



ANNUAL REPORT 2008-09

**NIIT**  
technologies

Trust us to find the way

REDEFINING  
FOCUS





## Necessity is the mother of invention.

And the difficult times are bringing out the best in us. In these uncertain times NIIT Technologies has not only grown but also preserved operating profits.

All this, made possible by redefining focus. Redefinition characterised by consolidation of business, cost structure improvement and business transformation.

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# 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.

## Corporate Information

### Board of Directors



**Rajendra S Pawar**  
Chairman & Managing Director



**Subroto Bhattacharya**  
Director



**Arvind Thakur**  
Chief Executive Officer  
& Joint Managing Director



**Surendra Singh**  
Director



**Vijay K Thadani**  
Director



**Amit Sharma**  
Director

#### Company Secretary

Surender Varma

#### Group Chief Financial Officer

Ashok Arora

#### Chief Financial Officer

K T S Anand

#### Auditors

Price Waterhouse

#### Financial Institutions/Bankers

Indian Overseas Bank  
 ICICI Bank Limited  
 Standard Chartered Bank Limited  
 Citibank NA  
 Wachovia Bank of Georgia  
 Lloyds TSB Bank Plc  
 NatWest  
 ING

#### Registered Office

NIIT Technologies Ltd.  
 B-234 Okhla Phase - 1  
 New Delhi 110 020, India  
 Email: investors@niit-tech.com  
 Tel : +91-11-41407000  
 Fax : +91-11-26817344

#### Corporate Office

NIIT Technologies Ltd.  
 B-1/H-9, Colosseum, MCIE, Mathura Road  
 New Delhi 110 044, India  
 Email: webmaster@niit-tech.com  
 Tel : +91-11-40570700  
 Fax : +91-11-40570933

#### Registrar & Share Transfer Agent

Alankit Assignments Ltd.  
 Unit - NIIT Technologies Ltd.  
 2E/21  
 Jhandewalan Extn.,  
 New Delhi-110 055  
 Tel : +91-11-23541234, 42541234  
 Fax : +91-11-42541967

#### NIIT Technologies Website

Corporate Website : [www.niit-tech.com](http://www.niit-tech.com)

All trademarks acknowledged.

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## Business Transformation

Our future growth engines arise from new business lines which make our business non-linear. These include services around remote infrastructure management, IP asset based solutions, and services offered on demand. We consolidated our position in these leading to 25% of revenue share from such services.

## Corporate Profile

### Company Overview

NIIT Technologies Limited is a global IT solutions organization servicing customers in North America, Europe, Asia and Australia. It focuses on customers in the Banking, Financial Services and Insurance, Travel Transportation & Logistics and Retail & Distribution sectors, offering services in Application Development & Management, Enterprise Solutions Management. It also offers Business Process Management and GIS Solutions through its subsidiaries. Counted amongst the premier software exporting organizations in India, the Company has built a significant customer base worldwide, including leading global enterprises.

On the quality front, the Company adheres to major global benchmarks and standards, having bagged the ISO 9001:2000 certification and the ISO: 27001 Information Security Management accreditation. NIIT Technologies also follows global standards of development assessment at Level 5 of both SEI-CMMi version 1.2 and People-CMM frameworks. NIIT SmartServe conforms to the highest quality standards such as COPC and Six Sigma.

### Chosen Verticals

**Banking and Financial Services:** NIIT Technologies specializes in areas of retail and wholesale banking operations, mortgages, credit risks, operational data store and investment management having worked with leading banks and financial service companies across the world.

**Insurance:** NIIT Technologies has built expertise in the areas of life insurance, pensions, annuity, non-life insurance, policy administration and claims management and reinsurance working for top insurance companies across the world. The acquisition by the Company of one of the leading player ROOM, in the Lloyd's market in the UK, in the year 2006 has strengthened its presence in the commercial insurance space by bringing in deep domain expertise.

**Travel, Transportation and Logistics (TTL):** NIIT Technologies has immense domain expertise and experience in the TTL industry, having executed diverse projects across different segments of the business. Its

clients include some of the largest airlines and airports, global leaders in the travel and distribution space, leading freight and logistics companies and sophisticated surface transport players along with low cost airlines. The acquisition of Softec, GmbH has reinforced the position of the Company as a domain leader in the TTL industry.

**Retail and Distribution:** The Company specializes in providing end-to-end IT solutions to global specialty retail and manufacturing companies in the domains of customer facing e-business and self-service portals, instore applications, back-end supply chain management and related analytics.

### Service Offerings

**Application Development and Management:** NIIT Technologies provides Application Development Services and Solutions to meet the diverse requirements of globally dispersed customers in custom software development, business intelligence, migration and modernization. NIIT Technologies has helped customers manage their mission and time critical applications by providing cost effective application management services over a wide range of technologies.

**Testing:** The Company specializes in functional and regression testing, system testing (load testing, volume testing and compatibility testing) and full lifecycle testing of complex software applications as part of its testing services.

**Package Implementation:** These solutions involve around SAP implementation. NIIT Technologies' subsidiary, NIIT GIS Limited also provides end-to-end GIS-based solutions.

**Platform based Services:** NIIT Technologies' IP-led process-centric IT services map the business processes of organizations enabling them to improve their process efficiencies and enhance their productivity.

**Managed Services:** Managed Services from NIIT Technologies help companies simplify their IT operational and investment challenges, by delivering IT infrastructure and applications, as completely administered services. Its services help companies to focus on their core business areas by enabling alignment of business goals and IT. The Company's large pool of cross skilled infrastructure technology consultants increase productivity, while simplifying IT operations.

**Business Process Management:** NIIT Technologies' subsidiary, NIIT SmartServe, a business process management organization, offers outsourcing solutions that manage back office operations, contact centers and provide help desk support to clients.

### Awards and Achievements

- NIIT Technologies ranked Number 1 in the Black Book of Outsourcing 2008 Travel Industry survey.
- NIIT Technologies ranked No. 3 amongst global ITO



service providers in the Black Book of Outsourcing 2008 Insurance industry Survey.

- NIIT Technologies ranked amongst the 2008 Black Book Top 50 Best Managed Outsourcing Vendors.
- NIIT Technologies declared 'Business Superbrand' for 2008 by the Superbrands Council of India.
- NIIT Technologies was awarded the Distinguished Services Award for their initiatives and efforts in promoting business with USA by Georgia Tech Center for International Business Education & Research.
- NIIT Technologies was felicitated with the Employer Branding Award for Excellence in HR through Technology and for Innovation in Career Development by the Asia Pacific HRM congress at the regional level.
- NIIT Technologies' subsidiary ROOM Solutions Ltd UK, conferred with an Accomplishment Award at the ACORD LOMA Insurance Systems Forum.
- NIIT Technologies was recognized amongst the top 50 IT Innovators for the year 2008 by NASSCOM.
- NIIT Technologies was amongst the Top 100 IT organizations ranked globally by IAOP. NIIT Technologies stands at 33rd overall and 7th in the Balanced Performance.
- NIIT Technologies ranked amongst the Global Services 100 - 2009 list. The list represents companies who have the maturity and capability to lead the next wave of services globalization.

## The year gone by

2008-09 at a glance

### 2008-09 at a glance

The year 2008-09 was a period of significant endeavors for NIIT Technologies. The current economic slowdown has accelerated the pace of the Company's transformation to create new value proposition by making the business non-linear while dealing with challenges and finding opportunities to grow and innovate. NIIT Technologies participated in and launched numerous initiatives that established its thought as business leadership within the ITES domain. Some of the key highlights of the year included the followings:

#### Participating in the worldwide forums



NIIT Technologies US BU Head, Lalit Dhingra representing the India Chair at the UN entrepreneurs and ICT meet

NIIT Technologies represented the India Chair at the UN Entrepreneurs and ICT meet. NIIT Technologies US BU Head, Lalit Dhingra, represented the India Chair in the United Nations headquarters in New York City. Lalit was invited by the United Nations to speak at the Summit. The event was attended by 45 country delegates, leading US bankers, members of UN Group organizations and leading media representatives looking at investments in developing countries.

Lalit provided a perspective on the Medical-Hospital model built by NIIT Technologies and spoke about how framework and IPR based leadership could be achieved, especially by organizations in developing economies.

#### Bagging awards and recognitions

NIIT Technologies Chairman, Raji Pawar was meanwhile



Rajesh C Mathur, President ESRI India (NIIT GIS Ltd.) receiving the award on behalf of Raji Pawar from Kapil Sibal, Minister of Human Resource Development, India



A Proud Moment: NIIT Technologies CEO, Arvind Thakur receiving the award from L K Advani, Leader of Opposition, India



US BU Head of NIIT Technologies, Lalit Dhingra with the award organizers of US India Symposium 2008

conferred with the Geospatial Entrepreneur of the Year award by Geospatial Today, a premier technology magazine focused on the domain. Participating in the deliberations was the union minister of science and technology and earth sciences, Kapil Sibal.

During the year 2008-09, NIIT Technologies was facilitated with copious awards. The company was declared 'Business Superbrand' for 2008 by the Superbrands Council of India. The prestigious globally recognized survey by the Black Book of Outsourcing ranked NIIT Technologies Number 1 in the Travel Industry survey. The Company was also ranked No. 3 by Black Book of Outsourcing 2008 in the Insurance Industry survey.



*British Airways and NIIT Technologies signing the dotted line: L to R Mike Doyle, Dave Weston, Rajendra Pawar, Ravi Pandey and Pankaj Malik*

NIIT Technologies was awarded the Distinguished Services Award for initiatives and efforts in promoting business with USA by the Georgia Tech Center for International Business Education & Research.

**Business Transformation honors for our clients**

NIIT Technologies continued to contribute in the success of its clients by transforming existing business solutions to meet customer demand in the focused verticals. NIIT Technologies worked with Sabre Holdings to develop Sabre Air that uses the latest technology to offer the most comprehensive, automated domestic and international pricing and shopping capability of any global distribution system worldwide. For this initiative, Sabre Holdings has been recognized as a Laureate by the prestigious Computerworld Hones Program 2009. In a separate assignment, NIIT Technologies worked with Virgin Atlantic on the airline's new Upper Class Wing at Heathrow resulting in the airline winning the Real IT Award in the "innovation" category. Virgin Atlantic's Upper Class Wing project emerged victor at the Corporate IT Forum's Real IT Awards 2008 held in London. This demonstrates how IT is being increasingly leveraged by airlines to enhance the customer experience.

**Winning Projects**

NIIT Technologies exceptionally offered its proficiency in the Cargo Handling Solutions space with the projects the company is bagging with key airline customers. The Company's recent successful bid to provide a state-of-the-art Cargo Handling Solution to Cathay Pacific is sure to take its TTL business to new heights. As part of a multi-

million, multi-year deal, the Company is going to develop a Warehouse Operating System (WOS) for Cathay's new cargo terminal at the Hong Kong International Airport. The solution will be a fully integrated software platform that will enable enhanced efficiencies, increased monitoring and greater control over ground handling operations for Cathay Pacific. The system is scheduled to go live in the middle of the year 2011.

Global giant airliner, British Airways, has signed and sealed a multi-million pound deal with NIIT Technologies that will span across three years. As part of this project, the Company will take on the support and testing of business critical applications for the various business areas of British Airways. British Airways, a customer with whom the Company shares a deep and enduring relationship spanning 12 years, has continued to give the Company business on the basis of its premium services, domain expertise, experience and commitment .

**Drawing attention from business intelligence giant, Gartner**

Research and analysis giants have graded NIIT Technologies on a higher service plinth which helps the organization live up to the trust of its clients. Quoting some recent grades; NIIT Technologies was rated positive in Gartner Market Scope 2008 for Remote Support Services and Monitoring Services. Also, was recommended supplier for eApps for New Business in Gartner's Hype cycle for Life Insurance 2008. NIIT Technologies was also featured in the Market Overview on IT Service Providers in India 2008 from Gartner.

**Showcasing strength at the NASSCOM India Leadership Forum 2009**

The NASSCOM India Leadership Forum 2009, a milestone event that marked NASSCOM's 20th year, was held at Mumbai, India, from 11th -13th February, 2009. NIIT Technologies extended it's participation as Platinum Sponsor at the forum and unveiled the new Insurance Process Framework - ipf3 - for the commercial insurance sector. ipf3 heralds the beginning of improved technology enablement for the Insurance sector. In the current market conditions, ipf3 promises to help Insurers meet their business objectives of faster time to- market, improved process efficiencies by way of increased compliance to changing regulatory requirements and seamless integration with the existing IT environment of the insurers.


**Celebrating profound and enduring customer relationships**

The year 2008-09 was important from the customer perspective with the company strengthening its engagement with existing customers. NIIT Technologies and SITA, the world's leading specialist in air transport communication and information technology solutions celebrated the first anniversary of their business association.



*NIIT Technologies' team including Sanjay Saxena, Rajendra Pawar, Ravi Pandey with Francesco Violante - CEO, SITA*

Working closely with the air transport community, SITA innovates and develops IT applications and communication services across every aspect of the business. The objective of the one-year anniversary event was not only to spotlight the success of the partnership but also provide an overview of NIIT Technologies' capabilities within the Travel vertical and other industry segments. The event outcomes highlighted the facts on how airlines worldwide were looking to companies such as SITA and NIIT Technologies to help them in these challenging and uncertain times. It is hence observed that organizations were leveraging the long-term partnerships with NIIT Technologies to ride through the difficult phase.



With our belief in continuous improvement in every aspect of business, we have kept our focus on improving cost structures through cost optimisation across the organisation. In spite of the volatility in exchange rate which had an impact on the global revenues, it helped in preserving operating profits during this challenging period.

## Cost Structure Improvement

## Directors' Report

Dear Shareholders,

The Board of Directors of the Company take pleasure in presenting the report on its business and for the financial year ended March 31, 2009.

### Financial Results

The highlights of the financial results for the financial year 2008-09 are as follows –

(Figures in mn. except for EPS)

Particulars	FY 2008-09	FY 2007-08
Consolidated Revenues	9,799	9,415
<b>Stand alone financials</b>		
Income from operations	5,021	4,447
Other Income	397	473
<b>Total Income</b>	<b>5,418</b>	<b>4,920</b>
Profit before depreciation and taxes	1,277	1,722
Depreciation	296	230
Provision for tax & (deferred tax)	96	61
Profit After Tax	885	1,431
Earning Per Share (Basic) (In Rs.)	15.07	24.39

### Review of global operations

The year under review was extremely turbulent with the global economies declining under the pressure of subprime crises, inflation pressures, high oil & commodity prices and volatile exchange rates. The Company increased its focus on its strategies to address these challenges.

The total consolidated revenue grew by 4% from Rs 9,415 mn. in the previous year to Rs. 9,799 mn. for the year 2008-09. The profit before taxes for the same period went down from Rs. 1,509 mn. to Rs. 1,389 mn. The consolidated net profit after taxes for the year 2008-09 attributable to equity shareholders after minority interest stood at Rs. 1,148 mn. During the year, the Company's focus on the chosen industry verticals & endeavor to improve performance in businesses across all geographies, helped achieve moderate growth rates in revenue & continue profitability despite adverse global macroeconomic conditions. The revenue profile of the Company is well diversified across the three main geographic areas with EMEA contributing 50% to revenues, 31% from Americas and the balance

from Asia and Australia which has helped the Company mitigate the single geography risk.

### Outlook

The Company continues to focus on its offerings in three chosen verticals - BFSI, Transportation and Retail services. Continuous innovation in newer service offerings, strong domain capabilities and inorganic initiatives to expand its market access shall be the key to the growth of the Company in the future years. In the last couple of years, the Company has embarked on a number of initiatives to turn its business model from a linear IT Services-centric one to a non-linear one. The Company believes these initiatives will be the key growth drivers and will also aid in improving profitability in the future.

The Company recently launched ipf3, the framework solution for the commercial insurance sector, thus adding to the services portfolio of the non-linear business. ipf3 heralds the beginning of improved technology enablement for the Insurance sector. In the current market conditions, ipf3 promises to help Insurers meet their business objectives of faster time to market, improved process efficiencies by way of increased compliance to changing regulatory requirements and seamless integration with the existing IT environment of the insurers.

During the year under review, the Company made investment of Rs. 603 mn in the proposed SEZ facility in Greater Noida. Till 31st March, 2009 the investment in Capital work in Progress amounted to Rs. 979 mn.

### Employee Stock Option Scheme (ESOP)

During the year 2008-09, 28300 equity shares of the Company of Rs. 10/- each, fully paid up, were allotted under the Employee Stock Option Plan 2005 of the Company on exercise of stock options. As on March 31, 2009, the issued and paid up share capital of the Company was Rs. 587,266,950.

Under ESOP 2005, the Compensation /Remuneration committee, in their meeting held on 28th July, 2008, has granted stock option to select employees/directors of the company/subsidiary companies. Details of options granted under ESOP 2005 are annexed to this Report, as annexure B, in accordance with SEBI (Employee Stock Option Scheme and employee Stock Option Purchase Scheme) Guidelines, 1999, and any modifications thereto.

### Reserves

The Company has transferred an amount of Rs. 88 mn. to General Reserve (Rs.143 mn. last year) and has transferred an amount of Rs. 37.5 mn. from the Debenture Redemption Reserve (last year Rs. 17.5 mn.).

### Dividend

The Board has recommended a dividend of Rs. 6.50 per equity share of Rs.10/- each (previous year Rs. 6.50 per equity share) on the share capital, subject to approval of the shareholders at the ensuing Annual General Meeting.

### Subsidiary Companies

As on March 31, 2009, your Company had subsidiaries in the United States of America, Japan, United Kingdom,



Netherlands, Belgium, Germany, Switzerland, Austria, India, Singapore, Thailand, Australia, Canada and Dubai.

During the year under review Dubai Branch of the Company was converted into a NIIT Technologies Free Zone Limited Liability Company "FZ-LLC"

As required under the Listing Agreement with the stock exchange(s) a consolidated financial statement of the Company and all its subsidiaries has been prepared and attached hereto.

The Company has been granted exemption by the Ministry of Corporate Affairs vide its letter No. 47/308/2009-CL-III dated April 17, 2009 from attaching the audited accounts of the subsidiaries to the annual accounts of your Company for the current year. In accordance with the terms of the aforesaid exemption letter, a statement containing brief financial details of the subsidiary companies for the year ended March 31, 2009 is included in the Annual Report. The annual accounts of the subsidiary companies and related detailed information will be made available to any member of the Company or subsidiary company upon request and are also available for inspection by any member of the Company, during the business hours, at the registered office of the Company and that of the subsidiary company concerned.

During the year NIIT Smartserve Ltd, UK a step down subsidiary of the Company applied for striking off the name of the Company to the Companies House.

During the year, Company has charged an amount of Rs. 2500 Lacs to the Profit & Loss Account on account of diminution in the investment in its wholly owned subsidiary M/s NIIT SmartServe Limited. Further an amount of USD 1.45 mn has been charged to Profit & Loss Account by company's subsidiary NIIT Technologies Inc. USA on account of diminution in the investment in its subsidiary M/s NIIT Technologies Co. Ltd., Japan.

### **Corporate Governance and Management Discussion and Analysis Statement**

The Company is in the total compliance with all the mandatory requirements regarding corporate governance as stipulated under Clause 49 of the listing agreement with the stock exchange(s). A compliance report for the period ended on 31st March, 2009 is included in the Corporate Governance Report which forms part of the annual report. The certificate issued by the statutory auditors of the Company on compliance of the conditions of corporate governance stipulated in clause 49 of the listing agreement with the stock exchange(s) forms part of the Corporate Governance Report.

The report on Corporate Governance and Management Discussion and Analysis statement is included in the annual report.

### **Delisting of Shares**

The equity shares of the Company are currently listed at Bombay Stock Exchange Ltd. and National Stock Exchange of India Ltd. During the year, the Company has delisted its shares from Delhi Stock Exchange, Ahmedabad Stock Exchange, Madras Stock Exchange

and Calcutta Stock Exchange as the shares are mostly traded at NSE and BSE.

### **Postal Ballot**

During the year a Special Resolution u/s 17 of the Companies Act, 1956 was passed for alteration of main object clause of Memorandum of Association of the Company enabling it to carry on the business of setting up, develop, manage and operate Special Economic Zones, Software Technologies Parks or other Export Promotion Parks for IT/ITeS.

### **Directors**

As per the provisions of the Companies Act, 1956 and Articles 67, 68 and 69 of the Articles of Association of the Company, Mr. Vijay K. Thadani and Mr. Amit Sharma, Directors of the Company, retire by rotation at the forthcoming Annual General Meeting and being eligible, offer themselves for reappointment.

