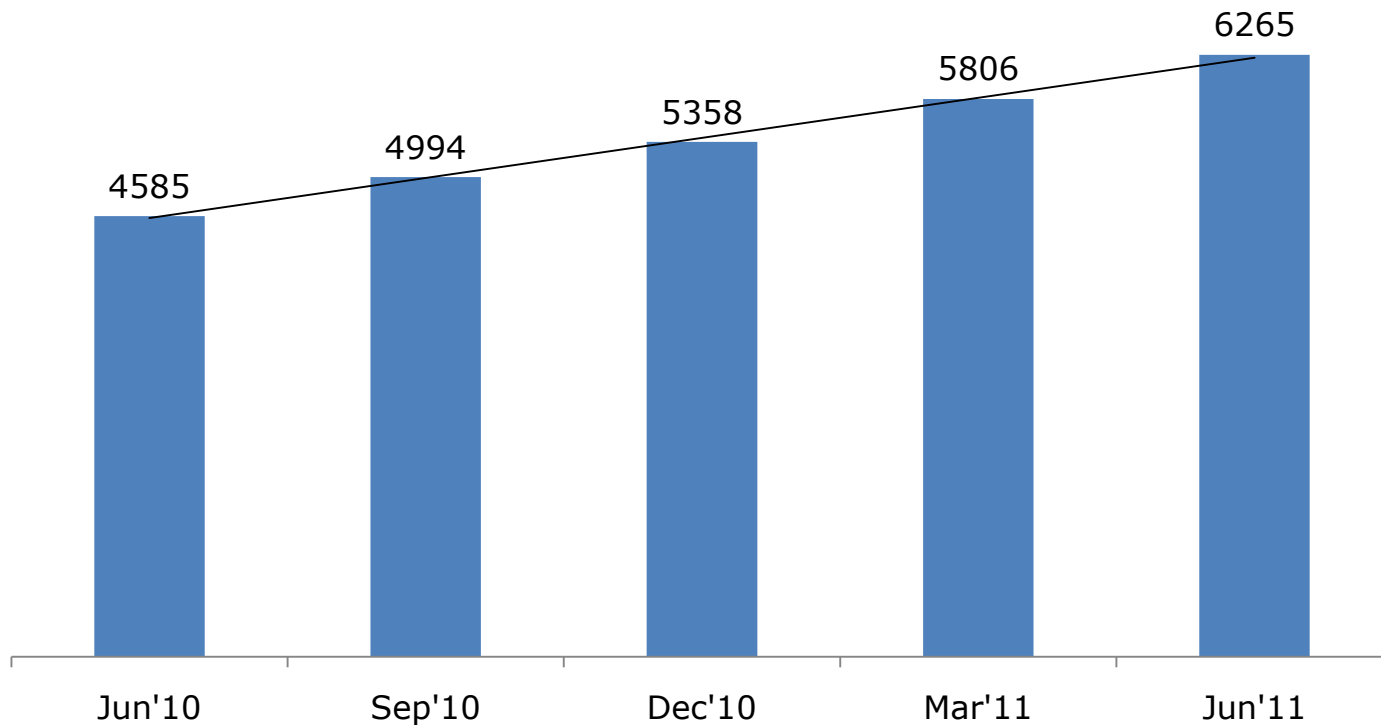
Vertical Revenue Mix



- All round growth in global industry segments
- Scale down in domestic government business

