



REIMAGINING LEARNING

ANNUAL REPORT 2018-19
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 the mankind.

NIIT

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CHAIRMAN'S MESSAGE

Dear Shareowners,



The global climate was projected to remain positive in 2018-19, leading to heightened growth of the worldwide economy. The year, however, witnessed reverses owing to a rise in protectionist sentiment within nations as well as geo-political tensions. The International Monetary Fund's targeted global economic growth rate of 3.9 percent fell short of the mark, with GDP pegged at 3.6 percent in 2018 and further expected to drop to 3.3 percent in 2019.

The US job market, however, continued to be robust. There is a war for talent as well as wage inflation, which is leading to an increase in Learning & Development (L&D) spending by corporates. During the year therefore, companies sought out specialist training providers to better utilize their training budgets. Outsourcing speeded up, a phenomenon which found reflection in increased number of organizations seeking Managed Training Services and L&D transformation services.

India meanwhile lived up to its tag of the 'fastest growing major economy', despite its growth rate dropping marginally to 6.8 percent in FY19 from 7.2 percent in FY18.

The rebound in hiring by Indian IT companies that was witnessed in FY18, continued into FY19 as demand recovered due to increasing share of Digital IT offered by Indian vendors.

Divestment of shareholding in NIIT Technologies Limited

NIIT's own journey was marked by a significant development, which saw it sign definitive agreement to sell its entire holding in software and services arm NIIT Technologies Limited (NTL) to private equity firm Baring Private Equity Asia through its affiliate Hulst B.V. Since the demerger of NTL from NIIT in 2004, NIIT had maintained that it would monetize the investment at the Right Time, at the Right Valuation and to the Right Buyer. The transaction clearly satisfied all three conditions.

The agreement was penned with Hulst B.V. on April 6, 2019 and the transaction closed on May 17, 2019 after necessary approvals. NIIT received gross proceeds of INR 20,204 million in cash on closing. The cash will be used judiciously to reward shareholders and invest in the business to drive growth, to maximize shareholder value.

Focus

During FY19, NIIT continued to strengthen its Platforms of Growth, besides focusing on improving Liquidity, Profitability, and Capital Efficiency. Within its Corporate Learning Group (CLG) business, NIIT continued to scale its Managed Training Services (MTS) and L&D transformation services activity, entering a higher growth trajectory with a strong visibility for the next few years.

As global companies increased use of technology especially around Augmented Reality and Virtual Reality to drive L&D transformation, NIIT took the lead in helping companies in this area.

In the Skills & Careers (SNC) business your Company's focus continued to be on developing skills, aligned to the market environment. During the year, companies also began shifting their hiring pattern from bulk hiring at campuses to just-in-time hiring across the year. In addition, rapid changes in technology and a shift to Digital made it imperative for IT/ITES companies to reskill/upskill their existing talent pool of over four million professionals.

In keeping with this trend, and to drive further growth, your Company introduced the Talent Pipeline-as-a-Service (TPaaS) platform and expanded the product portfolio of Career Programs. StackRoute also remained a strategic product offering and this initiative is now training Full Stack developers for 11 large corporations. StackRoute and TPaaS in fact, emerged as strong growth drivers for the business, enabling SNC's growth in Q4 of FY19 over the same period last year.

NIIT continued to focus on cost management initiatives, which helped the business to moderate the negative impact of operating leverage on SNC. As a result, the business achieved positive EBITDA of INR 6 million, up from a negative EBITDA of INR 30 million in the previous year.

Your Company's School Learning Group (SLG) focused on its popular nGuru suite of products, notching up significant orders from schools. It also built up traction in this domain with its Practice Plus platform, which reached 6.7 lakh users.

Business performance

For NIIT, FY19 was a profitable year, with PAT at INR 864 million up 38 percent as compared to previous year. Your Company recorded a Net Revenue of INR 9,102 million, up 7 percent Year-on-Year (YoY). Growth was moderated by a planned reduction in SLG and a decline in the SNC business. Following up on a strategic decision, NIIT completed its exit from the capital-intensive Government Schools business.

CLG remained in the driving seat in FY19, delivering a strong revenue growth of 22 percent, and accounting for 69 percent, (up from 61 percent in FY 18), of your Company's overall revenue. The expansion of CLG conformed to global trends and the growing need for Managed Training Services by customers across the world.

During the year, your Company added nine new logos, the highest ever in terms of new MTS customers. Several clients also renewed their engagements with CLG including your Company's largest technology customer, resulting in five expansions and two renewals. The high point of your Company's new MTS engagements in FY19 included Pitney Bowes, a global leader in office automation, which signed a five-year long term contract with it, and Signify, a world leader in lighting, for the delivery of strategic sourcing and vendor management services.

CLG's success in large part rested on your Company's investment in capability building for large comprehensive deals, a move that is expected to further drive CLG's contract wins in the future.

As on March 31, 2019, CLG had a total revenue visibility of USD 245 million from existing contracts versus USD 218 million in the previous year and 46 MTS customers.

The business of the Skills & Careers Group, SNC, was supported by an increase in IT hiring during FY19 and rise in demand for Digital services in India. This led to a requirement for Digital skills even as it meant a decline in traditional courses.

NIIT was geared up for the trend with its extended Digital portfolio targeted at addressing the demand for Digital skills in the B2C business. Your Company's wide ranging offerings encompassed the recently launched Career Programs and micro programs in Banking and Finance, Digital Marketing, Digital Analytics, Accounting and Business Analytics and IT.