### **Directors' Responsibility Statement**

As required under Section 217 (2AA) of the Companies Act, 1956, the Board of Directors of the Company hereby states and confirms -

- a) That in preparation of Annual Accounts for the financial year, applicable Accounting Standards have been followed along with the proper explanations relating to material departures;
- b) That they have selected the accounting policies described in the notes to accounts, which have been consistently applied, except where otherwise stated and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2009 and of the profit or loss of the Company for that year;
- c) That they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- d) That the Annual Accounts have been prepared on the historical cost convention, as a going concern basis and on accrual basis.

### **Information relating to Conservation of Energy, Technology Absorption, Research and Development and Exports and Foreign Exchange Earnings and Outgo and other information forming part of the Directors' Report in terms of Section 217(1)(e) of the Companies Act, 1956, and Rules made there-under**

#### **- Conservation of energy**

The operations of the Company involve low energy consumption. However, adequate measures, wherever possible, have been taken to conserve energy. The Company is continuously evaluating new technologies and invests in them to make its infrastructure more energy efficient.

**- Technology absorption**

In today's world, perpetually evolving technologies and increasing competition define the global market space. In order to maintain its position of leadership, the Company has continuously and successfully developed innovative methods for absorbing, adapting and effectively deploying new technologies.

**- Research & Development**

During the year, the Company continued its research in software engineering. These efforts have resulted in innovative products in software engineering to support both maintenance and development projects. Expenditure on research and development is not significant in relation to the nature and size of operations of the Company.

**- Export and Foreign Exchange Earnings and Outgo**

The details of foreign exchange earnings and outgo are mentioned in Note Nos. 10 and 12 contained in the Notes to Accounts (Schedule No. 18 ) forming part of the Balance Sheet as at March 31, 2009 and Profit and Loss Account for the year ended on that date.

**Public Deposits**

The Company has not accepted any fixed deposits during the year hence no amount of principal or interest was outstanding on the date of the Balance Sheet.

The CRISIL assigned a rating of "AA/Stable" indicating high degree of safety to the Non-Convertible Debenture Programme of the Company.

**Particular of Employees**

The statement of employees pursuant to Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, is annexed as annexure A hereto and forms part of this report.

**Auditors**

M/s. Price Waterhouse, Chartered Accountants, the Auditors of the Company, retire at the conclusion of the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment.

**Auditors' Report**

The Report of the Auditors' on the Annual Accounts of your Company forms part of the Annual Report and is self explanatory.

**Export Initiatives**

During the year 90% of the revenues were derived from exports. The Company has developed a substantial direct marketing network across the various countries in America, Europe and Asia Pacific. These offices are equipped with sales and marketing team, who market the services to the international clients in the respective countries.

During the year the Company participated in various conferences and seminar to enhance the company's

business growth. Launch of ipf3 (a new Insurance Process Framework for the commercial insurance sector) was also a milestone achievement which is built on a robust SOA architecture. During the year company participated in various conferences and summits across the world to enhance the awareness of the services being offered to various prospective clients.

**Awards and Accords**

During the year under review, the Company bagged several recognitions at the Indian and global levels. Few of the most significant honors amongst all are mentioned below:

- NIIT Technologies was declared 'Business Superbrand' for 2008 by the Superbrands Council of India.
- NIIT Technologies ranked amongst Top 20 software exporters in 2008 by NASSCOM.
- NIIT Technologies was awarded the Distinguished Services Award for initiatives and efforts in promoting business with USA by the Georgia Tech Center for International Business Education & Research.
- NIIT Technologies' subsidiary, NIIT SmartServe was ranked 11th in Employee Satisfaction by DQ-IDC 2008.

**Human Resources Initiatives**

People development continues to remain the focal point for the organization and many initiatives were rolled out including online training and People CMM 2.0. These initiatives are being rolled out for improved people processes and higher levels of staff engagement. Revamping of our Sales force in the US and UK as well as retention of high performers were amongst the key focus areas for HR. Renewed impetus on eLearning as one of the modes to ensure continuous capability improvement through cost effective means helped us in improving the global productivity, effectiveness of people & the organization.

**Acknowledgement**

Your Directors take this opportunity to thank all investors, business partners, clients, technology partners, vendors, financial institutions/banks, regulatory and government authorities, media and Stock Exchanges, for their continued support during the year. Your Directors place on record their appreciation of the contribution made by NIITians at all levels for their commendable teamwork, dedicated and wholehearted efforts, without which your Company's consistent growth would not have been possible.

For and on behalf of the Board

Sd/-

Place : New Delhi  
Dated : May 26, 2009

Rajendra S Pawar  
Chairman  
(DIN 00042516)



**ANNEXURE – A**
**Statement pursuant to Section 217(2A) of the Companies Act, 1956 for the financial year April 01, 2008 to March 31, 2009**

Name	Age (Years)	Qualification	Designation	Experience (Years)	Gross Remuneration (Rs.)	Previous employment/ Position Held	Date of Joining
Rajendra Singh Pawar	59	B. Tech.	Chairman & Managing Director	37	4,125,000	NIIT Limited, Chairman & Managing Director	12-Jun-04
Arvind Thakur	54	B.Tech., PGDIE	Chief Executive Officer & Jt. Managing Director	31	14,367,315	NIIT Limited, Whole Time Director	12-Jun-04
Arvind Mehrotra	47	MBE	Executive Vice President - Apac & Strategic Initiatives	25	6,296,337	NIIT Limited, General Manager	1-Apr-03
Satish Kumar Syal	59	BE, M.Tech.	Executive Vice President - Managed Services	36	5,851,132	NIIT Limited, Chief Information Officer	1-Apr-03
Kul Taran Singh Anand	51	M. Com, FCA	Chief Financial Officer	27	5,702,652	TCNS Ltd., Vice President (Finance & Manufacturing) And SBU Head	4-Apr-03
Rosita Rabindra	49	B.Sc.,MSW	Executive Vice President- Human Resources	27	5,431,277	NIIT Limited, Sr. Vice President Human Resources	1-Apr-03
Bhaskar Chavali	51	BE, ME	Executive Vice President - CDSM Practice & Resource Head	27	5,345,094	NIIT Limited, Vice President	1-Apr-03
Ashok Kumar Arora	54	B.Com	Group Chief Financial Officer	33	4,773,775	NIIT Limited, Chief Financial Officer	1-Apr-03
Piyush Srivasatava	54	MA	Senior Vice President - Commercial Services	30	4,338,828	NIIT Limited, Sr. Vice President Commercial	1-Apr-03
Vijay Kumar	57	BE/ B.Tech, MBA	Group Executive Vice President-Merger & Acquisitions	32	4,163,101	NIIT Limited, Sr. Vice President	1-Apr-03
Harish Kumar Sharma	49	ME,/M.Tech.	Vice President - Travel & Transport USA	26	3,080,750	Perot Systems TSI (India) Ltd., Director Travel & Transport Vertical	1-Oct-07
Vijay Ghei	51	BE	Vice President - Consulting & Innovation	28	2,885,487	NIIT Limited, General Manager	1-Apr-03
Pulok Kumar Nandi	48	M.Sc, ME/ M.Tech	Practice Leader - Legacy Modernization & Maintenance	23	2,753,594	NIIT Limited, Practice Leader	1-Apr-03
Alok Jauhary	50	BE/BTech, MBA	Vice President & Delivery Head - ADS	27	2,730,269	Perot Systems TSI(India) Ltd., General Manager	19-Jul-04
Samir Chandrakant Sao	43	MBA	General Manager & Delivery Head - Holcim	21	2,699,377	Datamatics, Lead Software Consultant	12-Sep-05
Dinesh Verma	42	BE/ B.Tech.	Vice President & Delivery Head, US-Insurance-ING Project	21	2,647,989	NIIT Limited, Senior Project Manager	1-Apr-03
Ritu Gupta	41	B. A., MBA	Practice Leader - Indurance Vertical	19	2,601,705	NIIT Limited, Senior Project Manager	1-Apr-03
Udayan Banerjee	54	BE/B.Tech	Vice President - Build My Application	32	2,596,515	NIIT Limited, General Manager	1-Apr-03
Ashok Shetty	36	BE/B.Tech	Lead Architect - CSDM Practice	14	2,546,147	NIIT Limited, Architect	1-Apr-03
Mukund Kolhekar	42	MCom., ICWA	Senior Functional Specialist - India Business Unit	11	2,431,861	National Semiconductor Corporation, Sr.Sap Analyst	7-Nov-05
Rupesh Deorah	38	CA	Controller - Finance	17	2,411,335	Nicholas Piramal India Ltd., Senior Deputy General Manager	11-Jul-05

**Employed for part of the year**

Name	Age (Years)	Qualification	Designation	Experience (Years)	Gross Remuneration (Rs.)	Previous employment/ Position Held	Date of Joining
Amit Kumar Chakraborty*	51	BE/B.Tech	Vice President & Location Head - Kolkatta	31	2,830,169	NIIT Limited, General Manager	1-Apr-03
Jaydeep Ashok Apte*	41	BE/B.Tech	Program Manager - India Business Unit	19	79,981	Pricewaterhouse Coopers Pvt Ltd, Principal Consultant.	20-Oct-06
R Manickavasagam*	54	M.Sc.	Vice President & Location Head - Bangalore	29	95,226	Vizual Business Tools Pvt. Ltd., Head Delivery / Operations	24-May-06
Umamaheshwaran Shastry*	44	MBA	Senior Vice President & Global Vertical Head - Travel , Transport & Logistics Vertical	23	2,249,873	Mercator, Dubai UAE, Manager IT Sales & Accounts	26-Feb-07
Parthasarathi Dutt*	48	B.Sc.	Vice President - Middle East-TTL	24	1,195,354	IBM India Pvt Ltd., GM Airport Solutions	29-Sep-08
Shashank Mohan*	44	MBA	Vice President - Banking Vertical	21	970,462	Genpact, Vice President IT	1-Mar-07
Soumendra Kumar Das*	41	MCA	Senior Project Manager - CEUR - Genrali - Insurance	15	129,621	NIIT Limited, Project Manager	1-Apr-03
Surender Varma	39	ICWAI, CS ,LL.B	General Manager-Legal & Secretarial	17	2,832,145	Emaar MGF Land Ltd, Head (Corporate Legal & Secretarial)	20-May-08
Venkataramani Rajaraman	49	B.Sc.	Vice President - India BU	27	2,406,448	Siemens Information Systems Limited, Business Head	2-Apr-08
Arun Pingaley	43	B.Com , ICWAI	Vice President - Banking	20	1,237,343	Oracle Financial Services Software Ltd. (I-Flex Solutions) , Head Product Management	5-Dec-08
Goutam Kundu	41	MBA	Vice President - Insurance	20	458,983	Washington Suburban Snitary Comission (WSCC), Maryland-Chief Information Officer	16-Feb-09
Narayanan Kallapiran	50	BE/B.Tech	Senior Vice President-TTL Vertical	27	865,629	Gameshastra Solutions, Head - India Operations	12-Jan-09
Lalgudi Venkatraman Sridhar	51	MBA	Vice President - Rouk Delivery	27	741,962	Satyan Computers, Senior Solution Architect	22-Dec-08
Tarun Malik	47	BE,MBA	Vice President - Software Engineering Process Group	22	2,272,856	NIIT Technologies Co. Ltd., Japan General Manager	10-May-08
Kawaljit Singh**	49	B.Com, FCA	Financial Controller - Corp Centre	25	1,767,274	NIIT Limited , Financial Controller	1-Apr-03
Anil Batra**	42	BE/B.Tech	General Manager - Travel Transport & Logistics Vertical -Softec	20	533,220	NIIT Limited, Project Manager	1-Apr-03

\*resigned during the year

\*\* ceased to be an employee during the year

## ANNEXURE B

## Disclosure under SEBI (Employee Stock Option Scheme &amp; Employee Stock Purchase Scheme) Guidelines, 1999

(a) options granted;	Grant I : 660,750 (August 2, 2005) Grant II : 70,600 (August 11, 2005) Grant III : 280,000 (June 20, 2007) Grant IV : 477,750 ( July 28, 2008)* Total : 1489100 *The options were granted after issuance of bonus shares.																				
(b) the pricing formula;	At a price not less than the then existing face value of the share of the Company. <table border="1"> <thead> <tr> <th></th> <th>Grant Price</th> <th>Market Price</th> <th>Discount</th> </tr> </thead> <tbody> <tr> <td>Grant I</td> <td>Rs. 115.00</td> <td>Rs. 149.50</td> <td>23% of Market Price</td> </tr> <tr> <td>Grant II</td> <td>Rs. 150.85</td> <td>Rs. 150.85</td> <td>No</td> </tr> <tr> <td>Grant III</td> <td>Rs. 523.50</td> <td>Rs. 523.50</td> <td>No</td> </tr> <tr> <td>Grant IV</td> <td>Rs. 108.00</td> <td>Rs. 107.40</td> <td>No</td> </tr> </tbody> </table> (Note: Price for Grant IV is post bonus issue)		Grant Price	Market Price	Discount	Grant I	Rs. 115.00	Rs. 149.50	23% of Market Price	Grant II	Rs. 150.85	Rs. 150.85	No	Grant III	Rs. 523.50	Rs. 523.50	No	Grant IV	Rs. 108.00	Rs. 107.40	No
	Grant Price	Market Price	Discount																		
Grant I	Rs. 115.00	Rs. 149.50	23% of Market Price																		
Grant II	Rs. 150.85	Rs. 150.85	No																		
Grant III	Rs. 523.50	Rs. 523.50	No																		
Grant IV	Rs. 108.00	Rs. 107.40	No																		
(c) options vested;	As at March 31, 2009 Grant I : 597,400 Grant II : 16,000 Grant III : 100,105 Grant IV : Nil Total : 713,505																				
(d) options exercised;	As at March 31, 2009 Grant I : 501,950 Grant II : 16,000 Grant III : Nil Grant IV : Nil Total : 517950																				
(e) the total number of shares arising as a result of exercise of option;	517950																				
(f) options lapsed;	As at March 31, 2009 Grant I : 126,300 Grant II : 54,600 Grant III : 327,845 Grant IV : 16,500 Total : 525,245																				
(g) variation of terms of options;	None																				
(h) money realized by exercise of options;	Grant I : Rs. 55,840,550 Grant II : Rs. 2,413,600 Total : Rs. 58,254,150																				
(i) total number of options in force;	Grant I : 74,850* Grant II : Nil Grant III : 92,155* Grant IV : 4,61,250 (Vesting Due on 28.07.2009) Total : 628,255 *Post bonus adjustment																				
(j) employee wise details of options granted to:-																					
(i) senior managerial personnel during the year	A summary** of options granted to senior managerial* personnel are as under :  No. of employees covered : 17 (Seventeen) No. of options granted to such personnel : 2,35,500 (Two Lakh Thirty Five Thousand and Five Hundred only)  *includes employees who are one level below the Board or CEO working in executive capacity. **only summary given due to sensitive nature of information, details of which can be obtained from the Registered Office by the members of the Company, upon request.																				
(ii) any other employee who receives a grant in any one year of option amounting to 5% or more of option granted during that year.	Nil																				

(iii) identified employees who were granted option, during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the company at the time of grant	Nil															
(k) Diluted Earnings Per Share (EPS) pursuant to issue of shares on exercise of option calculated in accordance with Accounting Standard (AS-20) 'Earnings Per Share'	Rs. 15.07 (previous year: 24.35)															
(l) Where the company has calculated the employee compensation cost using the intrinsic value of the stock options, the difference between the employee compensation cost so computed and the employee compensation cost that shall have been recognized if it had used the fair value of the options, shall be disclosed. The impact of this difference on profits and on EPS of the company shall also be disclosed	Please refer to Notes Nos.20 and 24 contained in the Notes to Accounts (Schedule No.18) forming part of the Balance Sheet as at March 31, 2009 and Profit and Loss Account for the year ended on that date.															
(m) Weighted-average exercise prices and weighted-average fair values of options shall be disclosed separately for options whose exercise price either equals or exceeds or is less than the market price of the stock	<table border="1"> <thead> <tr> <th></th> <th>Grant I* (Rs.)</th> <th>Grant II* (Rs.)</th> <th>Grant III* (Rs.)</th> <th>Grant IV (Rs.)</th> </tr> </thead> <tbody> <tr> <td>Weighted-average Exercise price</td> <td>115.00</td> <td>150.85</td> <td>523.50</td> <td>108.00</td> </tr> <tr> <td>Weighted-average Fair Value</td> <td>59.20</td> <td>41.18</td> <td>168.11</td> <td>43.78</td> </tr> </tbody> </table> <p>* Pre bonus issue</p>		Grant I* (Rs.)	Grant II* (Rs.)	Grant III* (Rs.)	Grant IV (Rs.)	Weighted-average Exercise price	115.00	150.85	523.50	108.00	Weighted-average Fair Value	59.20	41.18	168.11	43.78
	Grant I* (Rs.)	Grant II* (Rs.)	Grant III* (Rs.)	Grant IV (Rs.)												
Weighted-average Exercise price	115.00	150.85	523.50	108.00												
Weighted-average Fair Value	59.20	41.18	168.11	43.78												
(n) A description of the method and significant assumptions used during the year to estimate the fair values of options, including the following weighted-average information:																
(i) risk-free interest rate,	<table border="1"> <tbody> <tr> <td>Grant I</td> <td>7%</td> </tr> <tr> <td>Grant II</td> <td>7%</td> </tr> <tr> <td>Grant III</td> <td>7.93%</td> </tr> <tr> <td>Grant IV</td> <td>9.24%</td> </tr> </tbody> </table>	Grant I	7%	Grant II	7%	Grant III	7.93%	Grant IV	9.24%							
Grant I	7%															
Grant II	7%															
Grant III	7.93%															
Grant IV	9.24%															
(ii) expected life,	2.5 years															
(iii) expected volatility	<table border="1"> <tbody> <tr> <td>Grant I</td> <td>10%</td> </tr> <tr> <td>Grant II</td> <td>10%</td> </tr> <tr> <td>Grant III</td> <td>51.13%</td> </tr> <tr> <td>Grant IV</td> <td>65.62%</td> </tr> </tbody> </table>	Grant I	10%	Grant II	10%	Grant III	51.13%	Grant IV	65.62%							
Grant I	10%															
Grant II	10%															
Grant III	51.13%															
Grant IV	65.62%															
(iv) expected dividends, and	<p>The shares to be issued under stock options shall rank pari-passu, including the right to receive dividend.</p> <p>Expected dividend payouts to be paid during the life of the option reduce the value of a call option by creating drop in market price of the stock. Adjustments for known dividend payouts over the life of the option are made to the formulae under Black Scholes method. However, in the present case, as the life of the option is greater than one year, there is considerable difficulty in estimating the amount and time of future dividend payouts with certainty. Hence, future dividend payouts have not been incorporated in the valuation analysis</p>															
(v) the price of the underlying share in market at the time of option grant	<p>For Grant I the market price was Rs. 149.50                      For Grant II the market price was Rs. 150.85                      For Grant III the market price was Rs. 523.50                      For Grant IV the market price was Rs. 107.40</p>															

Note : For Grant I, Grant II and Grant III options vested, exercise and lapse includes pre and post bonus issue adjustment.



## Consolidation of Business

To stand steady in the turbulent times, we leveraged our offshore capabilities and through our differentiated services enhanced value to consolidate business with our key clients seeking "more for less." Fresh order intake during the year increased over 36%.

## Management Discussion and Analysis

### OVERVIEW

The financial year 2008-2009 was characterised by volatility and uncertainty. Every major corporation has suffered dramatically. Without exception every organization has been in a mode to cut costs. Clearly the expectation from every customer has been to deliver "More for Less". NIIT Technologies is playing a dynamic role in supporting them as their technology partner, knowing what their challenges are, the paths they choose, the strategies and tactics they will deploy to strengthen themselves. Its own growth drivers in these turbulent times were aligned as follows:

- Consolidation of key accounts:** In order to address the Clients' turbulence, NIIT Technologies recommended "More for Less" theory which emphasized on more offshoring of business within lower cost and encouraging its clients for a longer period of business association. As a result, the Company was able to register a record intake of USD 312 Mn.
- Continuously improving cost structures:** The Company initiated the cost optimization drive across the organization which resulted in preserving operating margins under tough economic environment.
- Business Transformation:** The first phase in our transformation journey was completed when we reinvented NIIT Technologies from being a provider of generic technology services to be an industry specific solution provider. Our next phase of transformation involves making the business non-linear to create deeper specialist and deliver greater value.