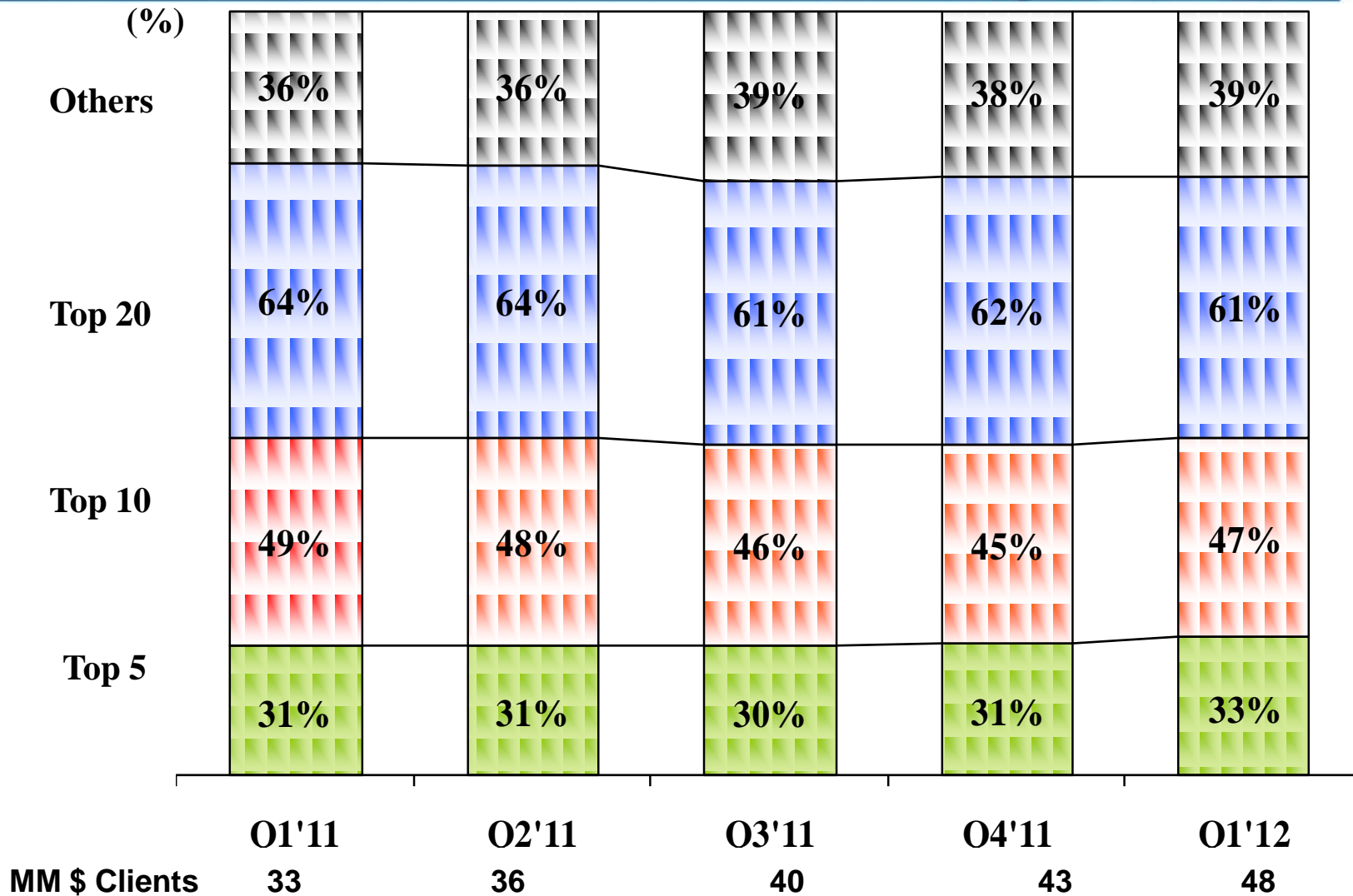


- 7 new customers added during the quarter (Travel – 5; BFSI – 1, Manuf & Distt – 1)
- \$86 Mn order intake in the quarter leading to \$200 Mn of firm business executable over next 12 months



Net Additions	109	409	364	448	459
Attrition%	18.1%	18.6%	18.4%	17.5%	15.8%
Utilization	82.0%	83.4%	84.4%	83.6%	80.0%

Top Client Mix



Sequential increase in Million \$ Clients

About Eurostar



- Operates high speed trains between the UK and continental Europe using the under sea Eurotunnel
- City Center to Center Train services across multiple stations in London, Paris, Brussels, Lille, Calais, Disneyland Resort Paris, Avignon and the French Alps
- Official Train Carrier for the London Olympics 2012

Eurostar chooses NIIT Tech to:



- Gear up its IT infrastructure in time for the London Olympics 2012
- Use IT as a significant business enabler in order to increase market share by attracting travelers from the 20 Million Flyers to Europe from the UK
- Support its "Green" initiative
- Use IT as a differentiator for confronting competition on the Eurotunnel which opens up for competitors in 2012

Multi year, Multi million, Transformational Deal

Highlights of the deal



- Multi-Million Pound Multiple Year transformational engagement based on Business level SLAs for Remote Infrastructure Services & hosting of critical applications
- Infrastructure provisioning by NIIT Tech and charged on a utility basis
- 17 Transformation Projects to be executed before the London Olympics in 2012
- Design and Setting up a new Wide Area Network connecting all Eurostar offices and stations
- Multi lingual support to operations in UK, France, Belgium, Switzerland & The Netherlands
- Select Eurostar staff to be absorbed by NIIT Tech in UK and France





Company Background

- Morris Communications Company LLC is a privately held Media company with diversified holdings that include newspaper and magazine publishing, outdoor advertising, radio broadcasting, book publishing and distribution and online services
- Established a shared service center (MSTAR) to provide Technology and Business process services to the group
- Has a thriving Digital practice (Morris DigitalWorks™), providing Internet based Products & services .
- HQ in Augusta, Georgia, USA Morris and has presence across US with offices in UK, France & Asia

Partnership Drivers

- Business required significant restructuring of costs
 - Felt need for strong control that a pure outsourcing engagement could not provide
 - Partner who could drive down costs and create value
- Arrived at a Joint Venture solution
 - Skin in the game
 - Capability to be leveraged for providing similar services to other companies in North America

Joint Venture

- NIIT Technologies and Mstar (Subsidiary of Morris Communication providing Shared Services Center services to Morris Group) join hands to form **NIIT Media Technologies LLC**
- NIIT Technologies will invest 3.2 Mn to own 60% of the company. Morris will own 40% and will transfer all IT assets and approx. 100 people to the NMTL.

Structured deal with long term revenues

- Five Year deal for providing end-to-end Integrated IT & BPO Services delivering business results on
 - F&A,
 - HRO,
 - Procurement,
 - Advertising
- Revenue stream of over \$85M from Morris over five years
- NMTL will incur a one time charge of 2.5 Mn USD towards professional fees and transition expenses.



- Take over the existing Morris shared services center in Augusta, Georgia and provide services to Morris group
- Leverage NIIT Tech's offshore capabilities
- Use landscape to service other media companies in North America
- Provide capability to offer near shore facility for NIIT Tech customers

Thank You

