

ANNUAL REPORT 2014-15
NIIT LIMITED

NIIT



OUR VISION

VALUES, MOTIVES AND BELIEFS

WE, NIIT, BELIEVE THAT OUR GROWTH IS THE DERIVATIVE OF THE GROWTH OF EACH ONE OF US. IT IS THE DUTY OF EACH ONE OF US TO ESPOUSE AND GIVE ACTIVE EFFECT TO THE VALUES, MOTIVES AND BELIEFS WE STATE HERE

NIIT IS PEOPLE

WE HAVE POSITIVE REGARD FOR EACH ONE OF US

WE WILL FOSTER CAREER-BUILDING BY CREATING OPPORTUNITIES THAT DEMAND LEARNING, THINKING AND INNOVATION FROM EACH ONE OF US.

WE EXPECT EACH OF US TO CONTRIBUTE TO THE PROCESS OF ORGANISATION BUILDING AND THUS DERIVE PRIDE, LOYALTY AND EMOTIONAL OWNERSHIP.

WE RECOGNISE THE NECESSITY OF MAKING MISTAKES AND RISK-TAKING WHEN IT CONTRIBUTES TO THE LEARNING, INNOVATION AND GROWTH OF EACH ONE OF US.

NIIT IS QUALITY AND VALUE

EACH OF US WILL ENSURE THAT IN ANY ASSOCIATION WITH SOCIETY, SOCIETY BENEFITS SUBSTANTIALLY MORE THAN:

(a) WHAT SOCIETY GIVES TO US.

(b) WHAT SOCIETY WOULD GAIN FROM ANY OTHER SIMILAR ASSOCIATION

WE WILL MEET ANY AND EVERY COMMITMENT MADE TO SOCIETY IRRESPECTIVE OF ANY COST THAT MAY HAVE TO BE INCURRED.

WE WILL ENSURE OUR PROFITABILITY, LONG-TERM GROWTH AND FINANCIAL STABILITY, THROUGH THE PROCESS OF DELIVERING THE BEST, BEING SEEN AS THE BEST AND BEING THE BEST.

WE WILL BE FAIR IN ALL OUR DEALINGS AND PROMOTE HIGH STANDARDS OF BUSINESS ETHICS.

NIIT IS A MISSION

WE WILL GROW IN THE RECOGNITION AND RESPECT WE COMMAND, THROUGH PIONEERING AND LEADING IN THE EFFECTIVE DEPLOYMENT OF TECHNOLOGY AND KNOW-HOW.

WE WILL SEEK TO PLAY A KEY-ROLE IN THE DIRECTIONS AND DEPLOYMENT OF TECHNOLOGY AND KNOW-HOW FOR THE BENEFIT OF MANKIND.

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CHAIRMAN'S MESSAGE

Dear Shareowners,

The year 2014-15 was challenging for the Indian economy, even though there was a surge in business confidence, with the new government taking charge and promising regulatory reforms. Uncertainty regarding the timelines of the reforms, a sharp decline in commodity prices and exchange rate volatility, resulted in increased business as well as operational risk.

Business performance

Despite sluggish market conditions and feeble demand in certain parts of the business, each of your company's growth platforms performed well and enabled it to achieve marginally higher revenues during 2014-15.

An intensive internal Business Transformation, rolled out during the relatively low key October-December and January-March quarters to minimize impact, did effect the financials. The company grew one percent, notching up revenues of Rs. 957.4 crore in the financial year 2014-15.

With corporate spending on training witnessing robust growth and companies increasing outsourcing to specialist training providers, our Corporate Learning Group (CLG) did brisk business. The company added four new global customers, taking its MTS customer count to 24 organizations and achieving an overall revenue visibility of USD 179 million over the remaining contract period.

During 2014-15, your company's CLG business showcased robust growth, recorded at a healthy 23 percent. This happened in large part due to the conscious shift made by CLG towards Managed Training Services, which proved to be the tailwind for the business.

Reduced hiring by the IT sector during the year impacted the attractiveness of IT courses. Recognizing this, your company enhanced focus on its 'Beyond-IT' portfolio of courses. Revenues contributed from "Beyond IT" grew to 33 percent of Skills and Careers Group (SNC) as compared to 26 percent in FY 2013-14.

Besides increasing its non-IT programs to offset the slowdown in the IT training industry, NIIT also drew up a more aggressive game plan for the China geography and improved its performance in the country. China enrolments grew 41 percent in Q4, as compared to the same period last year, heralding a fresh wave of potential opportunities for NIIT. More recently, we signed a historic and strategic agreement with China's Guian New Area, which we believe will greatly expand our presence in the region in the year ahead.

Our Schools Learning Group (SLG) meanwhile maintained momentum during the year, owing to a steady growth in its nGuru suite of products including Math Lab, IT Wizard and Quick School, where we have a leadership position. In 2014-15, NIIT unveiled its interesting and insightful MathLab Impact Study, which was conducted by one of the big four research agencies in 184 schools across 11 states in India. It indicated that Class X students from MathLab using schools performed distinctly better in Math at the board exam level, than students not exposed to MathLab.