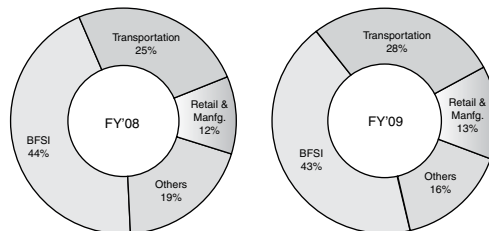
### NIIT Technologies Ltd: (Consolidated)

#### Strategy of Value from Focus

In the five years since NIIT Technologies was spun off from NIIT Limited, it has demonstrated a sharp focus on specific vertical industry segments. BFSI, being the largest vertical, has accounted for 43 percent of the revenues, travel and transport for 28 percent and retail and distribution for 13 percent. In all, 84 percent of the Company's revenues are derived from these areas of focus. The Company's consistent & profitable growth in

the face of harsh macroeconomic headwinds is driven by NIIT Technologies' focus on building strengths in chosen verticals.

### Verticals Mix



Within BFSI, the Company continues to be sharply focused on the Insurance sector, which now contributes around 28 percent towards overall revenues.

### BUSINESS INNOVATION

The world is changing and change being the only constant, the old ways of doing business must change for organizations to remain relevant. Innovation is the key to transformation. Two years back the Company announced its foray into the new business segment of Infrastructure Management and Managed Services. This has become its fastest growing service line yielding annual growths of over 34 percent year on year. The Company has also integrated this offering with its Application Development & Maintenance (ADM) and Business Process Management (BPM) services to provide a compelling & unique value proposition to its customers. Over the last year, the Company has also made investments into reworking its frameworks & products (both owned & acquired) into Platform-based Services. Last year the Company also announced its foray into the Software as a Service (SaaS) space. Taken together, these offerings will form the basis for the transformation of the Company's business model from a linear to a non-linear one. NIIT Technologies' expect its non-linear offerings to drive its growth.

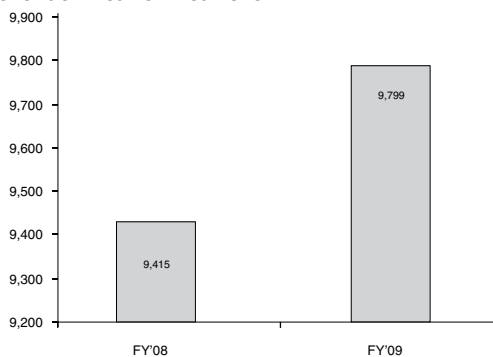
### People Resources

As of March 31, 2009, the staff strength of NIIT Technologies stood at 4238. At the year end the Company has an offshore development capacity of over 300,000 square feet. The construction work for the campus in Greater Noida is currently in progress and is expected to be completed in the financial year 2009-10.

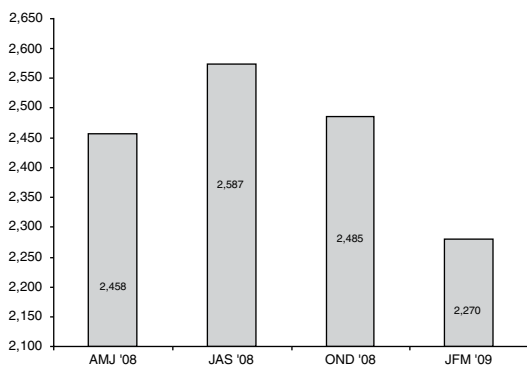
### Financial Highlights

The consolidated financials take into account the financials of NIIT Technologies Limited and its subsidiaries, including subsequent level companies after eliminating inter-company transactions. NIIT Technologies and its subsidiaries posted a consolidated income of Rs 9,947 million for the financial year ending March 31, 2009. The year saw revenues touch Rs. 9,799 million, up from Rs. 9415 million in the previous year, resulting in an annual growth of 4 percent.

### Revenue - Year on Year Growth



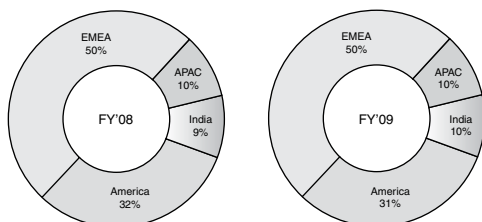
### Revenue - Quarterly Spread



(Rs. Million)	AMJ '08	JAS '08	OND '08	JFM '09	FY '09
Revenue	2,458	2,587	2,485	2,270	9,799

### Geography Mix

EMEA accounted for around 50 percent of revenues, same as last year. The revenue share of the Americas stood at 31 percent, while Asia and Australia contributed the balance 19 percent towards revenue totals. India increased its mix to 10 percent indicating stronger domestic demand.

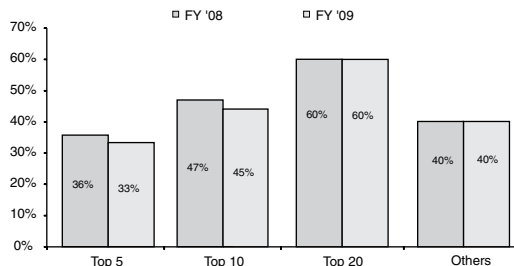


### Client profile

The company's revenues were more broad-based this year compared to the previous year. The Top five clients contributed 33 percent of the revenues. The Top 10 clients contributed 45 percent of the revenues, while 60 percent of the revenues were generated from the Top 20 customers. The Company continued to bag fresh orders

at a regular pace, and notched up a total intake of US\$ 312 million for the year which was 36 percent higher than the last year. 92 percent of NIIT Technologies' revenues were a result of repeat business.

### Top Client Mix



### Audited Consolidated Profitability

	FY 2009	FY 2008	FY 2007
<b>Revenue</b>	9,799	9415	8859
Expenses	8,035	7652	7056
<b>Operating Profit</b>	1,764	1763	1803
Operating Profit margin	18%	19%	20%
PBT	1,389	1509	1516
<b>PAT</b>	1,148	1353	1292

An expense analysis of the Company shows that while personnel constituted the highest element of cost at 57 percent of revenues, development and bought-out materials constituted 8 percent and administrative and marketing 17 percent. Depreciation and amortization accounted for 4 percent, leaving a PBT margin of 14 percent for the year.

### Audited Consolidated Balance Sheet

Rs. Million

Particulars as on	March 31, 2009	March 31, 2008
<b>Sources of Funds</b>		
Share Capital	587	587
ESOP Outstanding	2	2
Reserves and Surplus	3287	3824
<b>Net Worth</b>	<b>3876</b>	<b>4413</b>
<b>Minority Interest</b>	<b>22</b>	<b>49</b>
<b>Loan funds</b>	<b>348</b>	<b>647</b>
<b>Total</b>	<b>4246</b>	<b>5109</b>
<b>Application of Funds</b>		
Fixed Assets		
Gross Block	4737	4358
Depreciation	2632	2499
<b>Net Block</b>	<b>2105</b>	<b>1859</b>
Capital Work in Progress	1052	518
<b>Investment</b>		<b>1311</b>
Deferred Tax Asset	435	68
Net Current Assets	654	1353
<b>Total</b>	<b>4246</b>	<b>5109</b>

### Employee Stock Option Plan

The Company established NIIT Technologies Stock Option Plan 2005 (ESOP 2005) in the year 2005-06 and the same was approved at the Annual General Meeting

of the company on 29th July 2004. The plan was set up so as to offer and grant for the benefit of employees of the company and its subsidiaries, who are eligible under Securities Exchange Board of India (SEBI) Guidelines (excluding promoters), options of the company in aggregate up to 3,850,000 options under ESOP 2005, in one or more tranches, and on such terms and conditions as may be fixed or determined by the Board in accordance with the provisions of law or guidelines issued by the relevant authorities in this regard. As per the plan each option is exercisable for one equity share of face value of Rs 10 each fully paid up on payment to the company for such shares at a price to be determined in accordance with ESOP 2005. SEBI has issued the Employee's Stock Option scheme and Employee Stock Purchase Scheme Guideline, 1999 which is applicable to the above ESOP 2005.

The Company granted option in four tranches, the details of which are as follows:

Description	Tranche I		Tranche III		Tranche IV [Note (b)]
	2008-09	2007-08	2008-09	2007-08	2008-09
Date of Grant	August 02, 2005		June 20, 2007		July 28, 2008
Date of Vesting	August 02, 2006		June 20, 2008		July 28, 2009
Live grants at beginning /during the year (Nos)	106,300	160,200 [Note (a)]	378,750	420,000 [Note (a)]	477,750
Forfeited/lapsed till vesting period (Nos)	-	-	278,645	41,250	16,500
Options Vested (Nos)	-	-	100,105	-	-
Vested Options	-	160,200	-	-	-
Options forfeited post vesting (Nos)	3150	6,300 Note (a)]	7,950	-	-
Options Exercised (Nos)	28,300	47,600 Note (a)]	-	-	-
Exercisable/ outstanding at the end of the Year (Nos)	74,850	106,300	92,155	378,750	461,250
Exercise Price	Rs. 76.67	Rs. 76.67	Rs. 349.00	Rs. 349.00	Rs. 108.00
Remaining Contractual Life	123 days	488 days	811 Days	1350 Days	1214 Days
Fair Value of the Options based on Black and Scholes model (as per Independent valuer's report)					
Pre-Bonus Post Bonus	Rs 59.20 Rs 39.46	Rs 59.20 Rs 39.46	Rs. 168.11 Rs. 112.07	Rs. 168.11 Rs. 112.07	Rs. 43.78
Intrinsic Value of option	Rs. 23.00	Rs. 23.00 Note (a)]	-	-	-

The assumptions used by the independent valuer for determination of fair value as per the Black & Scholes model is as follows:

- Market price considered is the latest available closing price, prior to the date of the grant.
- Exercise price is the price payable by the employees for exercising the option.
- As the life of the option is greater than one year there is considerable difficulty in estimating the amount and time of future dividend payouts with certainty, hence future dividend payout have not been incorporated in the valuation analysis.
- Volatility - Variance in the stock price is considered as 10 percent (for Grant I), 51.13 percent (for Grant III) and 65.62 percent (for Grant IV) is based on historical volatility in the share price movement of the company and four other comparable companies.
- Average life of the options is considered to be 2.5 Years (For all the Grants).
- Risk less interest rate has been assumed at 7 percent (Grant I) and 7.93 percent (Grant III) and 9.24 percent (Grant IV) based on long term government bonds of ten year residual maturity.

#### Minority Interest

The minority shareholding includes the interest of third parties in one of the Company's subsidiaries, NIIT GIS Limited (as minority shareholders), provision for which has been made based on the profits of the respective subsidiary.

#### Fixed Assets

During the year, capital investment of Rs. 744 million were made for project - related capital assets and capacity increases. In addition Rs. 603 million of capital WIP was created for the new SEZ campus development at Greater Noida.

#### Net Current Assets

The elements of net current assets are as follows:

- Trade Receivables:** Debtor days stand at 72, on a total sundry debtor's position of Rs. 1,935 million.
- Cash and Bank:** Cash and Bank balance as on March 31, 2009 is Rs. 1585 million.
- Other Current Assets:** This primarily includes unbilled revenues and Interest Receivable.
- Loans and Advances:** This includes advances, pre-paid expenses, security deposits made by the company in the normal course of business and advance taxes deposited.
- Current Liabilities and Provisions:** This represents sundry creditors, including capital creditors, advances from customers, unearned revenues, security deposits, provisions for leave encashment, gratuity, dividend and other liabilities.

#### Related Party Transactions

Related Party transactions are defined as transactions of the company with the Promoters, Directors or the Management, their subsidiaries or other related parties who may have a potential conflict with the interests of the



company at large. All transactions covered under related party transactions were regularly ratified and/or approved by the Board, the guiding principles being arm's length, fairness and transparency. The details of related party transactions are given in the Notes to Accounts section.

### NIIT TECHNOLOGIES LTD: STANDALONE

#### Revenue from Operations

The revenues from operations for the year stood at Rs. 5,021 million, up 13 percent year-on-year.

#### Other Income

The other income earned by the Company includes Capital Gains and Dividend Income on the mutual fund investments, Recoveries made from subsidiaries for common services and asset usage charges recovered from the Group Company. The company reported Rs. 334 million of Other Income in FY'09.

#### Revenue Recognition Policy

The significant Accounting policies and practices followed by NIIT Technologies Limited are disclosed in Note 1 of Schedule "18" (Notes to Accounts) for the year.

#### Foreign Currency Earning/Expenditure

Rs. Million

Impact of Foreign Currency	FY 2009	FY 2008
Earning in Foreign currency	4,559	4,059
Revenue Expenditure in Foreign Currency	1,579	1,024
Net Revenue Earning in Foreign Currency	2,986	3,035
Capital Expenditure in Foreign Currency	107	59
Net Foreign Currency Earnings	2,879	2,976

#### Expenditure

##### Personnel

The personnel cost was Rs 2,616 million, 52 percent of the revenue line, as compared with last year's numbers at 48 percent of revenues.

##### Development, Production and Execution

This cost constituted 10 percent of revenues. It includes the cost of products purchased for resale.

##### Other Expenditure

Other expenditure including administration, marketing spend, travel, communication costs and exchange fluctuation loss were at 21 percent of revenues.

##### Depreciation

The Company's depreciation charge was Rs. 296 million, 6 percent of revenues.

##### Dividend

The Board of Directors of the Company has recommended a dividend of Rs. 6.50 per Equity Share of Rs.10/- each, same as last year.

### BALANCE SHEET

#### Fixed Assets

During the year, the Company added Rs.600 million to its gross block of assets for project related capital expenditure and capacity increases.

#### Investments

Rs. Million

	FY 2009	FY 2008
Investment in subsidiaries & JV	1,086	1,133
Mutual funds	-	606
<b>Total</b>	<b>1,086</b>	<b>1,929</b>

#### Current Assets, Loans and Advances

##### Cash and Bank

Rs. Million

	FY 2009	FY 2008
Fixed Deposits	260	10
Cash in hand & balances with Banks	248	135
<b>Total</b>	<b>508</b>	<b>145</b>

##### Other Current Assets

This includes Unbilled Revenue of Rs. 22 million, Interest Receivable of Rs. 12 million and Dividend Receivable of Rs 305 million.

##### Loans and Advances

The loans and advances stand at Rs.672 million at the end of the year. The outstanding amount represents loan to subsidiaries, Pre-paid Expenses and other constituents in the normal course of business. These also include advances to suppliers, advance tax (net of provision), rent advances and security deposits given for premises.

##### Capital Structure

The share capital of the company stands at Rs 587 million.

##### Reserves

The reserves and surplus of the company are as follows:

Rs. Million

	FY 2009
Capital redemption reserve	17
Share premium	4
General Reserves	1,016
Hedging Reserve	(1,515)
Profit and Loss Account	2,889
<b>Total</b>	<b>2,412</b>

##### Impairment in investments

##### NIIT SmartServe Ltd. (NSS)

The Company invested a total of Rs 5,000 lacs from financial year 2002-03 till 2006-07 in the equity share capital of NIIT SmartServe Ltd. ("NSS"), a wholly owned

subsidiary involved in the Business Process Management. As at 31st March 2009, the net worth of NSS is Rs. 1,583 Lacs. NSS is strategically important as its capability allows the Company to offer a complete end to end IT solution to its clients enhancing the scope of offerings. Though NSS has made net profit during the year yet taking cognizance of present economic environment as a prudent and conservative measure a provision amounting to Rs. 2,500 Lacs (included in expenditure-other for the quarter and year ended 31st March, 2009) has been charged to the profit and loss account of the Company towards notional diminution in the value of the investment based on valuation carried out by the management.

#### NIIT Technologies Co. Ltd., Japan

The Company invested a total of USD 2.85 Mn on 31st May 2005 in equity share capital of NIIT Technologies Co. Ltd., Japan a wholly owned step down subsidiary perusing the business of software development services in Japanese market. As at 31st March 09, the net worth of NIIT Technologies Co. Ltd., Japan is JPY106 Mn (USD1.07 Mn). Japan subsidiary is strategically important to the business as it allows the Company access to Japanese market, which otherwise is very difficult. However, as a prudent and conservative measure and taking cognizance of present economic environment, a provision amounting to USD 1.45 Mn has been provided for in the profit and loss account of the Company towards the notional diminution in the value of the investment based on valuation carried out by the management”

#### Recognitions

- NIIT Technologies ranked Number 1 in the Black Book of Outsourcing 2008 Travel Industry survey.
- NIIT Technologies ranked No. 3 amongst global ITO service providers in the Black Book of Outsourcing 2008 Insurance industry Survey.
- NIIT Technologies ranked amongst the 2008 Black Book Top 50 Best Managed Outsourcing Vendors.
- NIIT Technologies declared 'Business Superbrand' for 2008 by the Superbrands Council of India.
- NIIT Technologies was awarded the Distinguished Services Award for their initiatives and efforts in promoting business with USA by Georgia Tech Center for International Business Education & Research.
- NIIT Technologies was felicitated with the Employer Branding Award for Excellence in HR through Technology and for Innovation in Career Development by the Asia Pacific HRM congress at the regional level.
- NIIT Technologies' subsidiary ROOM Solutions Ltd UK. conferred with an Accomplishment Award at the ACORD LOMA Insurance Systems Forum.
- NIIT Technologies was recognized amongst the top 50 IT Innovators for the year 2008 by NASSCOM.

- NIIT Technologies was amongst the Top 100 IT organizations ranked globally by IAOP. NIIT Technologies stands at 33rd overall and 7th in the Balanced Performance.
- NIIT Technologies ranked amongst the Global Services 100 - 2009 list. The list represents companies who have the maturity and capability to lead the next wave of services globalization.

#### Opportunities, Threats, Risk and Concerns, Risk Mitigation

Current macroeconomic environment poses significant short & medium-term challenges to growth. The sub-prime crisis, inflationary environment fuelled by high oil & commodity prices & volatile exchange rate scenarios are all part of the business environment. In such an environment, the key to growth is likely to be innovative service offerings, and a deep understanding of customer needs. The external growth factors include the growing impact of technology-led innovation, leading the increasing demand for global sourcing and the gradually evolving socio-political attitudes.

The Value proposition of the Indian ITES industry is largely supported by its abundant talent that is expected to support diverse operations, cost advantage, emphasis on quality, information security and rapid growth in key business infrastructure.

The ITES Industry thrives under a dynamically changing and highly competitive business environment. The Company too faces several business risks, of which some prominent ones are discussed hereunder along side the risk mitigation approach followed by the Company:

**Concentration risks:** The Company has taken significant steps to ensure that it does not become too dependent on few clients or any particular geography. EMEA and the United States contributed 50 percent and 31 percent revenues respectively, during the year 2008-09, with the balance contribution coming from the Asian region.

However, considerable efforts are being made to generate business from new geographies and clients. The Company is also increasing its focus on all regions.

**M&A execution risks:** The Company has chosen organic and inorganic route to grow exponentially in the future years. During the course, the Company may be exposed to risks such as, increase in cost on account of staffing/advisory fees, due diligence lapses and practical challenges in integration.

The Company follows a strategic approach in pursuance of its M & A activities and many of the risks are mitigated by restricting the choice of target companies by applying certain rigorous selection criteria as also by proper resourcing of the integration efforts. The Company also uses team of experts in carrying out the due diligence thereby reducing the risk of lapses.

**Investment portfolio related risks:** In order to deal with surplus cash, The Company, as a policy, does not prefer to invest in high risk assets such as equities and low liquidity assets like real estate. The primary area of risk for the Company's market exposures are related to the interest rate risk on its investment securities. To mitigate interest rate risk, all surplus funds are invested in appropriate avenues upon a review by the investment committee. All investment decisions are driven by certain guiding principles like, safety of investments, liquidity and returns

#### Employee-related risks

**Attrition:** Human Resource functions and initiatives of the Company are driven by a strong set of values and policies. The Company has maintained a competitive, healthy and harmonious work environment at all levels. The Company has taken new initiatives to strengthen its recruitment processes, values and vision programmes, leadership and performance management programmes to retain the best talent.

#### Constraints in availability of skilled resources:

The Company offers competitive salary constantly benchmarked to the market, world class infrastructure, excellent work culture, high class training and career development and long term growth prospect, to remain an employer of choice. The Company's development centers are in cities which have good availability of skilled manpower.

**Competition-related risk:** Indian IT services market remains a very competitive space. The Company is facing competition from large Indian IT vendors and global vendors who are increasing their India presence by setting up offshore delivery centres.

The Company follows global standards of development, including an ISO 9001:2000 certification, assessment at Level 5 of both SEI-CMMi and People-CMM frameworks and BS 7799 information security management certification.

The Company/Subsidiaries are managed by locally recruited professionals and talents across all geographies. They have established strong interaction with various analyst firms worldwide through participation in IT conferences and industry specific events attended by CIO's and executives of major corporations. Sales & marketing and delivery infrastructure of the Company is world class. This helps the Company to maintain its competitive edge over other players.

