

## **CHAIRMAN'S SPEECH**

During the year 2006-07, the company made strides on all fronts. From improvements in revenues and profitability to expansion in existing and new markets, the Company notched up a strong performance for the year. It gives me great pleasure to share with you the key highlights of 2006-07 and the Company's plans for the year ahead.

Continued focus in its verticals of choice and a concerted effort to emerge as a leader in the chosen verticals through its strategy of "Focus and Differentiation", enabled your company to achieve higher traction within the customer community and build mind-share among industry analysts.

## **FINANCIALS**

From the time NIIT Technologies spun off as an independent entity within the NIIT Group, the company has been building scale in its operations, expanding its product portfolio and investing in both organic and inorganic growth initiatives. The results for 2006-07 show a strong growth trend with a consistently improving net margin.

NIIT Technologies Limited and its subsidiaries posted a consolidated revenue of Rs. 9007 million for the financial year ending March 31, 2007. The year saw revenue from operations touch Rs. 8859 million, up from Rs. 6075 million in the previous year, resulting in an annual growth of 46 percent.



In terms of geographic mix, the Company continued to post the largest share of revenues from Europe, a market it has been focusing on since its inception. The Company derives half of its revenues from Europe, 32 percent from the Americas and 18 percent from Asia and Australia. The Company strengthened its presence and continued building differentiators in the Continent, which is now being targeted as the next big business destination for Indian IT-BPO organisations.

NIIT Technologies also recorded a healthy growth of 34 percent within the ITES-BPO market, through its subsidiary NIIT SmartServe Limited concentrating on the same verticals and client sets as the IT services business. NIIT SmartServe broke even at operating profit level for the very first time. Going forward, this will enable the Company to offer blended, integrated IT-BPO solutions to customers, resulting in better economies of scale and better leverage and synergy between both the businesses.

## **CUSTOMER CONTRIBUTIONS**

The Company entrenched itself among key customers across the globe, with expanded contracts and improved relationships. The Company evolved from being a vendor, to being a Partner for numerous clients, some of whom completed ten years of association with NIIT Technologies.

It was these deep and enduring relationships with marquee customers that enabled the Company to maintain a healthy project pipeline and keep the order books full. While the top five clients accounted for around 39 percent of the Company's revenues during 2006-07, almost 65 percent of its revenue was realised from the Top 20, million dollar customers, who increased in number from 25 to 38. Almost 89 percent of NIIT Technologies' revenues were a result of repeat business.

## **STRONG VERTICAL FOCUS**

NIIT Technologies realised the importance of taking the niche approach, early in the day. It was this strategy, of focusing on a handful of verticals and creating an edge in these markets, that has enabled NIIT Technologies to draw leading global organisations into its client fold. Today, while building scale and size, NIIT Technologies is also looking at positioning itself as the “Best” within these chosen verticals. During 2006-07, the BFSI remained the largest revenue generator, with a share of 42 percent. It was followed by Travel and Transportation, which accounted for 25 percent of the revenue and Retail & Manufacturing, with a contribution of 12 percent. Our ranking has improved by 3 positions in the NASSCOM top 20 exporters list.

## **SUCCESSFULLY INTEGRATING ROOM SOLUTIONS INTO NIIT TECHNOLOGIES**

Mergers and Acquisitions, which have remained high on NIIT Technology’s radar, received a big boost with the acquisition of UK-based ROOM Solutions Limited by NIIT Technologies in 2006. During 2006-07, the integration of ROOM Solutions was successfully completed. ROOM has brought special domain skills and solutions in the area of commercial insurance to NIIT Technologies, as well as a strong base of UK customers into the client portfolio.

## **ADECCO NIIT TECHNOLOGIES JOINT VENTURE**

During the year 2006-07, your company entered into a 50:50 joint venture with Ajilon holding Europe BV, a subsidiary of Adecco, SA, a *Fortune Global 500*



company and the global leader in Human Resources services. This JV will focus on delivering world-class application software development and maintenance solutions to Adecco's clients around the world and provide the opportunity to service a new segment of customers.

## **BUILDING PEOPLE RESOURCES AND INFRASTRUCTURE**

At the end of the financial year, NIIT Technologies' IT services and BPO employee numbers stood at 4448, up from 3543 in the previous year. Of this, 829 professionals were from the BPO business.

NIIT Technologies' efforts to become a "People-centric" organisation—encompassing innovative HR strategies, Best Practices and unique approaches to attracting and retaining talents—bore fruit, with the Company attracting high caliber talent at all levels.

Besides People, the Company also expanded its infrastructure during the year. At the end of the financial year 2007 the Company has an offshore development capacity of over 300,000 square feet. Already, it has scaled its capabilities in the Kolkata region and the construction of its campus in Greater Noida is proceeding at a rapid pace.

## **FUTURE PLANS**

Going by the current performance, I am confident that your Company has a very bright future—one that holds out higher value for all stakeholders.



With the Software Industry showing greater strength and an ever-increasing global reputation, it is an opportune time to invest in enhancing scale and sharpening competencies in identified areas.

I take this opportunity to congratulate and thank all NIITians who are playing a key role in building this the organisation.

And finally, I thank you all for supporting and encouraging us to put in our best.

**Rajendra S Pawar**  
*Chairman*