Focus

During the year your company undertook a significant **Business Transformation** program that it initiated across the organization. 2014-15 was a time of great change for NIIT, with your company undertaking a strategic business make-over to become more agile, lean and responsive to the dynamic market and realign its business operations with the altering customer landscape.

Your company worked out a new scheme of arrangement, to transfer the Schools Business to one of its wholly-owned subsidiary companies, Hole-in-the-Wall Education Ltd. (HIWEL). HIWEL has now been re-christened as Mindchampion Learning Systems Limited. Over the next 12 months, this company will address opportunities in the K-12 segment.

Strong measures were undertaken to rework the business, including rationalizing the structure of subsidiary companies to make NIIT fit for growth and enable it to improve profitability. This entailed amalgamation of three wholly owned subsidiary companies (Scantech Evaluation Services Limited, NIIT Online Learning Limited and Evolv Services Limited) with NIIT Limited.

During the year, your company reassessed its global operations to identify and accelerate its exit from low return and capital-intensive businesses, geographies, products and capex-driven business models.

The organization furthermore, was restructured, and its center capacity, headcount and roles, and product portfolio were rationalized and consolidated across various training offerings in India including IT training, IFBI, Imperia, Uniqua and NIIT Yuva Jyoti. In this way, SNC products were made available across the entire network of owned and business partner centers, leading to an increase in reach and revenue potential for these courses.

A sharpened focus of SNC on India and China and its exit from other international geos, were the other critical moves that your company made during the year.

In a significant move, as part of top management succession Mr. Rahul Patwardhan, a former NIITian, who returned to the company as CEO designate on October 6, 2014, formally took charge as the CEO on May 28, 2015.

Achievements

2014-15 was a year when your company remained in the limelight, drawing industry recognition for its achievements. NIIT was declared the Most Trusted Training Brand in India for the 3rd year in a row by the Brand Trust Report, 2015. This reiterated the strong connect that NIIT has built and maintained with its customer community—both individuals and corporate.

Our learning and talent development solutions too continued to receive widespread attention globally. Your company's name was part of Training Industry (USA) Inc.'s 'Top 20 Training Outsourcing Companies' listing for the seventh year running.

India's leading ICT journal Dataquest conferred on us the 'Top Training Company' award for the 20th successive year, since the inception of this category.

Future outlook

Having completed the restructuring phase of the Business Transformation program, a part of our larger vision of driving long-term value for all our stakeholders, NIIT is set to take its next steps.

The transformation itself is expected to improve NIIT's capital efficiency, liquidity and increase profitability through material reduction in the company's operating cost run-rate.

We have now entered the second stage of our Business Transformation, where we are 'Re-energizing' the company by driving operational excellence across our Corporate Learning, Skills and Careers and Schools Learning groups. The final phase for business Renewal will involve new models for delivery and technology-based platforms, which will help your company achieve long-term, sustainable growth and profitability.

As part of our plans for 2015, we will be scaling our CLG business through larger, annuity-based contracts and driving productivity improvements.

The steps we have taken on the Skills and Careers front, will improve the financial performance of the business. In 2015, we are additionally anticipating the emergence of new business segments that will drive demand for niche skills across sectors, providing a thrust to our 'Beyond IT' and Multiple Stream Modular training initiatives.

The various initiatives and changes that have been undertaken during the year, should translate into improving the performance of your company. I would like to thank each one of you for your continuous support to the organisation, as we set ourselves on a path to take NIIT to the Next Frontier.

Cordially

Rajendra S Pawar
Chairman, NIIT Limited

CORPORATE INFORMATION

BOARD OF DIRECTORS



Rajendra S Pawar
Chairman



Vijay K Thadani
Vice - Chairman &
Managing Director



P Rajendran
Joint Managing Director



Surendra Singh
Director



Sanjay Khosla
Director



Anand Sudarshan
Director



Geeta Mathur
Director

CIN: L74899DL1981PLC015865

CHIEF EXECUTIVE OFFICER
RAHUL KESHAV PATWARDHAN

GROUP CHIEF FINANCIAL ADVISOR
ASHOK ARORA

CHIEF FINANCIAL OFFICER
ROHIT KUMAR GUPTA

COMPANY SECRETARY
MUKESH KUMAR

AUDITORS
PRICE WATERHOUSE

BANKS
INDIAN OVERSEAS BANK
ICICI BANK
STANDARD CHARTERED BANK
CITIBANK NA
BNP PARIBAS
WELLS FARGO BANK
BANK OF THE WEST
LLYODS TSB BANK PLC

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NIIT

NIIT AT A
GLANCE
2014-2015



Global Leadership in Skills and Talent Development

- ❖ NIIT is a leading Skills and Talent Development Corporation that is building a manpower pool for global industry requirements. The company, which was set up in 1981 to help the nascent IT industry overcome its human resource challenges, today ranks among the world's leading training companies owing to its vast, yet comprehensive array of talent development programs. With a footprint across 40 nations, NIIT offers training and development solutions to Individuals, Enterprises and Institutions.
- ❖ Impacted over 35 Million learners
- ❖ Impacted over 15,000 schools
- ❖ One of the largest learning content development facilities in the world

NIIT has three main lines of business across the globe - Corporate Learning Group, Skills and Careers Group, and School Learning Group.