#### Exchange rate risk: Hedge Accounting

In accordance with its Risk management policies and procedures, the company uses derivative instruments such as foreign currency forward contracts and currency options to hedge its risks associated with foreign currency fluctuations relating to certain firm commitments and highly probable forecasted transactions. The derivatives

that qualify for hedge accounting and designated as cash flow hedges are initially measured at fair value & are remeasured at a subsequent reporting date and the changes in the fair value of the derivatives i.e gain or loss (net of tax impact) is recognized directly in shareholders' funds under hedging reserve to the extent considered highly effective. Gain or loss on derivative instruments that either does not qualify for hedge accounting or not designated as cash flow hedges or designated cash flow hedges to the extent considered ineffective are recognized in the profit and loss account.

Hedge accounting is discontinued when the hedging instrument expires sold, terminated, or exercised, or no longer qualifies for hedge accounting. The cumulative gain or loss on the hedging instrument recognized in shareholder's funds under hedging reserve is retained there until the forecasted transaction occurs subsequent to which the same is adjusted against the related transaction. If a hedged transaction is no longer expected to occur, the net cumulative gain or loss recognized in shareholder's fund is transferred to profit and loss account in the same period.

The functional currencies for the Company and its subsidiaries' operations are the respective currencies of the countries in which they operate. Substantial portion of the Company's revenues is derived from foreign exchange; any fluctuation in this could have an impact on the Company's performance. The Company actively books foreign exchange forward covers/derivative options to hedge against foreign currency fluctuations related to its bills receivables and anticipated realisations from projected revenues.

**Geo-political risks:** The ability of Indian ITES services companies to secure offshore projects from client organisations abroad is often subject to threat perceptions as regards the Indian subcontinent. Current civil situations in neighbouring countries of India may have negative implications for the operations of the Company. To mitigate these risks and to ensure continued delivery of services to clients irrespective of any geo-political disturbances, the Company has been taking appropriate measures in respect of disaster recovery and business continuity in different locations.

#### INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The Company has an adequate system for internal control covering all financial and operating functions commensurating with company's size and business. These ensure that its assets and interests are carefully protected. The Systems and processes are continually reviewed for its effectiveness and augmented by documented policies and procedures.

A strong internal audit programme under the leadership of its dedicated Internal Audit team that ensures adequate processes, systems and internal controls are implemented

strictly. The Company has implemented one of the leading ERP solutions in its global operations in order to integrate various facets of business operations which has enabled the Company to control, monitor and review its worldwide operations online and has strengthened the ability of internal controls to function effectively. The Audit Committee, which is a sub committee of your Board of Directors, reviews adherence to internal control systems, internal audit reports and implementation of suggestions. This Committee reviews all quarterly and yearly financial results of the Company and conveys to the Board its recommendation for consideration of such results and their approval.

**ADDITIONAL DISCLOSURES**

The Company in the context of this report means NIIT Technologies Limited and/or its subsidiaries.

Certain statements made in this report relating to the Company's objectives, projections, outlook, estimates, etc. may constitute 'forward looking statements' within the meaning of applicable laws and regulations. Actual results may differ from such estimates or projections etc., whether expressed or implied. Several factors including but not limited to climatic conditions and economic conditions affecting demand and supply, government regulations and taxation, natural calamities, etc., over which the Company does not have any direct control, could make significant difference to the Company's operations.

## Report on Corporate Governance

### OVERVIEW

The Company's philosophy on corporate governance envisages striving towards the highest level of transparency, accountability and equity in all facets of its operations and its interactions with all stakeholders including shareholders, employees, clients, Government. The philosophy on corporate governance is driven by the agenda for the welfare of all the stakeholders. NIIT Technologies Limited believe that sound corporate governance is critical to enhance and retain stakeholders' trust. NTL has always been committed to the principles of good Corporate Governance to promote the effective functioning of the Board and its Committees. The Board of Directors of the Company is committed in its responsibility for all constituents including investors, regulatory authorities and employees. The Company believes that the essence of Corporate Governance is transparency, accountability, investor protection, better compliance with statutory laws and regulations, value creation for shareholders/stakeholders. The Company further believes that all its operations and actions must serve the goal of enhancing overall shareholders' value over a sustained period of time and at the same time protect the interest of stakeholders. NTL is compliant with the provisions of Clause 49 of the Listing Agreement as amended from time to time. Company's goal is to maintain the shareholders' trust, faith and has been trying to enhance the value of their investments.

The Company believes that the constant effort to improve operational performance, guided by our values, forms the basis for good Corporate Governance. Corporate Governance is strongly driven by the Companies' values such as quality, commitment, customer orientation and integrity.

### Board meetings and director's attendance

During the year April 1, 2008 to March 31, 2009 the Board met ten times.

Attendance of each director at the Board meetings and the last annual general meeting is as follows :

Name of Director	Board Meetings										AGM
	June 05, 2008	June 11, 2008	June 18, 2008	July 22, 2008	July 28, 2008	September 20, 2008	October 16, 2008	December 18, 2008	January 14, 2009	March 24, 2009	July 28, 2008
Mr Rajendra S Pawar	Y	Y	N	Y	Y	Y	Y	Y	Y	Y	Y
Mr Arvind Thakur	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y
Mr Vijay K Thadani	Y	Y	N	Y	Y	Y	Y	Y	Y	Y	Y
Mr Subroto Bhattacharya	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y
Mr Surendra Singh	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y
Mr Amit Sharma	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y

The Board of Directors represents the interests of the Company's stakeholders, in optimizing long-term value by providing the Company necessary guidance and strategic vision on stakeholders' behalf. The Board is also responsible for ensuring that the Company's management and employees operate with the highest degree of ethical standards.

### BOARD OF DIRECTORS

The Company is managed and controlled through a professional Board of Directors ("Board") comprising of a combination of requisite executive and non-executive independent directors. The composition of the Board of the Company is in conformity with the provisions of clause 49 of the listing agreement with the stock exchange(s). The present strength of the Board is six (6) members out of which three (3) members are non-executive independent directors, which constitutes 50 percent of the total strength of the Board. The Company's Board consists of eminent persons with considerable professional expertise and experience. The independent directors do not have any other material pecuniary relationship (other than receiving remuneration and stock options) or transactions with the Company, its promoters, its management or its subsidiaries, which may affect the independence or judgment of the directors.

### Composition of Board

The composition of Board alongwith the number of directorship and chairmanship/membership of committees held by them, is given here-under:

Name	Present Designation	Category	No. of Directorships held in all public companies#	No. of Committees memberships held in all public companies@	No. of Board Chairmanships held in all public companies @
Mr Rajendra S Pawar (DIN 00042516)	Chairman & Managing Director	Promoter & Executive	13	4	1
Mr Arvind Thakur (DIN 00042534)	CEO & Joint Managing Director	Executive	5	3	1
Mr Vijay K Thadani (DIN 00042527)	Director	Promoter & Non-executive	9	3	2
Mr Subroto Bhattacharya (DIN 00009524)	Director	Non-executive, Independent	7	4	4
Mr Surendra Singh (DIN 00003337)	Director	Non-executive, Independent	5	5	2
Mr Amit Sharma (DIN 00050254)	Director	Non-executive, Independent	2	1	1

# including NIIT Technologies Limited and excluding private, foreign and section 25 Companies.

@ Board committee for this purpose includes audit committee and shareholders'/ investors' grievance committee (including the Board committees of the Company).

Y : Attended  
N : Leave of absence granted

**THE BOARD COMMITTEES**

In accordance with the requirement of the listing agreement with the stock exchange(s), the following committees were in operation.

- Audit Committee
- Remuneration Committee
- Shareholders'/Investors' Grievance Committee

**Audit Committee**

The Audit Committee is responsible for the effective supervision of the financial reporting processes to ensure proper disclosure of financial statements, their credibility, and compliance with the Accounting Standards, Stock Exchanges and other legal requirements, reviewing with internal and external audit and internal control systems, assessing their adequacy ensuring compliance with internal controls; reviewing findings of internal audit, reviewing the Company's financial and risk management policies and ensuring follow up action on significant findings, and reviewing quarterly, half yearly and yearly annual accounts.

The Audit Committee comprises of three Non-Executive independent Directors. Mr. Subroto Bhattacharya is the Chairman of the Committee, and the other members are Mr. Surendra Singh and Mr. Amit Sharma. The constitution of the Committee meets with the requirements of Section 292A of the Companies Act, 1956, as well as the Listing Agreement.

**Meetings and Attendance during the year 2008-09**

The particulars of meetings attended by the members of the Audit Committee and the dates of meetings held during the year 2008-09 are given below:

Name of Members	Audit Committee					
	June 11, 2008	June 18, 2008	July 22, 2008	Oct 15, 2008	January 14, 2008	March 24, 2009
Mr Subroto Bhattacharya	Y	Y	Y	Y	Y	Y
Mr Surendra Singh	Y	Y	Y	Y	Y	Y
Mr Amit Sharma	Y	Y	Y	Y	Y	Y

Y: Attended  
N: Leave of absence granted

**Remuneration Committee**

The Remuneration Committee determines on behalf of the Board and shareholders as per agreed term of reference, the Company's policy on specific remuneration packages for executive directors including pension rights and compensation payment. The broad functions of Remuneration Committee are to evaluate remuneration and benefits for the Executive Directors and to frame policies and systems for the Stock Options Plan, as approved by the shareholders.

The Remuneration Committee has the powers to determine and recommend to the Board the amount of

remuneration, including performance/achievement bonus and perquisites, payable to the Executive/ Managing Directors. The recommendations of the Committee are based on the evaluation of the Whole-time/ Managing Directors on certain parameters, as laid down by the Board as part of the self-evaluation process. In terms of the guidelines, the Company ensures that the remuneration by way of salary and other allowances and monetary value of perquisites is within the overall limit as specified under the Companies Act, 1956.

The composition of Remuneration Committee is three non executive independent directors. The committee is headed by Mr. Amit Sharma and Mr. Subroto Bhattacharya and Mr. Surendra Singh are other members of the committee.

**Meetings held and attendance during the year**

The particulars of the meeting attended by the member of the Compensation/Remuneration Committee and the date of the meetings held during the year are given below:

Name of Director	June 11, 2008	July 28, 2008
Mr Amit Sharma	Y	Y
Mr Subroto Bhattacharya	Y	Y
Mr Surendra Singh	Y	Y

Y: Attended  
N: Leave of absence granted

**Details of Remuneration paid to Directors during the year April 1, 2008 to March 31, 2009**

**A. Executive Directors**

(Amount in Rs.)

Name of Director	Mr. Rajendra S Pawar	Mr. Arvind Thakur
Salary and Allowances	33,00,000	70,23,000
<b>Part - A</b> Perquisites	-	6,18,980
<b>Part - B</b> Contribution to Provident Fund, Superannuation Fund or Annuity Fund	6,39,041	8,14,638
Performance-linked Bonus	-	57,50,335
<b>Total</b>	<b>39,39,041</b>	<b>1,42,06,953</b>

Service Contracts: The current term of Mr Rajendra S Pawar and Mr Arvind Thakur will expire on May 31, 2010.

Notice period: 6 months, unless otherwise agreed by the Board

Severance Fees: No severance fees, unless otherwise agreed by the Board

Performance criteria: As determined by the Compensation Committee and the Board.

**B. Non-Executive Directors**

The remuneration paid to non executive Directors by way of Commission is in accordance with the resolution passed by the shareholders of the Company on July 29, 2004. The non executive Directors are paid sitting fee for

attending Board/Committee meetings. The Independent Directors do not have any pecuniary relationship or transactions with the company, its promoters, directors, senior management or subsidiaries other than the remuneration received in capacity of Director.

(Amount in Rs.)

Name	Mr Vijay K Thadani	Mr Subroto Bhattacharya	Mr Surendra Singh	Mr Amit Sharma
Commission	5,00,000	5,00,000	5,00,000	5,00,000
Sitting Fee	3,60,000	3,60,000	4,20,000	4,40,000

#### Details of Stock options granted to Non executive Directors under ESOP 2005

Name	Mr Vijay K Thadani	Mr Subroto Bhattacharya	Mr Surendra Singh	Mr Amit Sharma
No. of options granted	NIL	22200	22200	22200
Entitlement due to bonus issue	NIL	NIL	NIL	5,850
No. of options exercised during the year 2006-07	NIL	11,700	11,700	NIL
No. of options exercised during the year 2007-08	NIL	NIL	NIL	NIL
No of options exercised during the year 2008-09	NIL	NIL	NIL	17550 (including bonus shares)
Date of allotment of shares	NIL	October 17, 2006	January 23, 2007	July 15, 2008
Outstanding Options as on March 31, 2009	NIL	10500	10500	10500

#### Details of equity shareholding of Non-Executive Directors as on March 31, 2009

Name	Number of shares held
Mr Vijay K Thadani	110274
Mr Subroto Bhattacharya	17550
Mr Surendra Singh	17550
Mr Amit Sharma	21205

#### Shareholders'/Investors' Grievances Committee

The Shareholders'/Investors' Grievances Committee has delegated work related to share transfer, issue of duplicate shares, Dematerialisation/Rematerialisation of shares and other related work to Share Transfer Committee which reports to Shareholders'/Investors Grievances Committee.

The Shareholders'/Investors' Grievances Committee is headed by an Independent Director Mr. Amit Sharma and consists of Mr. Vijay K Thadani and Mr. Arvind Thakur as members.

#### Meetings & Attendance during the year

The particulars of the meeting attended by the members of the Shareholders'/Investors' Grievances Committee and the date of the meetings held during the year are given below:

Name of Member	Shareholders'/Investors' Grievances Committee			
	June 11, 2008	July 22, 2008	October 15, 2008	January 14, 2009
Mr Amit Sharma	Y	Y	Y	Y
Mr Vijay K Thadani	Y	Y	Y	Y
Mr Arvind Thakur	Y	Y	Y	Y

Y: Attended

N: Leave of absence granted

During the year April 1, 2008 to March 31, 2009 the Company received 357 queries/complaints from various Investors'/Shareholders' relating to Change of address/Non-receipt of Dividend, Bonus Shares, Annual Report/Change of Bank account details/Transfer of Shares/Dematerialization of shares, etc. The same were attended to the satisfaction of the Investors. At the end of the year March 31, 2009 no complaint was pending for redressal and no shares were pending for transfer/dematerialization.

Details of queries/complaints in numbers received and resolved during the year April 1, 2008 to March 31, 2009

Nature of query/complaint	Received	Resolved	Unresolved
Change of address	31	31	-
Change of Bank	19	19	-
Correction in Dividend warrant and issue of DD	236	236	-
Non receipt of Dividend	40	40	-
Non receipt of Annual Report	2	2	-
Non receipt of Bonus shares	2	2	-
Non receipt of Fractional Bonus share payment	1	1	-
Request for Annual Report	6	6	-
Request for Bonus shares	-	-	-
Request for duplicate share certificates	4	4	-
Request for shareholding details	4	4	-
Share Certificates Lodged for transfer	11	11	-
Others (not classified above)	1	1	-
<b>Total</b>	<b>357</b>	<b>357</b>	<b>-</b>

There was no complaint pending at the beginning of the year.

#### Other Committees

The Board has constituted following committees :-

1. Operations Committee
2. ESOP Allotment Committee
3. Share Transfer Committee



## GENERAL MEETINGS

### a. Particulars of the last three Annual General Meetings

Year	Location	Date	Day	Time	Special Business
2008	FICCI Auditorium Tansen Marg, New Delhi	July 28	Monday	10.00 A.M.	Delisting of Equity Shares of the Company from Ahmedabad, Calcutta, Delhi and Madras Stock Exchanges
2007	FICCI Auditorium Tansen Marg, New Delhi	July 25	Wednesday	10.00 A.M.	a) Increase in Authorised Share capital of the Company from Rs. 45.00 crore to Rs. 75.00 crore; b) Amendment in the Articles of Association of the Company; c) Issue of Bonus shares; d) Appointment of Mr. Rajendra S Pawar under section 269 of the Companies Act, 1956; e) Minimum Remuneration payable to Mr. Rajendra S Pawar, Chairman & Managing Director. f) Appointment of Mr. Arvind Thakur under section 269 of the Companies Act, 1956; g) Minimum Remuneration payable to Mr. Arvind Thakur as Chief Executive Officer & Joint Managing Director .
2006	FICCI Auditorium Tansen Marg, New Delhi	Aug. 17	Thursday	10.00 A.M.	None

### b. Postal Ballot

Special resolution passed through Postal Ballot during the financial year 2008-09

During the year a Special Resolution u/s 17 of the Companies Act, 1956 was passed for alteration of main object clause of Memorandum of Association of the company enabling it to carry on the business of setting up, develop, manage and operate Special Economic Zones, Software Technologies Parks or other Export Promotion Parks for IT/ITeS.

Process of Postal Ballot :

The procedure prescribed under Section 192A of the Companies Act, 1956, read with The Companies (Passing of the Resolution by Postal Ballot) Rules, 2001.

- The Board of Directors in its meeting held on 14th day of January, 2009 has appointed Mr. Ravi Grover, Partner of M/s Grover Ahuja & Associates, Practicing Company Secretaries, New Delhi as Scrutinizer for conducting the postal ballot process.
- The Company completed dispatch of Postal Ballot Form on 29th day of January, 2009 alongwith prepaid business reply envelopes, to its members.
- All postal ballot forms received upto the close of working hours on 27th February, 2009, last date

and time fixed by the Company for receipt of the forms, were considered for scrutiny and counting.

- All postal ballot forms received after close of business hours of 27th February, 2009 were not considered for scrutiny.
- The Scrutinizer submitted its postal ballot report on 4th March, 2009 and result of the postal ballot was declared on 5th March, 2009 at the registered office of the Company on the basis of Scrutinizer's Report. Following was the Postal Ballot Result :

Sr. No.	Particulars	Results of Postal Ballot	
		No. of Postal Ballots (Shareholders)	No. of Votes
A	Total Postal Ballot Forms received from the Shareholders	2939	2,58,46,511
B	Total Postal Ballot received and found valid by the Scrutinizer	2810	2,58,30,247
C	Total Postal Ballot/Votes in favour	2727	2,58,10,282
	<b>Percentage (C/B)</b>		99.92%
D	Total Postal Ballot/Votes against	83	19,965
	<b>Percentage (D/B)</b>		0.08%
E	Invalid Postal Ballot/Votes	129	16,264

Accordingly, the Special Resolution was passed by the requisite majority of the Shareholders. The said result was published in the "Business Standard" (English all India edition) and "Business Standard" (Hindi) newspapers dated 6th March, 2009.

Registrar of Companies, NCT of Delhi, subsequently issued a certificate of registration of Special Resolution passed u/s 18 of the Companies Act, 1956 on 17th March, 2009.

## DISCLOSURES

### a. Related Party Transactions

There are no materially significant related party transactions of the Company which have a potential conflict with the interests of the Company at large. The related party transactions (as per Accounting Standard 18) of the Company in the ordinary course of business during the year April 1, 2008 to March 31, 2009 are reported under Note 15 of Schedule 18 of the Financial Statements. The same, as per the provisions of Clause 49 of the Listing Agreement, were placed before the Audit Committee of the Company. For further details, please refer to Notes, forming part of the Balance Sheet of the Company.

### b. Accounting Treatment in preparation of financial statements

The company has followed the professional pronouncement of ICAI and accounting standards as per the Companies(Accounting Standard) Rules, 2006 in preparation of financial statements of the company and there has been no deviation from the aforesaid accounting standard/pronouncement.



**c. Risk Management**

The Company has laid down procedures to inform the Board Members about the Risk assessment and minimization procedures. All the designated officials submit quarterly reports, through online risk management system, which is reviewed periodically to ensure effective risk identification and management.

**d. Proceeds from the public issue/right issue/preferential issues etc.**

There was no public issue/right issue/preferential issues etc. during the review period.

**e. Code of Conduct**

The Company has a well defined policy framework, which lays down procedures to be followed by the employees for ethical professional conduct. The code of conduct has been laid down for all the Board Members and Senior Management of the Company. The Board members and Senior Management personnel have affirmed compliance with the Company's code of conduct for the year 2008-09. This code has been displayed on the Company's website.

**f. Management discussion and Analysis**

There is a separate part on Management Discussion and Analysis in the Annual Report.

**g. Disclosure regarding appointment/re-appointment of Directors**

All the directors except the Directors in executive capacity, are liable to retire by rotation and, if eligible, may offer themselves for reappointment. Accordingly, Mr. Vijay K Thadani and Mr. Amit Sharma, are liable to retire by rotation at the ensuing annual general meeting and being eligible have offered themselves for reappointment.

Brief profile of the directors seeking re-appointment and other relevant information in respect thereof are provided in the notice to the Annual General Meeting.

