

NIIT LIMITED

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SOFTWARE

MISCELLANEOUS

Chairman: Rajendra S. Pawar

SEC: Parveen Jain

AUD: Price Waterhouse

Yr of Inc	B. Code	BL. Code	F.V.	Price	% ch 1-m	% ch 12-m	P/E	P/CF	Yield	Mkt cap	Vol.	ISIN
1981	500304	NIIT.IN	10	389.1	23.2	24.4	18.8	9.7	1.5	7,520.3	148.6	INE161A01020

SHAREHOLDING

		FX Transaction (FY06)	
Indian Promoters	: 34.1%	Exports (fob)	Rs m 1,538
Foreign collaborators	: 0.0%	Imports (cif)	Rs m 133
Indian inst/Mut Fund	: 7.0%	Fx inflow	Rs m 1,595
FII's/GDR	: 29.9%	Fx outflow	Rs m 303
Free float	: 29.0%	Net fx	Rs m 1,292
Shareholders	: 35,649		

No. of months	12	12	12
Year ending	31/03/04	31/03/05	31/03/06

EQUITY SHARE DATA

High	Rs	282	214	372
Low	Rs	94	110	180
Sales per share	Rs	366.1	206.1	233.2
Earnings per share	Rs	3.6	18.4	20.7
Cash flow per share	Rs	33.7	36.3	40.6
Dividends per share	Rs	5.00	5.50	6.00
Dividend yield (eoy)	%	2.7	3.4	2.2
Book value per share	Rs	110.8	121.5	137.0
Shares outstanding (eoy)	m	19.33	19.33	19.33
Bonus/Rights/Conversions	BB	-	-	-
Price / Sales ratio	x	0.5	0.8	1.2
Avg P/E ratio	x	52.7	8.8	13.3
P/CF ratio (eoy)	x	5.1	4.5	6.9
Price / Book Value ratio	x	1.7	1.3	2.0
Dividend payout	%	140.1	29.9	29.0
Avg Mkt Cap	Rs m	3,634	3,131	5,335
No. of employees	'000	6	2	2
Total wages/salary	Rs m	2,500	1,091	1,281
Avg. sales/employee	Rs Th	1,286.5	2,167.6	1,995.1
Avg. wages/employee	Rs Th	454.5	593.6	567.1
Avg. net profit/employee	Rs Th	12.5	193.7	177.1

INCOME DATA

Net Sales	Rs m	7,076	3,984	4,507
Other income	Rs m	183	96	76
Total revenues	Rs m	7,259	4,080	4,583
Gross profit	Rs m	508	638	785
Depreciation	Rs m	648	345	374
Interest	Rs m	80	23	46
Profit before tax	Rs m	-37	366	441
Minority Interest	Rs m	-3	0	-1
Prior Period Items	Rs m	19	0	-5
Extraordinary Inc (Exp)	Rs m	66	0	-11
Tax	Rs m	-24	10	24
Profit after tax	Rs m	69	356	400
Gross profit margin	%	7.2	16.0	17.4
Effective tax rate	%	64.9	2.7	5.4
Net profit margin	%	1.0	8.9	8.9

BALANCE SHEET DATA

Current assets	Rs m	2,185	2,150	3,298
Current liabilities	Rs m	1,873	995	1,289
Net working cap to sales	%	4.4	29.0	44.6
Current ratio	x	1.2	2.2	2.6
Inventory Turnover	Days	4	7	7
Debtors Turnover	Days	65	115	153
Net fixed assets	Rs m	1,383	1,238	1,387
Share capital	Rs m	193	193	193
"Free" reserves	Rs m	1,897	2,124	2,405
Net worth	Rs m	2,142	2,349	2,649
Long term debt	Rs m	97	263	910
Total assets	Rs m	4,307	3,813	5,084
Interest coverage	x	0.5	16.9	10.6
Debt to equity ratio	x	0.0	0.1	0.3
Sales to assets ratio	x	1.6	1.0	0.9
Return on assets	%	1.6	9.3	7.9
Return on equity	%	3.2	15.2	15.1
Return on capital	%	6.7	14.5	12.5
Exports to sales	%	21.7	13.5	14.7
Imports to sales	%	1.9	0.2	0.3

ADJUSTED DAILY SHARE PRICE DATA



No. of months	12	12	12
Year ending	31/03/04	31/03/05	31/03/06

CASH FLOW

From Operations	Rs m	1,920	224	114
From Investments	Rs m	-2,530	-265	-348
From Financial Activity	Rs m	-547	41	517
Net Cashflow	Rs m	-1,149	-3	284

INTERIM RESULTS

		2QFY06	3QFY06	4QFY06	1QFY07
Net sales	Rs m	1,241	1,052	1,149	1,102
Gross profit	Rs m	214	165	213	209
Gross profit margin	%	17.2	15.7	18.5	19.0
Net profit	Rs m	132	55	83	132
Net profit margin	%	10.6	5.2	7.2	12.0

KEY DATA

Parameters	Unit	FY04	FY05	FY06
Individual sales	% of revenues	na	33.2	37.1
Institutional sales	% of revenues	na	29.9	26.1
Corporate sales	% of revenues	na	36.9	36.9
Employee cost	% of revenues	na	27.4	28.9

NOTES

NIIT is India's premier IT training company with a 31% share of the Indian IT education and training market. The company has a major presence in the retail segment, which caters to the staffing requirements of IT and BPO sectors. Besides, the company earns nearly 40% of its revenues from the corporate segment, where it provides learning solutions, e-learning and content development solutions to technology and other companies, mainly in the US and the UK.

NIIT's topline registered a growth of 12% YoY during FY06. The primary driver for this performance was the retail (Individual) segment, which grew at over 22% YoY. The India business grew at an impressive 36% YoY. The China business also registered a decent growth of 19% YoY. The Institutional (government business) segment and corporate segment were laggards during the fiscal. The company reported an over-100 basis points expansion in its operating margins. This was mainly due to the much-improved performance of the Individual business on the back of improved capacity utilisation. NIIT's bottomline in FY06 grew at just under 19% YoY. This, was, however, slower than the operating profit growth, mainly due to lower other income and considerably higher taxes paid.

Over the past 203 years, considering the kind of stupendous growth raked in by IT companies, the sentiment has clearly improved for IT education. As indicated by the management, students are enrolling more for career courses like GNIIT. Even the re-skilling segment is seeing strong traction, as working IT executives seek to upgrade their skills. Given NIIT's premier position in the Indian market, prospects appear bright. Plans to set up a formal university are also on the anvil. The corporate segment, where margins are higher, is also seeing an increase in e-learning and training budgets from the US companies and this is a positive. The institutional segment is likely to remain subdued in the short term.