NIIT's Corporate Learning Group (CLG) offers Managed Training Services (MTS) to market-leading companies in North America, Europe, Asia, and Oceania. The comprehensive suite of Managed Training Services includes custom Curriculum Design and Content Development, Learning Administration, Learning Delivery, Strategic Sourcing, Learning Technology, and Advisory Services. With a team of some of the world's finest learning professionals, NIIT is dedicated to helping customers increase the business value of learning and development (L&D). Built on the sound principles of 'Running Training like a Business', NIIT's Managed Training Services and best-in-class training processes enable customers to align business goals with L&D, reduce costs, realise measurable value, benefit from rock-solid operations, and increase business impact.

NIIT's Skills and Careers Group (SNC) delivers a diverse range of learning and talent development programs to millions of individual and corporate learners in areas including Banking, Finance & Insurance, Soft Skills, Business Process Excellence, Retail Sales Enablement, Management Education, Multi-Sectoral Vocational Skills, Digital Media Marketing, and new-age IT. These programs are delivered through a hybrid combination of the 'Cloud Campus' online platform, satellite-based

'Synchronous Learning Technology' and a physical network of hundreds of learning centers in India, China, and select markets in Asia & Africa. The flagship multi-disciplinary course offerings include the industry-endorsed RevGNIIT program and a set of Post Graduate Programs for students from different streams, apart from a wide range of specialist short duration programs.

To further strengthen its SNC portfolio in India, NIIT has tied up with industry majors like ICICI Bank for NIIT Institute of Finance Banking & Insurance, IFBI; leading business schools in India for NIIT Imperia; Genpact for NIIT Uniqua; and a joint venture with NSDC for NIIT Yuva Jyoti. Besides this, for the China market, NIIT has tied up with governments and software parks in Guian, Chongqing, Wuxi, Suzhou, Changzhou, Zhangjiagang, Haikou and Dafeng, for state-of-the-art public-private partnership centres.

NIIT's School Learning Group (SLG) provides technology based learning to over 15,000 government and private schools in India, Bhutan, South Africa and the Middle East. The futuristic NIIT nGuru range of learning solutions for schools comprises Interactive Classrooms with digital content, technology-driven Math Lab, IT Wizard programs and Quick School - an Education Resource Planning software.

As the Most Trusted Brand in India for 3rd year in a row (Brand Trust Report, 2015), NIIT's learning and talent development solutions, continue to receive widespread recognition globally. NIIT has been named among the Top 20 Training Outsourcing Companies for the past seven consecutive years by Training Industry, Inc. USA. Further, leading Indian ICT journal Dataquest has conferred upon NIIT the 'Top Training Company' award successively for the past 20 years, since the inception of this category. NIIT Yuva Jyoti Ltd was recognized as the Best Vocational Education and Skill Development initiative at the World Education Summit, 2014.

Recent Awards and Acknowledgments

- NIIT received the "Top Training Company Award 2014" for the 20th consecutive year by Cybermedia publications
- NIIT has been featured as "India's Most Trusted Training Brand" in Brand Trust Report, India Study, 2015, undertaken by Trust Research Advisory for the third consecutive year

- NIIT nGuru MathLab Plus has been recognized as the “Best Innovative Learning Tool” at the 5th Indian Education Awards 2015 by Franchise India
- NIIT USA has been featured in the 2015 “Top 20 Training Outsourcing Companies” for the eighth consecutive year by Training Industry, Inc.
- NIIT’s corporate website www.niit.com has been recognized as the “Best Educational Website” at the 5th Annual India Digital Awards by Internet and Mobile Association of India (IAMA) in 2014
- NIIT Yuva Jyoti Ltd has been recognized as the “Best Vocational Education and Skill Development initiative” at the World Education Summit, 2014
- NIIT USA has been honored with “Brandon Hall Excellence Gold Award” in the Best Custom Content category jointly with Shell for Shell Services on the Road
- NIIT’s Chipen Rigpel Bhutan project has been recognized as the “Best Government Sector Initiative” in Education at the World Education Summit, 2014
- NIIT Corporate Learning has been ranked among “Top 20 Gamification L&D companies” of 2014 by Training Industry, Inc.
- NIIT Institute of Finance Banking & Insurance Training Ltd (IFBI) has been recognized as the “Best Vocational Institute for Banking, Finance & Insurance” at the 5th Indian Education Awards 2015 by Franchise India.