**COMPLIANCE OF THE REQUIREMENT OF CLAUSE 49 OF THE LISTING AGREEMENT**

**a. Mandatory Requirements**

The company has complied with all the applicable mandatory requirements of Clause 49 of the Listing Agreement with Stock Exchange(s). For detailed compliance of each requirement of Clause 49 (mandatory) of Listing Agreement please refer to "Annexure A"-Clause 49-Compliance Status relevant to the financial year 2008-09.

**b. Non-mandatory Requirements**

The Company has complied with the following non-mandatory requirements.

- i) Remuneration Committee: The Company has a functioning Remuneration Committee. Please see the para on Remuneration Committee for details.

- ii) Whistle Blower Policy – The Company does not have a separate whistle blower policy. However, the code of conduct of the Company reflects the mechanism by which the employees may report to the Management their concerns about unethical behavior, actual or suspected frauds or violation of the Company's code of conduct or ethics policy. The employees also have direct access to the Audit Committee in exceptional cases.

**c. Code for prevention of Insider -Trading Practices**

In compliance with the SEBI regulation on prevention of insider trading, the Company has laid down a comprehensive code of conduct for its management and staff. The code lays down guidelines, which advises them on procedures to be followed and disclosures to be made, while dealing with shares of NIIT Technologies Limited and cautioning them of the consequences of violations. During the year the Code has been amended incorporating the amendment laid down in the SEBI (Prohibition of Insider Trading) (Amendment) Regulation, 2008.

**d. Statutory Compliance, Penalties and Strictures**

The Company has complied with the requirements of the Stock Exchange(s)/SEBI and Statutory Authority(ies) on all matters related to the capital market during the last three years. There are no penalties or strictures imposed on the Company by Stock Exchange(s) or SEBI or any Statutory Authority(ies) relating to the above.

**e. Compliance Officer**

Mr Surender Varma, Company Secretary is the Compliance Officer. The Compliance officer can be contacted for any investor related matter of the Company. His contact no. is +91-11-40570700, Fax no. is +91-11-40570933 and e-mail ID is investors@niit-tech.com.

**MEANS OF COMMUNICATION**

- a. The quarterly/half yearly/annual results are published in the leading English and Hindi Newspapers (the details of the publications are given hereunder) and displayed on the web site of the Company – www.niit-tech.com where official news releases, financial results, consolidated financial highlights, quarterly shareholding pattern and presentations are also displayed.
- b. The Company had Quarterly Earnings Calls on June 11, 2008, July 22, 2008, October 16, 2008 January 14, 2009 and Press Conferences in the months of June 2008, July 2008, October 2008 and January 2009 for the investors of the Company immediately after the declaration of Quarterly/Annual results.
- c. The Management Perspective, Business Review and Financial Highlights are part of the Annual Report.
- d. All material information about the Company is promptly

sent through facsimile to the stock exchanges where the shares of the Company are listed.

During the financial year 2008-09 the Company published its financial results in the following newspapers:

Financial Results	News papers	Date of publication
Unaudited financial results for the quarter ended June 30, 2008	Business Standard (English & Hindi)	July 23, 2008
Unaudited financial results for the quarter ended September 30, 2008	Business Standard (English & Hindi)	October 17, 2008
Unaudited financial results for the quarter ended December 31, 2008	Business Standard (English & Hindi)	January 15, 2009
Audited financial results for the quarter and year ended March 31, 2009	Business Standard (English & Hindi)	May 27, 2009

## SHAREHOLDERS' INFORMATION

### a. Annual General Meeting

Date: Monday, July 27, 2009

Time: 10.00 AM

Venue: FICCI Auditorium, 1 Tansen Marg, New Delhi –110 001

**Book Closure Date :** 21/07/2009 to 27/07/2009 (both days inclusive)

### b. Financial Calendar (tentative and subject to change):

Financial reporting for the first quarter ending 30 <sup>th</sup> June, 2009	23 <sup>rd</sup> July, 2009
Financial reporting for the second quarter ending 30 <sup>th</sup> September, 2009	12 <sup>th</sup> October, 2009
Financial reporting for the third quarter ending 31 <sup>st</sup> December, 2009	14 <sup>th</sup> January, 2010
Financial reporting for the year ending 31 <sup>st</sup> March, 2010	20 <sup>th</sup> May, 2010
Annual General Meeting for the year ending 31 <sup>st</sup> March, 2010	20 <sup>th</sup> July, 2010

### c. Dividend

The Board of Directors have recommended a dividend of Rs. 6.50 per Equity Share of Rs.10/- each, subject to approval of the shareholders' at the ensuing Annual General Meeting. The dividend shall be paid, if declared, to the shareholders within 30 days from the date of AGM as per the provisions of the Companies Act, 1956

The dividend, if declared, would be paid to such shareholders whose names appear in the Register of Members as on 27th July, 2009. In respect of shares held in electronic mode, the dividend will be paid on the basis of list of beneficial owners as furnished by National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) as at the end of the business hours on 20th July, 2009.

No unpaid/unclaimed dividend was pending for transfer to the Investor Education and Protection Fund of the Central Government, pursuant to Section 205A of the Companies Act, 1956.

### d. Nomination Facility

The Companies (Amendment) Act, 1999, has provided for a nomination facility to the Shareholders of the Company. The Company is pleased to offer the facility of nomination to Shareholders and Shareholders may avail this facility by sending the duly completed Form 2B as revised vide Notification No. GSR 836(E) dated 24th October 2000, issued by the Department of Company Affairs, to the Registered Office of the Company/Registrar of the Company in case shareholding is in physical forms. In case of demat holdings the request is to be submitted to the concerned Depository Participant.

### e. Listing of Shares

The Equity shares of the Company are currently listed at the Bombay Stock Exchange Ltd and National Stock Exchange of India Ltd. Listing fees for the period April 1, 2008 to March 31, 2009 have been paid to both Stock Exchanges.

Company's equity shares are being traded at National Stock Exchange of India Limited and the Bombay Stock Exchange Ltd., which have nationwide trading terminals. The equity shares of the Company have been delisted from Ahmedabad Stock Exchange, Madras Stock Exchange Limited, Delhi Stock Exchange Limited and Calcutta Stock Exchange.

### f. Stock Code

Trading symbol on the National Stock Exchange : NIITTECH

Trading symbol on the Bombay Stock Exchange :  
Physical : NIITTECH

Electronic : 532541

ISIN at NSDL/CDSL : INE 591G01017

### g. Compliance certificate of the Auditors

The Company has annexed to this report, a certificate obtained from the statutory auditors regarding compliance of conditions of corporate governance as stipulated in clause 49 of the listing agreement.

### h. Stock Market Data

The Monthly High and Low Share Prices and Market Capitalization of Equity Shares of the Company traded at The Bombay Stock Exchange Ltd. and National Stock Exchange of India Ltd. from April 1, 2008 to March 31, 2009 and the comparison of share prices of the Company vis-à-vis the Sensex and Nifty Indices are given hereunder:

**Share Price Movement during the year April 1, 2008 to March 31, 2009**

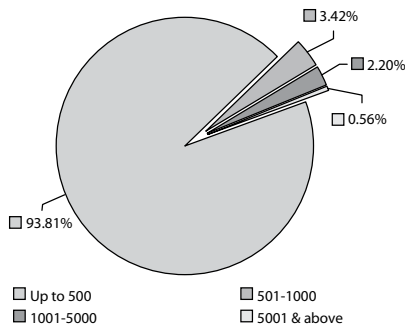
Bombay Stock Exchange					National Stock Exchange			
Month	Sensex	High (Rs.)	Low (Rs.)	M Cap* (Rs. in millions)	NIFTY	High (Rs.)	Low (Rs.)	M Cap* (Rs. in millions)
Apr-08	17,287	148	103	8,335	5,166	148	103	8,335
May-08	16,416	161	133	8,394	4,870	162	133	8,453
Jun-08	13,462	150	121	7,162	4,041	150	120	7,162
Jul-08	14,356	128	95	6,401	4,333	128	103	6,401
Aug-08	14,565	128	106	6,754	4,360	129	108	6,754
Sep-08	12,860	122	81	5,050	3,921	122	79	5,109
Oct-08	9,788	89	57	3,700	2,866	91	56	3,759
Nov-08	9,093	71	54	3,230	2,755	71	53	3,171
Dec-08	9,647	72	54	4,111	2,959	72	54	4,170
Jan-09	9,424	79	51	3,171	2,875	79	51	3,171
Feb-09	8,892	62	47	2,819	2,764	62	43	2,819
Mar-09	9,709	59	43	3,113	3,021	59	42	3,113

\* Market capitalized at closing price of the month.

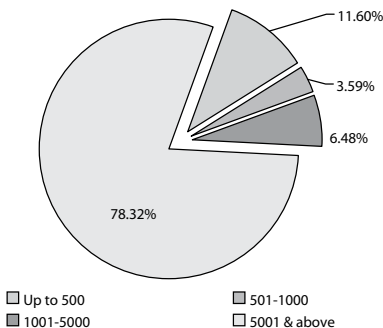
**Share Holding Distribution as on March 31, 2009**

Range	No. of Shareholders	% to Total Shareholders	No. of Shares	% to Total Shares
Up to -500	78394	93.81	6,813,216	11.60
501-1000	2857	3.42	2,109,893	3.59
1001-5000	1842	2.20	3,806,699	6.48
5001 & above	472	0.57	45,996,887	78.33
<b>TOTAL</b>	<b>83565</b>	<b>100</b>	<b>58,726,695</b>	<b>100</b>

No. of Shareholders



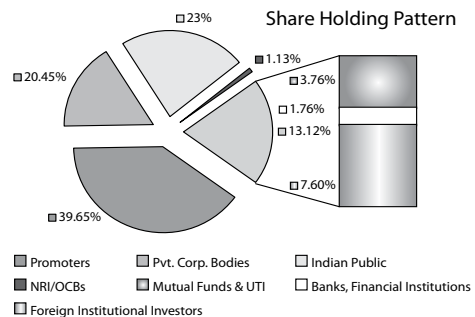
No. of Shares



**Shareholding Pattern as on March 31, 2009**

Category	No. of shares	% of Holding
<b>Promoters Shareholding</b>		
- Indian Promoters*	23,283,480	39.65
- Foreign Promoters	-	-
<b>Total Promoters Shareholding</b>	<b>23,283,480</b>	<b>39.65</b>
*Scantech(100% subsidiary of NIIT Limited) had undertaken to pledge shares of NIIT Technologies Ltd to the extent of 9,662,260 equity shares of Rs. 10 each held by Scantech in relation to a loan taken by a subsidiary of NIIT Limited. The pledge is yet to be created as it was subject to completion of certain formalities, which are still underway.		
<b>Public Shareholding</b>		
<b>Institutional Investors</b>		
Mutual Funds and UTI	2,206,926	3.76
Banks, Financial Institutions Insurance Companies (Central / State Govt. Institutions/Non Government Institutions)	1,035,317	1.76
Foreign Institutional Investors	4,461,647	7.60
<b>Others</b>		
Private Corporate Bodies	10,863,149	18.50
Trust	1,144,897	1.95
Indian Public	15,065,471	25.65
NRI/OCBs/Foreign Individuals	665,808	1.13
<b>Total Public Shareholding</b>	<b>35,443,215</b>	<b>60.35</b>
<b>Grand Total</b>	<b>58,726,695</b>	<b>100.00</b>

Share Holding Pattern



**i. Dematerialisation of Shares**

The Shares of the Company are compulsorily traded in dematerialised form by all categories of investors. The Company has arrangements with both the National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL), to establish electronic connectivity of the shares for scrip less trading. As on March 31, 2009, 99.20 percent shares of the Company were held in dematerialised form.

**j. Liquidity of shares**

The Shares of the Company are traded electronically on the Bombay Stock Exchange and National Stock Exchange. The Company's shares are included in indices of BSE-500, and Small- cap index.

#### k. Share Transfer System

The Company has appointed a common Registrar for physical share transfer and dematerialisation of shares. The shares lodged for physical transfer/ transmission/ transposition are registered within a period of 15 days if the documents are complete in all respects. For this purpose, the Share Transfer Committee (a sub-committee of Shareholders'/Investors' Grievance Committee of the Board) meets as often as required. During the review period, the Committee met 28 times. Adequate care is taken to ensure that no transfers are pending for more than a fortnight. Physical Shares requested for dematerialisation were confirmed mostly within a fortnight.

#### l. Registrar for Dematerialisation (Electronic Mode) of shares & Physical Transfer of shares

The Company has appointed a Registrar for dematerialisation and transfer of shares whose details are given below:-

Alankit Assignments Limited

Unit: NIIT Technologies Limited

2E/21, Jhandewalan Extension,  
New Delhi – 110 055.

Phone Nos. : 011-42541234, 23541234

Fax Nos. : 011-42541967,

E-mail : rta@alankit.com

#### m. Registered Office

NIIT Technologies Limited

NIIT House, B-234, Okhla Phase - I  
New Delhi - 110 020

#### n. Address for correspondence

The shareholders may address their communication/ suggestions/ grievances /queries to:

(The Compliance Officer)

NIIT Technologies Limited

NIIT House,

B-234, Okhla Phase - I

New Delhi - 110 020.

Tel Nos. : 91 11 41407000

Fax : 91 11 26817344

e-mail – investors@niit-tech.com

#### o. Subsidiaries

The addresses of the subsidiaries are given elsewhere in this Annual Report.

#### Acknowledgements

Your Directors wish to express their sincere thanks and grateful appreciation for co-operation and support received from vendors, customers, banks, financial institutions, shareholders and the society at large. Your directors also take on record, their appreciation for the contribution and hard work of employees across all levels. Without their commitment, inspiration and hard work, your company's consistent growth would not have been possible. The Directors also wish to place on record their sincere thanks to government and regulatory agencies for their assistance and support provided to the Company and look forward to their continued support.

#### CERTIFICATE RELATING TO COMPLIANCE WITH THE PROVISIONS OF CLAUSE 49 OF THE LISTING AGREEMENT(S) IN RELATION TO THE CODE OF CONDUCT FOR DIRECTORS/SENIOR MANAGEMENT

This is to certify that as per clause 49 of the Listing Agreement:

1. The code of conduct has been laid down for all the Board Members and Senior Management and other employees of the Company.
2. The code of conduct has been posted on the website of the Company.
3. The Board members and Senior Management personnel have affirmed compliance with the Company's code of conduct for the year 2008-09.

Sd/-

Arvind Thakur

Chief Executive Officer

Dated : May 26, 2009

Place : New Delhi

**CERTIFICATE BY CHIEF EXECUTIVE OFFICER AND CHIEF FINANCIAL OFFICER ON COMPLIANCE WITH THE CONDITIONS OF CORPORATE GOVERNANCE UNDER CLAUSE 49 OF THE LISTING AGREEMENT(S)**

To,  
The Board of Directors  
NIIT Technologies Limited  
B-234, Okhla Phase 1,  
New Delhi – 110 020

We hereby certify that for the Financial Year 2008-09

1. We have reviewed the financial statements and the cash flow statement and that to the best of our knowledge and belief:-
  - (a) These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - (b) These statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
2. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year 2008-09 which are fraudulent, illegal or violate the Company's code of conduct.
3. We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of the internal control systems of the Company pertaining to financial reporting and we have disclosed to the Auditors and the Audit Committee those deficiencies, if any, of which we are aware, in the design or operation of the internal control systems and the steps we have taken or propose to take to rectify these deficiencies.
4. We have indicated to the auditors and the Audit Committee:-
  - a. significant changes, if any, in internal control over financial reporting during this year.
  - b. significant changes, if any, in accounting policies during this year 2008-09 and that the same have been disclosed in the notes to the financial statements; and
  - c. instances of significant fraud of which we are aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

Sd/-  
Arvind Thakur  
Chief  
Executive Officer

Sd/-  
K T S Anand  
Chief  
Financial Officer

Place: New Delhi  
Dated: May 26, 2009

**AUDITORS' CERTIFICATE REGARDING COMPLIANCE OF CONDITIONS OF CORPORATE GOVERNANCE PURSUANT TO CLAUSE 49 OF THE LISTING AGREEMENT**

To the Members of NIIT Technologies Limited,

We have examined the compliance of conditions of Corporate Governance by NIIT Technologies Limited, for the year ended March 31, 2009, as stipulated in Clause 49 of the Listing Agreements of the said Company with stock exchanges in India.

The compliance of conditions of Corporate Governance is the responsibility of the Company's Management. Our examination was carried out in accordance with the Guidance Note on 'Certification of Corporate Governance (as stipulated in Clause 49 of the Listing Agreement)', issued by the Institute of Chartered Accountants of India and was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we confirm that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreements in all material aspects.

We state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

Sd/-  
**H. Singh**  
Partner  
Membership No:F-86994  
For and on behalf of  
**Price Waterhouse**  
Chartered Accountants

Place: New Delhi  
Dated: May 26, 2009

## Annexure A

### Clause 49-Compliance Status relevant to the Financial Year 2008-09

#### Board of Directors

#### Clause 49 Composition of Board (IA)

##### Standard

The Board of the Company should have optimum combination of executive and non-executive directors. However, not less than 50 per cent of the board of directors should comprise Non-executive directors.

If the Chairman of the Board is an executive director, at least half of the board should comprise of Independent directors. Provided that where the non-executive Chairman is a promoter of the Company or is related to any promoter or person occupying management positions at the Board level below the Board, at least one half of the Board of the Company shall consist of independent directors.

Provided that where the non-executive chairman is a promoter of the company or is related to any promoter or person occupying management positions at the Board level or at one level below the Board, at least one-half of the Board of the Company shall consist of independent directors.

##### Our practice

- The total strength of the Board of the Company is 6 Directors.
- Composition:
 

Executive director	: 2 (33.33%)
Non executive directors	: 4 (66.67%)
Independent directors	: 3 (50%)
- The Chairman is Executive Director and is a promoter of the Company.

Directors, prior to their appointment on the Board as well as annually affirm their independence by way of a certificate to the Board. They are also required to disclose any transaction, which may impact their independent status.

#### Clause 49(IB) Non-executive directors' compensation and disclosures

##### Standard

All fees/compensation paid to Non-executive directors shall be fixed by the Board of directors and shall require previous approval of shareholders in general meeting.

##### Our Practice

- The commission being paid to Non-executive directors has been approved by the Board of directors, which is within the overall limit approved the shareholders of the Company. The Non-executive directors are also paid sitting fees in relation to the meetings of the Board or its committees attended by them.

#### Clause 49(IC) Other provisions as to Board and Committees

##### Standard

There shall be at least four board meetings in a year with maximum time gap of not more than four months between any two meetings. Information given in Annexure-1A of clause 49 should be made available to the Board. The Board shall also review compliance report of all laws applicable to the company.

A director shall not be a member in more than 10 committees or act as a chairman of more than five committees across all companies in which he is a director. The directors should annually inform the company about the committees positions held by them in other companies.

##### Our practice

- During the year under review, the Board of the Company met 10 Times and the maximum time gap was less than 90 days between two consecutive Board meetings.

- The information regularly placed before the Board inter-alia includes the information given under Annexure-1A, wherever applicable.
- A compliance Report, with respect to applicable laws, signed by the Compliance officer is placed before the Board on quarterly basis.
- None of the directors of the Company is member of more than 10 committees or Chairman of more than five committees. An assurance in this regard is given by the directors by way of certification to the Board.
- Company receives an annual certification by director about the committee position he occupies in other companies. The directors are also expected to notify changes when they take place.

#### Clause 49(ID)

##### Code of conduct

##### Standard

The Board shall lay down a Code of Conduct for all Board members and senior management of the Company and the same shall be posted on the website of the Company. All Board members and senior management personnel shall affirm compliance with the code on an annual basis. The Annual Report of the company shall contain a declaration to this effect signed by the CEO.

##### Our practice

- The Board has adopted a code of conduct for directors and senior management personnel and this Code is available on the official website of the Company [www.niit-tech.com](http://www.niit-tech.com).
- All directors and senior management personnel affirm compliance with the code of conduct of the Company on annual basis.
- A declaration in this regard duly signed by Chief Executive Officer is published elsewhere in this Annual Report.

#### Audit Committee

#### Clause 49(II A)

##### Qualified and Independent Audit Committee

##### Standard

The Company shall have an audit committee comprising not less than three members. All members of the committee shall be financially literate and two third members shall be Independent directors.

The Chairman of committee shall be an Independent director and should be present in AGM of the Company. At least one member of the committee shall have accounting or related financial management expertise.

The committee may invite such executive, as it considers appropriate (particularly head of finance) to be present in meeting. The Company Secretary should act as secretary to the committee.