Your Company also had the TPaaS solution, a first-of-its-kind strategic initiative and new way of engaging with the market. TPaaS will provide a reliable pipeline of talent to organizations by training over one lakh youth in three years for aspirational career opportunities in the IT and BFSI sectors. Finally, your Company made headway by further strengthening its StackRoute offering as well as Sales & Marketing for the business, to enable it to scale faster.

Overall, SNC reversed the negative revenue slide in the first three quarters of FY19 and returned to growth in Q4 by leveraging these cutting-edge solutions.

Your Company additionally invested in bolstering SNC's leadership team, inducting Bimaljeet

Singh Bhasin as President of the business in India. Bimaljeet, with his significant experience in the education and training business as well as a strong track record of scaling BFSI training, is expected to help NIIT engineer a turnaround in SNC revenues.

In FY19, your Company's Schools Learning Group under the aegis of MindChampion Learning Systems Ltd. continued to push its future-focused nGuru range of learning solutions known for offerings such as Interactive Classrooms with Digital content, technology-driven Math Lab, IT Wizard and Quick School, an ERP software.

SLG handled its planned ramp-down of the capital-intensive government schools business, executing and transitioning the remaining contracts in FY19. This contributed to a decline in overall SLG revenues in FY19. Margins were impacted by closing costs in large government schools, which was completed during the year. Cost management and a shift of mix towards private schools helped in partial recovery. SLG in fact signed contracts with 761 private schools, which helped it regain ground and achieve YoY growth in Q4 FY19.

The business was supported by its new curriculum products in Maths, Science and English.

Overall, both SNC and SLG businesses reported a positive growth in Q4 FY19. While SNC grew 5 percent YoY, SLG grew 3 percent YoY in Q4, reversing the trend in the first three quarters.

Achievements

It is a matter of great pride that your Company continued to win several awards and recognitions in FY19, maintaining its leadership position in the skills and talent development space. Among the accolades that came its way were 19 Brandon Hall Awards 2018 which were won jointly with customers; the award for being 'India's Most

Trusted Brand-IT Training', which was conferred on it by Trust Research Advisory (TRA) 2018; the 'Best Training Institution' acknowledgment by the 9th Indian Education Congress, 2019 and a global ranking among the Top 20 Training Outsourcing companies by TrainingIndustry.com, for the 11th consecutive year.

StackRoute, a Digital Transformation partner for corporates to build multi-skilled Full Stack developers at scale won the 'Most Innovative Learning Partner for Enterprises Award' at Times Ascent-National Award for Excellence in Training & Development, 2018.

Future outlook

As your Company looks ahead, the horizon appears bright and exciting. In the Corporate Learning arena NIIT will continue to strengthen its Managed Training Services offerings. The aim will be to drive CLG towards a higher growth trajectory. Strong revenue visibility from existing contracts and run rate will further accelerate growth for the business over the next few years.

Having built capability with its comprehensive contracts with Real Estate Council of Ontario (RECO) and Pitney Bowes, and won the confidence of MTS customers, CLG is set to grow through large-sized annuity contracts. Your Company will also push to scale innovation, accelerate its advisory services to drive thought leadership and improve Sales and Marketing to catalyze growth rates.

In addition, CLG will continue to explore inorganic opportunities to add new capabilities in areas such as Augmented Reality/Virtual Reality and Professional Services in focused verticals.

In the SNC business, your Company will continue exploring opportunities in the IT and BFSI markets with new products, business models and a more forceful leadership team. It will drive growth through Deep Skilling learning models and incorporate innovative

methodologies and use of technology for student engagement and learning built by training.com.

Your Company's new Career Programs and TPaaS will further scale its efforts in the student and corporate realms. These two initiatives along with StackRoute are expected to further catalyze the expansion of the business. India and China will remain the focus markets to drive this growth.

I would like to express my heartfelt gratitude to each one of our shareowners who have diligently stood by us through thick and thin, many over the last several decades. NIIT will continue to deliver on its promises, ensuring that as it grows, so do its shareowners.

RAJENDRA S PAWAR

Chairman, NIIT Ltd.

CORPORATE INFORMATION

CIN: L74899DL1981PLC015865

CHIEF EXECUTIVE OFFICER

Sapnesh Kumar Lalla

CHIEF FINANCIAL OFFICER

Amit Roy

COMPANY SECRETARY

Deepak Bansal

AUDITORS

S R Batliboi & Associates LLP

BANKS

Indian Overseas Bank | ICICI Bank
Standard Chartered Bank | CitiBank NA
Wells Fargo Bank | Llyods TSB Bank PLC
YES Bank | RBL Bank

REGISTERED OFFICE

8, Balaji Estate, First Floor
Guru Ravi Das Marg, Kalkaji
New Delhi 110 019, India
Email (Investor Services): investors@niit.com
Phone: +91 11 4167 5000
Fax: + 91 11 41407 120

CORPORATE OFFICE

85, Sector 32, Institutional
Gurugram 122 001, India
Email: info@niit.com
Phone: +91 124 429 3000

**REGISTRAR AND SHARE
TRANSFER AGENT**

Alankit Assignments Limited
Unit-NIIT Limited
Alankit Heights 3E/7, Jhandewalan Extn.
New Delhi 110 055, India
Phone: +91 11 2354 1960, 4254 1234
Fax: +91 11 2355 2001

BOARD OF DIRECTORS



RAJENDRA S PAWAR
Chairman



VIJAY K THADANI
Vice Chairman &
Managing Director



P RAJENDRAN
Joint Managing Director



ANAND SUDARSHAN
Independent Director



GEETA MATHUR
Independent Director



RAVINDER SINGH
Independent Director



ASHISH KASHYAP
Independent Director

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NIIT Confluence, Goa, India, December 6-8, 2018