##### Our Practice

- Company has qualified and independent audit committee, which comprises of 3 members. All members of audit committee are Non-executive and Independent.
- All members of Audit Committee are financial literate and a majority of them have accounting/financial management expertise.
- A brief background of members of Audit Committee:
  - Mr. Subroto Bhattacharya: Mr. Bhattacharya, a Chartered Accountant with over 30 years of experience, specializes in Finance and Management consultancy. He has been part of the core team in several reputed organizations.
  - Mr. Surendra Singh, a retired IAS Officer, has held very senior positions in the Central and State Governments. Starting his Public Service in 1959, Mr. Singh has held positions like Cabinet Secretary to the Government of India, and Special Secretary to the Prime Minister of India, responsible for all the economic work in the PM's Office, Cabinet Secretary to the Government of India,



Secretary to the Council of Ministers and Secretary, Ministry of Industry. He was an Executive Director on the Board of the World Bank, representing India, Bangladesh, Sri Lanka and Bhutan. He was also a director on the Board of the International Finance Corporation (IFC) and the Multilateral Investment Guarantee Agency (MIGA).

- Mr. Amit Sharma is the Executive Vice President and President, Asia of American Tower Company. Prior to this he led country teams in India and Southeast Asia for Motorola, as Country President, India and as Head of Strategy, Asia-Pacific. He also served on Motorola's Asia Pacific Board and was a member of its senior leadership team. Mr. Sharma was educated at the Indian Institute of Technology (IIT), Kharagpur. He is also an M.Sc. in computers & information Sciences from the MOORE School, University of Pennsylvania & MBA in International Business from Wharton School of Business.
- Mr. Subroto Bhattacharya, is the Chairman of the Audit Committee.
- Management personnel are invited to the meeting/discussion, whenever required by Audit Committee.
- The Company Secretary of the Company acts as a secretary to the Audit Committee.

#### Clause 49 Meeting of Audit Committee (II B)

##### Standard

There should be at least four meetings of audit committee in a year and not more than four months shall elapse between two meetings. Two members or one third of the members of the committee whichever is greater shall constitute quorum for the meeting, but there should be minimum of two independent members present.

##### Our practice

- During the year under review, the Audit Committee met six times and maximum gap between two Audit Committee meeting was less than 90 days between two consecutive Audit Committee meetings.
- Requirement as to quorum had been complied with at every Audit Committee meeting.

#### Clause 49 Powers of Audit Committee (II C)

##### Standard

The Audit committee shall have powers, which should include investigation of any matter within its terms of reference, to seek information from employees, obtain outside legal/professional advice and to secure the attendance of outsider, if necessary, in audit committee meeting.

##### Our practice

The powers of audit committee are in accordance with Clause 49 and have been duly approved by the Board of the Company.

#### Clause 49 Role of Audit Committee (II D)

##### Standard

A comprehensive list of role of audit committee is provided under Clause 49 which inter-alia includes oversight and review of Company's financial reporting process, recommendation of appointment/re-appointment of statutory auditor and fees to be paid to them, review of quarterly and annual financial statements, performance of auditor, adequacy of internal control, functioning of whistle blower mechanism (in case the same is existing), etc.

##### Our practice

The role of the Audit committee is in accordance with Clause 49 and has been duly approved by the Board of the Company.

#### Clause 49 Review of information by Audit Committee (II E)

##### Standard

The audit committee shall mandatorily review management discussion and analysis of financial condition and result of operation, significant related parties transactions, management

letters/ letters of internal control weakness issued by the statutory auditors, internal audit reports relating to internal control weakness and appointment, removal and terms of remuneration of the Chief Internal Auditor.

##### Our practice

The audit committee reviews all information as stipulated under Clause 49.

#### Clause 49 Subsidiary Companies (III)

##### Standard

This sub clause requires representation of Company's director on the Board of its material non-listed Indian Subsidiary. It also prescribes for the review of financial statements of unlisted subsidiary by the audit committee.

The minutes of the board meeting and a statement of all significant transaction and arrangements entered into by the unlisted subsidiary company is also required to be placed at the Board meeting of the listed holding company.

##### Our practice

- The Company has two Indian non-listed Subsidiary Companies, NIIT GIS Limited and NIIT SmartServe Limited and both are non-material non-listed India subsidiary Companies. Mr Amit Sharma, an Independent Non-Executive Director on the Board of the Company is also a director on the Board of NIIT GIS Limited. Mr Surendra Singh, an Independent Non-Executive Director on the Board of the Company has been appointed as a director on the Board of NIIT SmartServe Limited.
- Financial Statements of Subsidiaries are reviewed by the Audit Committee.
- Minutes of Subsidiaries are placed before the Board of the Company on regular basis.
- A statement of all significant transactions, if any, of the subsidiaries are also placed before the Board.

#### Disclosures

#### Clause 49 Basis of related party transactions (IV A)

##### Standard

Summary of transaction with related parties in ordinary course of business, material individual transactions with related parties which are not in the normal course of business and material individual transactions with related parties or others, which are not on an arm's length basis shall be placed before the audit committee on periodical basis.

##### Our practice

The related party transactions are placed before the Audit Committee on periodic basis.

#### Clause 49 Disclosure of Accounting Treatment (IV B)

##### Standard

If in the preparation of financial statements, a treatment different from that prescribed in an Accounting Standard has been followed, the fact shall be disclosed in the financial statements, together with proper management's justification.

##### Our practice

In preparation of financial statements for the year under review, treatment as prescribed in Accounting Standards have been followed, which has also been disclosed in the notes to accounts.

#### Clause 49 Board Disclosures-Risk Management (IV C)

##### Standard

The Company shall lay down procedures to inform Board members about the risk assessment and minimization procedures.

These procedures shall be periodically reviewed to ensure that executive management controls risk through means of a properly defined framework.

##### Our practice

The Company has framed a risk management procedure, which contains the procedure as to assessment of risks and their minimization. All designated officials submit quarterly reports, through an online Risk Management System, which

is reviewed periodically to ensure effective risk identification and management. The Board reviews such risk management and minimization procedures on periodic basis.

**Clause 49 Proceeds from public issue, rights issue, preferential issue etc. (IV D)**

**Standard**

When money is raised through an issue, it shall be disclosed to the Audit Committee, the uses/ applications of funds by major category (capital expenditure, sales and marketing, working capital, etc.), on a quarterly basis as a part of their quarterly declaration of financial results.

**Our practice**

The Company has not made any public issue, right issue, preferential issue etc. during the year under review.

**Clause 49 Remuneration of Directors (IV E)**

**Standard**

All pecuniary relationships or transactions of the non-executive directors' vis-à-vis the Company shall be disclosed in the Annual Report. Annual Report should also contain all details of remuneration of directors including stock option, notice period, severance fees, etc.

Criteria for making payment to non-executive directors and number of shares and other convertible instruments held by them should be disclosed in Annual Report. Non-executive directors are required to disclose their shareholding in the listed company in which they are proposed to be appointed as directors, prior to their appointment.

**Our practice**

- All pecuniary relationships or transactions of the Non-executive directors vis-à-vis the Company, if any, have been disclosed in this Corporate Governance report.
- Details of remuneration and other terms of directors have been disclosed in the Corporate governance report.
- The shareholding of Non-Executive Directors being re-appointed at the ensuing Annual General Meeting is disclosed in the Notice convening the Annual General Meeting and the shareholding of all the Non-Executive Directors is disclosed in the corporate governance report.

**Clause 49 Management (IV F)**

**Standard**

A Management discussion and analysis report should form part of Annual Report of the Company.

Senior management of the Company shall make disclosure to the board relating to all material financial and commercial transactions, where they have personal interest that may have a potential conflict with the interest of the company at large.

**Our practice**

- A separate report on 'Management Discussion and Analysis forms part of this Annual Report.
- During the year under review, there was no incident involving any conflict of interests between the senior management and the company.

**Clause 49 Shareholders (IV G)**

**Standard**

In case of the appointment of a new director or re-appointment of a director the shareholders must be provided with brief details of the appointee.

Quarterly results and presentations made by the company to analysts shall be put on company's web-site.

A Shareholders' / Investors' Grievance Committee should be formed under chairmanship of a Non-executive director.

To expedite the process, power of share transfer may be delegated and the delegated authority shall attend to share transfer formalities at least once in a fortnight.

**Our practice**

- A brief profile of directors being appointed/re-appointed has been provided in the notice convening the Annual General Meeting.
- Quarterly results are uploaded on website of the Company within 24 hours of approval by the Board. Presentation to analysts, if any, is uploaded on the website of the Company.
- Company has formed a committee named 'Shareholders'/Investors' Grievance Committee' under the chairmanship of Mr. Amit Sharma, a Non-executive & Independent director.
- The work of share transfer has been delegated to Registrar & Share Transfer Agent of the Company under the supervision of Share Transfer Committee which is a sub committee of Shareholders'/ Investors' Grievance Committee of the Board.

**Clause 49 CEO/CFO Certification (V)**

**Standard**

The CEO, i.e. the Managing Director and the CFO i.e. the Whole-time Finance Director or any other person heading the finance function discharging that function shall inter-alia certify to the Board accuracy of financial statement and adequacy of internal controls for financial reporting purpose.

**Our practice**

- Chief Executive Officer and Chief Financial Officer certify compliance of requirements of this clause to the Board.
- The certificate is also published in this Annual report.

**Clause 49 Report on Corporate Governance (VI)**

**Standard**

There shall be a separate section on Corporate Governance in the Annual Report of Company.

The company shall submit a quarterly compliance report to the stock exchange within 15 days from the close of each quarter.

**Our practice**

- The Corporate governance report published in Annual Report fulfills requirements of this clause.
- Quarterly Compliance Certificate duly signed by Compliance Officer as to the compliance of Clause 49 requirements is sent to all Stock Exchanges where shares of the Company are listed.

**Clause 49 Compliance (VII)**

**Standard**

The Company shall obtain a certificate from either the auditors or practicing company secretaries regarding compliance of conditions of corporate governance as stipulated in this clause and annex the certificate with the directors' report.

The disclosures of the compliance with mandatory requirements and adoption (and compliance) / non-adoption of the non-mandatory requirements shall be made in the section on corporate governance of the Annual Report.

**Our practice**

- A certificate obtained from the Statutory Auditors regarding the compliance of the conditions of Corporate Governance is published in this Annual Report.
- Compliance with all mandatory requirements and certain non-mandatory requirements of clause 49 has been highlighted elsewhere in the report on Corporate Governance.



## AUDITORS' REPORT

### The members of NIIT Technologies Limited

1. We have audited the attached Balance Sheet of NIIT Technologies Limited, as at 31 March 2009, and the related Profit and Loss Account and Cash Flow Statement for the year ended on that date annexed thereto, which we have signed under reference to this report. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003, as amended by the Companies (Auditor's Report) (Amendment) Order, 2004 (together 'the order'), issued by the Central Government of India in terms of sub-section (4A) of Section 227 of 'The Companies Act, 1956' of India (the 'Act') and on the basis of such checks of the books and records of the company as we considered appropriate and according to the information and explanations given to us, we further report that:
  - (i) (a) The company is maintaining proper records showing full particulars including quantitative details and situation of fixed assets.
  - (b) The fixed assets are physically verified by the management according to a phased programme designed to cover all the items over a period of two years, which in our opinion, is reasonable having regard to the size of the company and the nature of its assets. Pursuant to the programme, a portion of the fixed assets has been physically verified by the management during the year and no material discrepancies between the book records and the physical inventory have been noticed.
  - (c) In our opinion and according to the information and explanations given to us, a substantial part of fixed assets has not been disposed of by the company during the year.
  - (ii) (a) According to the information and explanation given to us, the company procures inventories specifically for the purpose of executing certain contracts and no inventory is held at any point of time during the year. Accordingly clauses (ii)(a) and (ii)(b) of Paragraph 4 of the Order are not applicable to the company.
  - (b) On the basis of our examination of the inventory records, in our opinion, the company is maintaining proper records of inventory.
  - (iii) (a) The company has granted unsecured loans, to one wholly owned subsidiary company covered in the register maintained under Section 301 of the Act. The maximum amount involved during the year and the year-end balance of such loans aggregates to Rs. 358 Lacs and Rs. 218 Lacs respectively.  
In our opinion, rate of interest and other terms and conditions of such loans are not prima facie prejudicial to the interest of the company.  
In respect of the aforesaid loans, the party is repaying the principal amount as stipulated and is also regular in payment of interest, where applicable.  
In respect of the aforesaid loans, there is no overdue amount more than Rupees One Lac.
  - (b) The company has not taken any loan from any party covered under register maintained under Section 301 of the Act.
  - (iv) In our opinion and according to the information and explanations given to us, having regard to the explanation that certain items purchased are of special nature for which suitable alternative sources do not exist for obtaining comparative quotations, there is an adequate internal control system commensurate with the size of the company and the nature of its business for the purchase of fixed assets and for the sale of goods and services. Further, on the basis of our examination of the books and records of the company, and according to the information and explanations given to us, we have neither come across nor have been informed of any continuing failure to correct major weaknesses in the aforesaid internal control system.
  - (v) (a) In our opinion and according to the information and explanations given to us, the particulars of contracts or arrangements referred to in Section 301 of the Act have been entered in the register required to be maintained under that section.
  - (b) In respect of transactions with subsidiaries for rendering of services and for purchase of goods and services aggregating to Rs. 50,217 lacs and Rs. 284 Lacs respectively and with others for rendering of

## AUDITORS' REPORT (Contd.)

services and for purchase of goods and services aggregating to Rs. 172 lacs and Rs.98 Lacs respectively, the management has informed us that these transactions dealt are of a special nature and therefore comparable prices are not available. In our opinion and according to the information and explanations given to us, there are no other transactions made in pursuance of such contracts or arrangements exceeding the value of Rupees five lacs in respect of any party during the year.

- (vi) The company has not accepted any deposits from the public within the meaning of Sections 58A and 58AA of the Act and the rules framed there under.
  - (vii) In our opinion, the Company has an internal audit system commensurate with its size and nature of business.
  - (viii) The Central Government of India has not prescribed the maintenance of cost records under clause (d) of sub-section (1) of Section 209 of the Act for any of the products of the company.
  - (ix) (a) According to the information and explanations given to us and the records of the company examined by us, in our opinion, the company is generally regular in depositing the undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income-tax, sales-tax, wealth tax, service tax, customs duty, cess and other material statutory dues, as applicable, with the appropriate authorities.  
 (b) According to the information and explanations given to us and the records of the company examined by us, there are no dues of income-tax, sales-tax, wealth tax, service tax, and customs duty as at 31 March 2009 which have not been deposited on account of a dispute.
  - (x) The company has no accumulated losses as at March 31, 2009 and it has not incurred any cash losses in the financial year ended on that date or in the immediately preceding financial year.
  - (xi) According to the records of the company examined by us and the information and explanation given to us, the company has not defaulted in repayment of dues to any financial institution or bank or debenture holders as at the balance sheet date.
  - (xii) The company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
  - (xiii) The provisions of any special statute applicable to chit fund / nidhi / mutual benefit fund/societies are not applicable to the company.
  - (xiv) In our opinion, the company is not a dealer or trader in shares, securities, debentures and other investments.
  - (xv) In our opinion and according to the information and explanations given to us, the terms and conditions of the guarantees given by the company, for certain limits of Rs. 8467 Lacs taken by two wholly owned subsidiaries from banks are not prejudicial to the interest of the company.
  - (xvi) In our opinion, and according to the information and explanations given to us, on an overall basis, the term loans taken by the company for augmenting long term resources of the company towards general corporate objectives have been applied for the purposes for which they were obtained.
  - (xvii) On the basis of an overall examination of the balance sheet of the company, in our opinion and according to the information and explanations given to us, there are no funds raised on a short-term basis which have been used for long-term investment.
  - (xviii) The company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Act during the year.
  - (xix) There are no outstanding debentures as at the year end. Accordingly clause 4(xix) of Paragraph 4 of the Order is not applicable to the Company.
  - (xx) The company has not raised any money by public issues during the year.
  - (xxi) During the course of our examination of the books and records of the company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the company, noticed or reported during the year, nor have we been informed of such case by the management.
4. Further to our comments in paragraph 3 above, we report that:
- (a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;

**AUDITORS' REPORT (Contd.)**

- (b) In our opinion, proper books of account as required by law have been kept by the company so far as appears from our examination of those books;
- (c) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
- (d) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Act;
- (e) On the basis of written representations received from the directors, as on 31 March 2009 and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2009 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Act;
- (f) In our opinion and to the best of our information and according to the explanations given to us, the said financial statements together with the notes thereon and attached thereto give in the prescribed manner the information required by the Act and give a true and fair view in conformity with the accounting principles generally accepted in India:
  - (i) in the case of the Balance Sheet, of the state of affairs of the company as at 31 March 2009;
  - (ii) in the case of the Profit and Loss Account, of the profit for the year ended on that date; and
  - (iii) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

**H. Singh***Partner*

Membership No. F – 86994

For and on behalf of

**Price Waterhouse***Chartered Accountants*

Place : Gurgaon

Date : May 26, 2009

**BALANCE SHEET as at 31st March 2009**

	Schedule / (Note Reference)		As At 31st March, 2009 (Rs.)	As At 31st March, 2008 (Rs.)
<b>SOURCES OF FUNDS</b>				
SHAREHOLDERS' FUNDS				
Share Capital	1	587,266,950	586,983,950	
Employee Stock Option Outstanding	2	1,721,550	2,444,900	
Reserves and Surplus	3	<u>2,411,547,271</u>	<u>3,287,937,012</u>	
			3,000,535,771	3,877,365,862
<b>LOAN FUNDS</b>				
Secured Loans	4		8,654,944	166,617,230
			<u><b>3,009,190,715</b></u>	<u><b>4,043,983,092</b></u>
<b>APPLICATION OF FUNDS</b>				
<b>FIXED ASSETS</b>				
Gross Block	5		2,487,532,236	2,129,990,458
Less: Depreciation & Amortisation		<u>1,470,792,096</u>	<u>1,405,201,531</u>	
Net Block			1,016,740,140	724,788,927
Capital work-in-progress (including Capital Advances)			1,052,084,094	518,315,440
INVESTMENTS	6		1,086,229,117	1,928,806,026
DEFERRED TAX ASSETS (NET)18(19b)			401,654,522	24,427,439
<b>CURRENT ASSETS, LOANS AND ADVANCES</b>				
Sundry Debtors	7	986,668,350	1,111,475,363	
Cash and Bank Balances	8	508,219,033	144,664,434	
Other Current Assets	9	339,748,181	396,447,557	
Loans and Advances	10	<u>672,040,615</u>	<u>472,794,282</u>	
		2,506,676,179	2,125,381,636	
<b>Less : CURRENT LIABILITIES AND PROVISIONS</b>				
Current Liabilities	11	2,508,763,659	746,491,545	
Provisions	12	<u>545,429,678</u>	<u>531,244,831</u>	
		3,054,193,337	1,277,736,376	
Net Current Assets / (Liabilities)			(547,517,158)	847,645,260
			<u><b>3,009,190,715</b></u>	<u><b>4,043,983,092</b></u>

**NOTES TO ACCOUNTS 18**

The Schedules referred to above form an integral part of the Balance Sheet. This is the Balance Sheet referred to in our report of even date.

**H. Singh**
*Partner*

Membership No. F- 86994

For and on behalf of

**Price Waterhouse**
*Chartered Accountants*
**Rajendra S Pawar**
*Chairman & Managing Director*
**Ashok Arora**
*Group Chief Financial Officer*
**Arvind Thakur**
*CEO & Jt. Managing Director*
**K T S Anand**
*Chief Financial Officer*
**Surender Varma**
*Company Secretary  
& Legal Counsel*

Place : Gurgaon

Date : May 26, 2009

**PROFIT AND LOSS ACCOUNT for the year ended March 31, 2009**

	Schedule / (Note Reference)	Year ended 31st March 2009 (Rs.)	Year ended 31st March 2008 (Rs.)
<b>INCOME</b>			
Revenue from Operations	18 {1(v), 14, 18 and 27}	5,020,678,050	4,447,143,757
Other Income	13	397,438,197	472,944,523
		<b><u>5,418,116,247</u></b>	<b><u>4,920,088,280</u></b>
<b>EXPENDITURE</b>			
Personnel	14	2,616,136,108	2,135,057,078
Development and Bought out	15	481,169,598	388,802,998
Administration, Finance and Others	16	1,020,369,778	649,973,662
Marketing	17	23,860,278	24,241,706
Depreciation and Amortisation	5	295,974,044	229,709,556
		<b><u>4,437,509,806</u></b>	<b><u>3,427,785,000</u></b>
<b>Profit before Tax</b>		<b>980,606,441</b>	<b>1,492,303,280</b>
Tax Expense	18{1(x) and (19)}		
- Current		107,514,454	140,660,448
- MAT Credit		(10,576,452)	(90,130,000)
- Deferred Charge/(Benefit)		(16,420,399)	(3,268,304)
- Fringe Benefit Tax		15,134,132	13,977,624
<b>Profit after Tax</b>		<b><u>884,954,706</u></b>	<b><u>1,431,063,512</u></b>
Balance brought forward from previous year		2,449,505,701	1,525,716,247
Balance available for appropriation		<b><u>3,334,460,407</u></b>	<b><u>2,956,779,759</u></b>
<b>APPROPRIATION</b>			
Dividend:-			
Dividend Paid (Related to Previous Year)		181,025	109,525
Corporate Dividend Tax on above		35,310	18,614
Proposed on Equity Shares		381,542,492	381,539,568
Corporate Dividend Tax on Proposed Dividend	18(8)	12,935,789	-
Transferred from Debenture Redemption Reserve		(37,500,000)	(17,500,000)
Transferred to General Reserve		88,495,471	143,106,351
Balance Carried to Balance Sheet		2,888,770,320	2,449,505,701
		<b><u>3,334,460,407</u></b>	<b><u>2,956,779,759</u></b>
Basic Earnings per share	18(20)	15.07	24.39
Diluted Earnings per share	18(20)	15.07	24.35

**NOTES TO ACCOUNTS 18**

The Schedules referred to above form an integral part of the Profit and Loss Account. This is the Profit and Loss Account referred to in our report of even date.

**H. Singh**

Partner  
Membership No. F- 86994  
For and on behalf of

**Price Waterhouse**  
Chartered Accountants

**Rajendra S Pawar**  
Chairman & Managing Director

**Ashok Arora**  
Group Chief Financial Officer

**K T S Anand**  
Chief Financial Officer

**Arvind Thakur**  
CEO & Jt. Managing Director

**Surender Varma**  
Company Secretary  
& Legal Counsel

Place : Gurgaon  
Date : May 26, 2009

## CASH FLOW STATEMENT for the year ended 31st March 2009

	Year ended 31st March 2009 (Rs.)	Year ended 31st March 2008 (Rs.)
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Profit before Tax	980,606,441	1,492,303,280
Add / (Less) :		
Provision for Diminution in Investment	250,000,000	-
Depreciation	295,974,044	229,709,556
Unrealized Exchange Loss	44,796,764	67,817,143
Provision for Gratuity & Compensated Expenses	1,246,134	11,959,791
Provision for doubtful debts	3,556,419	(333,843)
Provision for Doubtful Advances	3,711,932	-
Interest Expenses	5,341,195	12,374,392
Interest Income	(26,485,417)	(8,739,205)
Dividend Income	(305,378,026)	(386,371,350)
Gain on disposal of fixed assets	(1,369,838)	(14,568,040)
Profit on Sale of Investment	(45,158,527)	(41,913,585)
	<u>226,234,680</u>	<u>(41,913,585)</u>
Operating Profit before Working Capital Changes	1,206,841,121	1,362,238,139
Add / (Less) : (Increase) / Decrease in Working Capital		
Trade Receivables	107,436,976	(89,556,395)
Other Current Assets	(8,344,942)	(3,363,421)
Loans and Advances	59,534,964	(149,337,882)
Current Liabilities	(101,992,196)	215,386,655
	<u>56,634,802</u>	<u>(26,871,043)</u>
Direct Tax paid (including Tax Deducted at Source)	(179,474,413)	(173,788,541)
<b>Net cash from Operating Activities (A)</b>	<b><u>1,084,001,510</u></b>	<b><u>1,161,578,555</u></b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Fixed Assets (incl. Cap. WIP)	(1,025,968,305)	(896,246,301)
Proceeds from Sale of Fixed Assets	13,919,424	27,874,616
Investment in Subsidiaries /Joint Venture	(13,607,629)	(191,123,165)
Investments with Mutual Funds		
- Value of Units Purchased	(1,345,684,357)	(3,232,348,069)
- Value of Units Sold	1,997,027,422	651,343,065
	<u>651,343,065</u>	<u>3,503,574,616</u>
Dividend Income	381,539,568	4,831,782
Loans to Subsidiaries		
- Given	(6,390,000)	(25,759,819)
- Received back	12,264,000	5,874,000
	<u>5,874,000</u>	<u>24,322,500</u>
Loans to NIITian Welfare Trust	(200,000,000)	100,000,000
Interest received on loan to Subsidiaries	10,877,251	4,322,533
Interest received on fixed deposit & Loan to NIITian Welfare Trust	4,490,944	8,387,029
<b>Net cash from/ (used in) Investing Activities (B)</b>	<b><u>(171,531,682)</u></b>	<b><u>(672,164,279)</u></b>

**CASH FLOW STATEMENT for the year ended 31st March 2009 (Contd.)**

	<b>Year ended 31st March 2009 (Rs.)</b>	<b>Year ended 31st March 2008 (Rs.)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from Issue of Share Capital (incl. Share Premium)	2,169,676	3,407,066
Term Loans		
- Received	-	7,843,357
- Repaid	<u>(7,962,286)</u>	<u>(7,800,265)</u>
Repaid 6.5% Non-convertible Debentures	(150,000,000)	(100,000,000)
Interest paid on Fixed Loan	(13,648,729)	(14,771,201)
Dividend paid ( including Dividend Tax)	(379,473,890)	(296,492,489)
<b>Net cash from / (used in) Financing Activities (C)</b>	<b><u>(548,915,229)</u></b>	<b><u>(407,813,532)</u></b>
Cash and Cash Equivalents at the beginning of the year (refer schedule 8)	144,664,434	63,063,690
Cash and Cash Equivalents at the end of the year (refer schedule 8)	508,219,033	144,664,434
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C)</b>	<b>363,554,599</b>	<b>81,600,744</b>

**Notes:**

- 1 The above cash Flow has been prepared as per the indirect method set out in AS-3 notified under Section 211(3C) of the Companies Act, 1956.
- 2 The enclosed schedules 1 to 18 form an integral part of the Cash Flow Statement.
- 3 Cash and cash equivalents include fixed deposits held as margin money Rs. 10,496,712 (Previous year Rs. 10,496,712).
- 4 Figures in paranthesis indicate cash outgo.
- 5 Previous year figures have been regrouped/reclassified to conform to current year's classification.

This is the cash flow statement referred to in our report of even date.

**H. Singh***Partner*

Membership No. F- 86994

For and on behalf of

**Price Waterhouse**  
*Chartered Accountants***Rajendra S Pawar***Chairman & Managing Director***Ashok Arora***Group Chief Financial Officer***K T S Anand***Chief Financial Officer***Arvind Thakur***CEO & Jt. Managing Director***Surender Varma***Company Secretary  
& Legal Counsel*

Place : Gurgaon

Date : May 26, 2009

**SCHEDULES annexed to and forming part of the Balance Sheet as at 31st March, 2009**

Schedule No.	As at 31st March, 2009 (Rs.)	As At 31st March, 2008 (Rs.)
<b>1. SHARE CAPITAL</b>		
<b>Authorised</b>		
75,000,000 Equity Shares (Previous Year 75,000,000 equity shares) of Rs. 10/- each	750,000,000	750,000,000
	<b><u>750,000,000</u></b>	<b><u>750,000,000</u></b>
<b>Issued, subscribed and Paid-up</b>		
58,726,695 Equity Shares (previous year 58,698,395 shares) of Rs. 10/- each	587,266,950	586,983,950
	<b><u>587,266,950</u></b>	<b><u>586,983,950</u></b>
<b>2. EMPLOYEE STOCK OPTION OUTSTANDING</b> <b>[Refer Notes 1 (vi)(c) and 24 on Schedule 18]</b>		
As per Last Balance Sheet	2,444,900	3,684,600
Less: Utilized for issue of equity shares	650,900	1,094,800
Less: Employee Stock Option lapsed post vesting	72,450	144,900
	<b><u>1,721,550</u></b>	<b><u>2,444,900</u></b>
<b>3. RESERVES AND SURPLUS</b>		
<b>Capital Redemption Reserve</b>		
As per Last Balance Sheet	16,570,603	16,570,603
<b>Share Premium</b>		
As per Last Balance Sheet	1,793,340	76,566,027
Add: Addition during the year	2,537,576	4,360,140
Less: Utilized for issue of Bonus Shares	-	79,132,827
	4,330,916	1,793,340
<b>Debenture Redemption Reserve</b>		
As per Last Balance Sheet	37,500,000	55,000,000
Less : Transferred to Profit & Loss Account	37,500,000	17,500,000
	-	37,500,000
<b>General Reserve</b>		
As per Last Balance Sheet	927,869,315	901,079,886
Add: Employee Stock Option lapsed post vesting	72,450	144,900
Add : Balance Transferred from Profit and Loss Account	88,495,471	143,106,351
Less: Utilized for issue of Bonus Shares	-	116,461,822
	1,016,437,236	927,869,315
<b>Hedging Reserve (Debit)</b>	(1,514,561,804)	(145,301,947)
{Net of deferred tax assets of Rs. 3,744.80 Lacs ( previous year Rs. 148.10 Lacs)} [Refer Notes 1(viii) and 27 on Schedule 18]		
Profit and Loss Account	2,888,770,320	2,449,505,701
	<b><u>2,411,547,271</u></b>	<b><u>3,287,937,012</u></b>
<b>4 SECURED LOANS</b> <b>[Refer Notes 1 (ix) and 5 on Schedule 18]</b>		
Loans from Bank		
-Vehicle Loan	8,654,944	16,617,230
6.5% Non-Convertible Debentures	-	150,000,000
	<b><u>8,654,944</u></b>	<b><u>166,617,230</u></b>

**Notes :**

1) Amount due within one year Rs. 4,950,916/- ( Previous year Rs.156,592,978/- ).



**SCHEDULES annexed to and forming part of the Balance Sheet as at March 31, 2009 (Contd.)**

**5. FIXED ASSETS**  
**[Refer Note 1 (i), (ii), (vii) & (ix) on Schedule 18]**

Description of Assets	GROSS BLOCK			DEPRECIATION / AMORTISATION			NET BLOCK	
	As at 01.04.2008	Additions during the Year	Sales / Adj. during the Year	As at 01.04.2008	For the Year	Sales / Adj. during the Year	As at 31.03.2009	As at 31.03.2008
<b>Tangible</b>								
Land - Freehold	167,165	-	-	-	-	-	167,165	167,165
Land - Lease Hold	138,390,619	162,521,456	-	2,923,697	3,347,616	-	294,640,762	135,466,922
Buildings	2,100,000	96,780,080	-	324,707	306,732	-	98,248,641	1,775,293
Plant & Machinery								
-Computers & Peripherals	432,084,433	123,981,035	14,471,775	290,243,625	84,826,534	13,866,623	180,390,157	141,840,808
-Others	145,865,981	92,270,870	58,654,289	62,597,869	24,231,089	53,073,092	145,726,696	83,268,112
Furniture & Fixtures	92,834,021	42,772,218	27,463,482	48,043,282	13,260,266	25,355,537	72,194,746	44,790,739
Lease Hold Improvements	216,681,131	20,086,557	40,686,612	91,923,259	58,597,807	40,519,718	86,079,728	124,757,872
Vehicles	32,870,860	321,116	6,132,499	6,672,351	2,929,345	2,044,103	19,501,884	26,198,509
<b>Sub Total (a)</b>	<b>1,060,994,210</b>	<b>538,733,332</b>	<b>147,408,657</b>	<b>502,728,790</b>	<b>187,499,389</b>	<b>134,859,073</b>	<b>896,949,779</b>	<b>558,265,420</b>
Intangible- Acquired								
Software	1,068,973,096	61,741,511	95,524,408	902,457,364	108,473,556	95,524,406	119,783,685	166,515,732
Patents	23,152	-	-	15,377	1,099	-	16,476	7,775
<b>Sub Total (b)</b>	<b>1,068,996,248</b>	<b>61,741,511</b>	<b>95,524,408</b>	<b>902,472,741</b>	<b>108,474,655</b>	<b>95,524,406</b>	<b>119,790,361</b>	<b>166,523,507</b>
<b>Total (a+b)</b>	<b>2,129,990,458</b>	<b>600,474,843</b>	<b>242,933,065</b>	<b>1,405,201,531</b>	<b>295,974,044</b>	<b>230,383,479</b>	<b>1,016,740,140</b>	<b>724,788,927</b>
<b>Previous Year</b>	<b>1,756,340,523</b>	<b>402,975,582</b>	<b>29,325,647</b>	<b>1,191,511,046</b>	<b>229,709,556</b>	<b>16,019,071</b>	<b>1,405,201,531</b>	
							Capital Work-in Progress	<b>518,315,440</b>
							( Including Capital Advances)	
								<b>2,068,824,234</b>
								<b>1,243,104,367</b>

**SCHEDULES annexed to and forming part of the Balance Sheet as at March 31, 2009 (Contd.)**

Schedule No.	As at 31st March, 2009 (Rs.)	As At 31st March 2008 (Rs.)
<b>6. INVESTMENTS</b>		
<b>[Refer Notes 1 (iv), 17, 21 and 28 on Schedule 18]</b>		
<b>A. LONG TERM, TRADE [UNQUOTED]</b>		
In Subsidiary Companies:		
2,837,887 Equity Shares having no par value in NIIT Technologies Inc. USA	155,790,698	155,790,698
2,989,375 Equity Shares of 1 Singapore \$ each fully paid-up in NIIT Technologies Pacific Pte Ltd., Singapore	77,518,750	77,518,750
3,276,427 Equity Shares of 1 UK Pound each fully paid-up in NIIT Technologies Ltd., UK	204,426,821	204,426,821
890,000 equity Shares of Rs 10/- each fully paid-up in NIIT GIS Ltd	8,900,000	8,900,000
537,900 Equity Shares of Euro 1 each fully paid-up in NIIT Technologies GmbH, Germany	184,762,155	184,762,155
50,000,000 Equity Shares of Rs 10/- each fully paid-up in NIIT SmartServe Limited	500,000,000	
Less: Provision for Diminution	250,000,000	500,000,000
150,000 Equity Shares of Euro 1 each fully paid-up in Softec GmbH Germany	164,253,564	164,253,564
10 Equity Shares of USD 5,000 each fully paid-up in NIIT Technologies Limited, Canada	1,969,500	1,969,500
1,000 Equity Shares of 1,000 AED each fully paid in NIIT Technologies FZ LLC Dubai	13,607,629	-
Other Companies:		
2,500,000 equity shares of Rs. 10 each in Adecco NIIT Technologies Private Limited	25,000,000	25,000,000
<b>B. SHORT TERM, NON TRADE [UNQUOTED]</b>		
<b>[Refer Note 21 on Schedule 18]</b>		
In Mutual Funds	-	606,184,538
	<b><u>1,086,229,117</u></b>	<b><u>1,928,806,026</u></b>

**Note:**

- During the year, the Company made investments in NIIT Technologies FZLLC Dubai of Rs.13,607,629.

**Schedules annexed to and forming part of the Balance Sheet as at 31st March, 2009 (Contd.)**

Schedule No.	As at 31st March, 2009 (Rs.)	As At 31st March 2008 (Rs.)
<b>7. SUNDRY DEBTORS (Unsecured)</b>		
Outstanding for over six months		
- Considered Good	15,597,052	26,388,259
- Considered Doubtful	39,102,395	35,545,976
Other Debts - Considered Good	<u>971,071,298</u>	<u>1,085,087,104</u>
	1,025,770,745	1,147,021,339
Less : Provision for Doubtful Debts	<u>39,102,395</u>	<u>35,545,976</u>
	<b><u>986,668,350</u></b>	<b><u>1,111,475,363</u></b>
<b>8. CASH AND BANK BALANCES</b>		
Cash and Cheques in Hand	4,619,335	16,326,646
Balances with Scheduled Banks in :		
- Current Accounts	191,289,347	91,720,174
- Dividend Account	5,792,467	3,510,454
- Fixed Deposit Accounts	260,496,712	10,496,712
[Includes Rs. 10,496,712/- (Previous Year Rs10,496,712/- ) pledged as margin money]		
Balances with Other Banks in Current Account *	<u>46,021,172</u>	<u>22,610,448</u>
	<b><u>508,219,033</u></b>	<b><u>144,664,434</u></b>
* Consists of balances with Wachovia Bank, Atlanta USA and Emirates Bank Dubai UAE. Maximum Balance outstanding during the year Rs. 1,196.93 Lacs (previous year Rs. 1,165.14 Lacs) in Wachovia Bank and Rs. 231.45 Lacs (previous year Nil) with Emirates Bank.		
<b>9. OTHER CURRENT ASSETS (Unsecured, considered good) (Refer Note 8 on Schedule 18)</b>		
Unbilled Revenue	22,369,513	14,024,569
Interest Receivable	12,000,642	883,420
Dividend Receivable	<u>305,378,026</u>	<u>381,539,568</u>
	<b><u>339,748,181</u></b>	<b><u>396,447,557</u></b>

**Schedules annexed to and forming part of the Balance Sheet as at 31st March, 2009 (Contd.)**

Schedule No.	As at 31st March, 2009 (Rs.)		As At 31st March 2008 (Rs.)
<b>10 LOANS AND ADVANCES</b>			
<b>(Unsecured, considered good except where otherwise stated )</b>			
<b>[Refer Notes 1 (iii), (xi) , 19 and 25 on Schedule 18]</b>			
Loans to Subsidiaries		21,850,802	26,759,850
Loan to NIITian Welfare Trust		200,000,000	-
Prepaid Expenses		42,665,756	56,816,075
Advances recoverable in cash or in kind or for value to be received			
- Considered good	113,536,125	128,106,039	
- Considered doubtful	4,917,784	1,205,852	
	<u>118,453,909</u>	<u>129,311,891</u>	
Less : Provision for Doubtful Advances	4,917,784	113,536,125	128,106,039
		<u>1,205,852</u>	
Security Deposits			
- Considered good	108,168,859	142,695,523	
- Considered doubtful	1,459,716	1,459,716	
	<u>109,628,575</u>	<u>144,155,239</u>	
Less : Provision for Doubtful Security Deposits	1,459,716	108,168,859	142,695,523
		<u>1,459,716</u>	
Advance Income Tax	342,571,808	197,367,127	
Less: Provision for Income Tax	257,700,121	84,871,687	169,510,448
		<u>169,510,448</u>	27,856,679
Advance Fringe Benefit tax	49,360,996	34,412,614	
Less: Provision for Fringe Benefit tax	49,120,061	240,935	33,982,498
		<u>33,982,498</u>	430,116
MAT Credit		100,706,451	90,130,000
		<u><b>672,040,615</b></u>	<u><b>472,794,282</b></u>
<b>11 CURRENT LIABILITIES</b>			
<b>[Refer Note 4 on Schedule 18]</b>			
Sundry Creditors		447,779,629	445,838,892
Advances from Customers		3,169,580	1,162,711
Interest accrued but not due		-	8,307,534
Unclaimed Dividend *		5,792,467	3,510,454
Other Liabilities		61,927,020	60,022,144
Derivative Instruments Fair Value Liability		1,990,094,963	227,649,810
		<u><b>2,508,763,659</b></u>	<u><b>746,491,545</b></u>
* There are no amounts due for payment to the Investor Protection Fund under Section 205C of The Companies Act, 1956 as at the year end.			
<b>12 PROVISIONS</b>			
<b>[Refer Note 1 (vi), (xi), 8 and 16 on Schedule 18]</b>			
Provision for compensated absences		149,829,705	144,402,302
Provision for Gratuity		1,121,692	5,302,961
Proposed Dividend on Equity Shares		381,542,492	381,539,568
Corporate Dividend Distribution Tax		12,935,789	-
		<u><b>545,429,678</b></u>	<u><b>531,244,831</b></u>

**SCHEDULES annexed to and forming part of the Profit and Loss Account for the year ended March 31, 2009**

Schedule No.	Year ended 31st March 2009 (Rs.)	Year ended 31st March 2008 (Rs.)
<b>13. OTHER INCOME</b>		
<b>[Refer Notes 1(v), 6, 8, 9 and 21 on schedule 18]</b>		
Profit on sale of Investments	45,158,527	41,913,585
Recovery from Subsidiaries for common corporate expenses	21,918,445	26,901,095
Interest Received on :		
- Deposits	14,136,714	4,039,771
- Loans	12,348,703	4,699,434
	<u>26,485,417</u>	<u>8,739,205</u>
Less: Interest Paid on Fixed Loans	5,341,195	12,374,392
Miscellaneous	3,838,977	21,393,680
Dividend Income	305,378,026	386,371,350
	<b><u>397,438,197</u></b>	<b><u>472,944,523</u></b>
<b>14. PERSONNEL</b>		
<b>[Refer Notes 1(vi), 16, 22 and 24 on schedule 18]</b>		
Salaries and Benefits	2,485,982,685	1,990,809,261
Contribution to Retirement benefit funds	87,221,212	74,900,482
Welfare and Other Expenses	42,932,211	69,347,335
	<b><u>2,616,136,108</u></b>	<b><u>2,135,057,078</u></b>
<b>15. DEVELOPMENT AND BOUGHT OUT</b>		
<b>[Refer Notes 14 (a), (b) on schedule 18]</b>		
Bought out items	33,211,631	38,675,294
Professional Charges	408,477,758	316,532,298
Equipment Hiring	2,929,500	4,430,995
Consumables	31,422,926	19,797,803
Others	5,127,783	9,366,608
	<b><u>481,169,598</u></b>	<b><u>388,802,998</u></b>

**SCHEDULES annexed to and forming part of the Profit and Loss Account for the year ended March 31, 2009 (Contd.)**

Schedule No.	Year ended 31st March 2009 (Rs.)	Year ended 31st March 2008 (Rs.)
<b>16. ADMINISTRATION, FINANCE AND OTHERS</b>		
<b>[Refer Note 1 (vii), (viii), (xii), 7, 13, 23, 26 &amp; 28 on Schedule 18]</b>		
Rent	173,019,276	196,587,673
Rates and Taxes	3,213,322	11,999,139
Electricity and Water	47,252,577	59,427,230
Communication	55,013,724	45,001,178
Legal and Professional	63,097,191	57,372,940
Travelling and Conveyance	234,827,136	223,629,923
Bank, Discounting and Other Financial Charges	2,709,424	2,515,265
Loss/(Gain) on exchange fluctuations ( Net )*	63,362,492	(32,914,444)
* Net of fair value loss on non designated derivative instruments of Rs. 33,514,321 (Previous year Rs. 67,537,863.)		
Insurance Premium	12,919,185	8,708,203
Repairs and Maintenance		
- Plant and Machinery	29,364,257	24,753,630
- Buildings	650,383	20,607
- Others	48,184,959	20,442,559
Sundry Expenses	36,755,852	32,429,759
Provision for Diminution in Investment	250,000,000	-
	<b>1,020,369,778</b>	<b>649,973,662</b>
<b>17. MARKETING</b>		
Advertisement and Publicity	6,943,852	13,728,413
Others	16,916,426	10,513,293
	<b>23,860,278</b>	<b>24,241,706</b>

**SCHEDULE '18': Notes to Accounts for the year ended 31st March 2009**

**1. STATEMENT ON SIGNIFICANT ACCOUNTING POLICIES**

These financial statements have been prepared on an accrual basis and under historical cost convention and in compliance, in all material aspects, with the applicable accounting principles in India, the applicable accounting standards notified under section 211 (3C) and the relevant provisions of the Companies Act, 1956. The significant accounting policies adopted by the Company are detailed below.

**i) Fixed assets, Intangible Assets and Capital Work-in-Progress**

Fixed assets are stated at cost, less accumulated depreciation. Direct costs are capitalized until fixed assets are ready for use. Capital work-in-progress comprises outstanding advances paid to acquire fixed assets, and the cost of fixed assets that are not yet ready for their intended use at the balance sheet date. Intangible assets are recorded at the consideration paid for acquisition.

**ii) Depreciation and Amortization**

Depreciation and amortization is provided on a pro-rata basis on the straight-line method over the estimated useful lives of the assets determined as follows: -

Leasehold Land	Over the period of lease.
Leasehold Improvements	3 years or lease period whichever is lower
Computers, Related Accessories and Software	2-5 years

All other assets comprising of Building, Plant & Machinery, Furniture and Fixtures, Vehicles and Patents are depreciated/amortized on straight-line method at the rates prescribed under schedule XIV to the Companies Act, 1956.

Further, computer systems and software are technically evaluated each year for their useful economic life and the unamortized depreciable amount of the asset is charged to profit and loss account as depreciation over their revised remaining useful life.

**iii) Impairment of Assets**

All assets other than inventories, investments and deferred tax asset, are reviewed for impairment, wherever events or changes in circumstances indicate that the carrying amount may not be recoverable. Assets whose carrying value exceeds their recoverable amount are written down to the recoverable amount.

**iv) Investments**

Long-term investments are valued at their acquisition cost. Any decline in the value of the investment, other than a temporary decline, is recognized and provided for in the profit and loss account. Short-term investments are carried at cost or their market values whichever is lower.

**v) Revenue Recognition**

**Software Services**

The company derives a substantial part of its revenue from time and material contracts where the revenue is recognized on a man month basis. Also the company derives revenues from fixed price contracts where revenue is recognized based on proportionate completion method and foreseeable losses on the completion of contract if any, are provided for.

Revenues from the sale of equipment are recognized upon delivery, which is, when the title passes to the customer.

Revenue from other services is recognized as the related services are performed.

**Dividend**

Dividend income is recognized when the right to receive dividend is established.

**vi) Employee Benefits**

**a) Retirement Benefit Plans:**

**- Provident Fund**

The Company makes contribution to the "NIIT Technologies Limited Employees' Provident Fund Trust". The above Trust has been notified on 20<sup>th</sup> March 2009, by Ministry of Labour and Employment, Government of India as an exempt trust and accordingly the contribution of March 2009 has been deposited with the trust. The Trust is a defined benefit plan to the extent that the Company has an obligation to make good the shortfall, if any, between the return from the investment of the Trust and interest rate notified every year by the Government.

The Company made defined contribution to Regional Provident Fund Commissioner from 1 October 2005 till 29 February 2009 in respect of Provident Fund. The Company does not have any further



## SCHEDULE '18': Notes to Accounts for the year ended 31st March 2009 (Contd.)

obligation in this respect.

For the period up to 30<sup>th</sup> September 2005, the Company made contribution to NIIT Limited Employees' Provident Fund Trust (NIIT Limited Trust), established for the purposes of Provident Fund by NIIT Limited which is a defined benefit plan to the extent that the Company has an obligation to make good the shortfall, if any, between the return from the investment of the Trust and interest rate notified every year by the Government. The Company's obligation towards any possible shortfall is actuarially determined and provided for. The Company is in the process of completing the formalities of transferring the accumulated balance of Corpus of NIIT Limited Trust as relatable to NIIT Technologies Group to the NIIT Technologies Limited Employees' Provident Fund Trust.

The Company's contribution towards Provident Fund is charged to Profit and Loss Account.

- **Superannuation**

The Company makes defined contribution to a Trust established for the purpose by NIIT Technologies Limited. The Company has no further obligation beyond its monthly contributions.

The Company's contribution towards Superannuation is charged to Profit and Loss Account.

- **Gratuity**

Gratuity is a post employment defined benefit plan. The liability recognized in the Balance Sheet in respect of gratuity is the present value of the defined benefit obligation at the Balance Sheet date less the fair value of plan assets. The defined benefit obligation is calculated annually by an independent actuary using the projected unit credit method. Actuarial gains and losses are charged or credited to the Profit and Loss Account in the year in which such gains or losses arise.

- **Overseas Employees**

In respect of employees of the overseas branch, the company makes defined contribution on a monthly basis towards the retirement benefit plans which is charged to the Profit and Loss Account.

b) **Compensated absences**

Liability in respect of compensated absences is provided both for encashable leave and those expected to be availed based on actuarial valuation, which considers undiscounted value of the benefits expected to be paid/availed during the next one year and appropriate discounted value for the benefits expected to be paid/availed after one year.

c) **Employee Stock Option Scheme**

The stock options granted under "NIIT Technologies Employees Stock Option Plan 2005" is accounted for as per the accounting treatment prescribed by Employee Stock Option Scheme and Employee stock Purchase Guidelines, 1999, issued by Securities and Exchange Board of India, whereby the intrinsic value of the option being excess of market value of the underlying share immediately prior to date of grant over its exercise price is recognized as deferred employee compensation with a credit to employee stock option outstanding account. The deferred employee compensation is charged to profit and loss account on straight line basis over the vesting period of the option. The balance in employee stock option outstanding account net of any un-amortized deferred employee compensation is shown separately as part of shareholders' funds.

vii) **Foreign Currency Transactions**

Transactions in foreign currency are booked at standard rates determined periodically, which approximate the actual rates, and all monetary assets and liabilities in foreign currency are restated at the year-end. Gain/ Loss arising out of fluctuations on realization/ payment or restatement, is charged/ credited to the Profit and Loss Account.

The operations of the company's overseas branches in USA and Dubai are considered integral in nature and the balances/and transactions of the branches are translated using the aforesaid principle.

viii) **Hedge Accounting**

In accordance with its Risk management policies and procedures, the company uses derivative instruments such as foreign currency forward contracts and currency options to hedge its risks associated with foreign currency fluctuations relating to certain firm commitments and highly probable forecasted transactions. The derivatives that qualify for hedge accounting and designated as cash flow hedges are initially measured at fair value & are re-measured at a subsequent reporting date and the changes in the fair value of the derivatives i.e. gain or loss (net of tax impact) is recognized directly in shareholders' funds under hedging reserve to the extent considered highly effective. Gain or loss on derivative instruments that either do not qualify for hedge

## SCHEDULE '18': Notes to Accounts for the year ended 31st March 2009 (Contd.)

accounting or are not designated as cash flow hedges or designated as cash flow hedges to the extent considered ineffective are recognized in the Profit and Loss Account.

Hedge accounting is discontinued when the hedging instrument expires, sold, terminated, or exercised, or no longer qualifies for hedge accounting. The cumulative gain or loss on the hedging instrument recognized in shareholder's funds under hedging reserve is retained there until the forecasted transaction occurs subsequent to which the same is adjusted against the related transactions in Profit and Loss Account. If a hedged transaction is no longer expected to occur, the net cumulative gain or loss recognized in shareholder's fund is transferred to profit and loss account in the same period.

### ix) **Borrowing Cost**

Borrowing costs are expensed in the year in which it is incurred except where the cost is incurred during the construction of an asset that takes a substantial period to get ready for its intended use in which case it is capitalized.

### x) **Taxation**

Tax expense comprising of both current tax (including Fringe Benefit Tax) and deferred tax from operations in India and overseas branches, is included in determining the net results for the year. Deferred tax reflects the effect of temporary timing differences between the assets and liabilities recognized for financial reporting purposes and the amounts that are recognized for current tax purposes. As a matter of prudence deferred tax assets are recognized and carried forward only to the extent, there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized.

Current tax (including Fringe Benefit Tax) for operations in India and overseas branches is determined based on the provisions of respective tax regulations.

Minimum Alternative Tax (MAT) credit asset is recognized in the Balance Sheet where it is likely that it will be adjusted against the discharge of the tax liability in future under Income Tax Act, 1961.

### xi) **Provisions and Contingencies**

The Company creates a provision when there is present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that probably will not require an outflow of resources or where a reliable estimate of the obligation cannot be made.

### xii) **Leases**

Lease rental in respect of operating lease arrangements are charged to expense on a straight line basis over the term of the related lease agreement.

## 2. **CONTINGENT LIABILITIES: -**

- a) Guarantees issued by banker outstanding at the end of accounting year Rs. 55,230,786/- (Previous Year Rs. 112,364,479/-)
- b) Guarantees to bank against lines of credit sanctioned to wholly owned overseas subsidiaries Rs.846,672,600/- (Previous Year Rs.876,643,900/-).
- c) Guarantees on behalf of wholly owned overseas subsidiaries Rs. 579,132,300/- (Previous Year Rs. 508,119,500/-).
- d) Claims against the Company not acknowledged as debts Rs. 57,091,400/- (Previous Year Rs. 270,115,497/-).

3. Estimated amount of contracts remaining to be executed on capital account (net of advances) not provided for Rs. 361,573,980/- (Previous Year Rs. 599,263,721/-).

## 4. **Micro and Small scale business entities :**

There are no micro and small scale enterprises, to which the company owes dues, as at 31 March 2009. This information as required to be disclosed under the Micro, Small and Medium enterprises Development Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the Company.

5. a) Working capital limits of Rs. 10,000 Lacs (Previous Year Rs. 10,000 Lacs) are secured by a first charge on the book debts of the company and by a second charge on movable assets of the Company. The Company has not utilized the fund based limit as at the year-end (previous year Rs. Nil).
- b) Vehicle loans from banks are secured by way of hypothecation of the vehicles financed.
6. Interest received are gross of tax deducted at source of Rs. 4,724,316/- (Previous Year Rs. 1,522,302/-).
7. Expenses during the year are net of recoveries towards common services from domestic subsidiaries amounting to Rs. 11,223,404/- (Previous Year Rs. 2,469,813/-).

### SCHEDULE '18': Notes to Accounts for the year ended 31st March 2009 (Contd.)

8. The Company's domestic subsidiary NIIT GIS Limited has declared dividend of which Rs. 305,378,026/- (Previous Year Rs. 381,539,568/-) is receivable by the Company in respect of which dividend distribution tax would be paid by the subsidiary. In terms of provisions of sub-section 1A of section 115 O of the Income Tax Act, dividend distribution tax is payable by the Company on the amount being excess of dividend proposed by the Company over the dividend receivable by the company from its subsidiary.
9. The profit on sale of investments includes Rs. 153 Lacs (previous year Rs. 45 Lacs) profit on sale of units of mutual funds held as investment for a period of more than 12 months.

#### 10. EARNINGS IN FOREIGN CURRENCY

	2008-09 (Rs.)	2007-08 (Rs.)
IT and Related Services	4,541,696,323	4,034,006,906
Interest	2,215,618	1,447,139
Other income – Shared Services Recovery from overseas subsidiaries	15,511,641	23,550,240

#### 11. CIF VALUE OF IMPORTS

	2008-09 (Rs.)	2007-08 (Rs.)
Capital goods	106,578,807	58,964,681

#### 12. EXPENDITURE IN FOREIGN CURRENCY (Net of Taxes)

	2008-09 (Rs.)	2007-08 (Rs.)
Development and Bought out	16,403,921	41,402,247
Travel	92,471,031	112,295,156
Professional fees	418,945	1,756,546
Branch office Expenses	1,454,499,331	857,136,651
Others	14,743,865	11,269,741

#### 13. PAYMENT TO AUDITORS ( Excluding Service Tax )

	2008-09 (Rs.)	2007-08 (Rs.)
Statutory Audit fees	3,800,000	3,800,000
Certification and Other Services	2,550,000	2,515,000
Tax audit fees	300,000	419,000
Reimbursement of expenses	409,956	463,794

#### 14. DETAILS RELATING TO OPENING STOCK, PURCHASES, REVENUE AND CLOSING STOCK

- a) The Company is engaged, inter-alia, in the production and development of computer software. The production and sale of such software cannot be expressed in generic unit. Hence, it is not possible to give quantitative details as required under paragraph 3 and 4C of Part II of Schedule VI of the Companies Act, 1956.
- b) The details relating to traded items are as under:

	2008-09 Value (Rs.)	2007-08 Value (Rs.)
Opening Stock	-	-
Purchases	33,211,631	38,675,294
Sales	34,730,901	43,590,424
Closing stock	-	-

The Company deals in a number of software and hardware items whose cost and selling price vary for different items. The revenue from the different kind of software and their related costs individually constitute less than

## SCHEDULE '18': Notes to Accounts for the year ended 31st March 2009 (Contd.)

10% of the turnover and costs of the Company respectively. Accordingly, no quantitative information relating to software and hardware traded is being given.

- c) Revenue includes income from software development and related services of Rs 4,985,947,149/- (Previous Year Rs. 4,403,553,334/-).

### 15. RELATED PARTY TRANSACTIONS AS PER ACCOUNTING STANDARD 18:

#### A. Related party relationship where control exists:

##### Subsidiaries

1. NIIT GIS Ltd, India
2. NIIT Smart Serve Ltd, India
3. NIIT Technologies Ltd, United Kingdom
4. NIIT Technologies BV, Netherlands
5. NIIT Technologies NV, Belgium
6. NIIT Technologies Pte Limited, Singapore
7. NIIT Technologies Ltd, Thailand
8. NIIT Technologies Pty Ltd, Australia
9. NIIT Technologies KK, Japan
10. NIIT Technologies AG, Germany
11. NIIT Technologies GmbH, Ostterreich
12. NIIT Technologies AG, Schweiz
13. NIIT Technologies Inc, USA
14. NIIT Smart Serve Limited, United Kingdom ( Closed on 26 March 2009)
15. ROOM Solutions Limited, United Kingdom
16. Softech GmbH
17. NIIT Technologies FZ LLC ( Incorporated on 23 Dec. 2008)
18. NIIT Technologies Limited, Canada

#### B. Other related parties with whom the Company has transacted:

##### a) Parties of whom the Company is an associate and its subsidiaries:

- NIIT Limited, India (Through its subsidiary, Scantech Evaluation Services Ltd, India)
- NIIT Middle East LLC Bahrain
- NIIT USA Inc
- Evolve Services Limited

##### b) Key Managerial Personnel

- 1) Rajendra S Pawar
- 2) Vijay K Thadani
- 3) Arvind Thakur

##### c) Parties in which the Key Managerial Personnel of the Company are interested:

- Naya Bazar Novelities Pvt. Ltd., India

##### d) Joint Venture:

- Adecco NIIT Technologies Private Limited, India

**SCHEDULE '18': Notes to Accounts for the year ended 31st March 2009 (Contd.)**
**C. Details of transactions with related parties (described above) carried out on an arms length basis:-**

Nature of Transactions	Subsidiaries	Party of whom the Company is an associate	Key Managerial Personnel	Parties in which Key Managerial Personnel of the Company are interested	Joint Venture	Total
	(Rs.)	(Rs.)	(Rs.)	(Rs.)	(Rs.)	(Rs.)
Purchase of Fixed Assets (Note 2)	9,253,998 (26,912,276)	2,168,827 (1,269,798)	- (-)	- (-)	- (-)	11,422,825 (28,182,074)
Purchase of Goods (Note 3)	- (1,090,500)	- (-)	- (-)	- (-)	- (-)	- (1,090,500)
Sale of Fixed Assets (Note 4)	- (-)	7,506,528 (301,999)	- (-)	- (-)	- (-)	7,506,528 (301,999)
Rendering of Services (Note 5)	5,000,197,331 (3,927,677,695)	8,773,865 (18,884,314)	- (-)	- (-)	7,974,129 (4,061,393)	5,016,945,325 (3,950,623,402)
Receiving of Services (Note 6)	19,182,418 (1,580,815)	7,587,353 (44,207,244)	- (-)	- (-)	- (-)	26,769,771 (45,788,059)
Recovery of Expenses by the Company (Including those from Overseas Subsidiaries) (Note 7)	75,105,171 (109,260,313)	2,728,040 (23,455,077)	- (-)	- (-)	2,193,345 (2,396,248)	80,026,556 (135,111,638)
Recovery of Expenses from the Company (Note 8)	7,699,031 (163,196,779)	19,177,297 (15,287,354)	- (-)	- (-)	- (26,172)	26,876,328 (178,510,305)
<b>Finance:</b>						
Investments made (Note 9)	13,607,629 (166,223,065)	- (-)	- (-)	- (-)	- (24,900,100)	13,607,629 (191,123,165)
Loans Given (Note 10)	6,390,000 (25,759,819)	- (-)	- (-)	- (-)	- (-)	6,390,000 (25,759,819)
Loans Given Received back (Note 11)	12,876,000 (24,322,500)	- (-)	- (-)	- (-)	- (-)	12,876,000 (24,322,500)
Interest received (Note 12)	2,215,618 (1,447,139)	- (-)	- (-)	- (-)	- (-)	2,215,618 (1,447,139)
Remuneration (Note 13)	- (-)	- (-)	19,005,994 (26,523,001)	- (-)	- (-)	19,005,994 (26,523,001)
Other Income (Note 14)	21,504,907 (28,226,531)	- (-)	- (-)	- (-)	413,538 (3,949,509)	21,918,445 (32,176,040)
Other Expenses (Note 15)	- (-)	- (10,513,426)	- (-)	275,403 (514,555)	- (-)	275,403 (11,027,981)
Dividend paid to Scantech Evaluation Services Ltd	- (-)	95,384,892 (62,805,080)	- (-)	- (-)	- (-)	95,384,892 (62,805,080)
Dividend receivable from NIIT GIS Limited	305,378,026 (381,539,568)	- (-)	- (-)	- (-)	- (-)	305,378,026 (381,539,568)

## SCHEDULE '18': Notes to Accounts for the year ended 31st March 2009 (Contd.)

### Notes:

1. Figures in parenthesis represent previous year's figure.
2. Transactions in purchase of Fixed Assets for the year with;  
NIIT Smart Serve Limited Rs. 92.54 Lacs (Previous year Rs.100.57 Lacs)  
NIIT Limited Rs. 19.63 Lacs (Previous year Rs. 1.50 Lacs)
3. Includes transactions in purchase of goods for the year with;  
NIIT GIS Ltd Rs. Nil (Previous year Rs.10.90 Lacs)
4. Includes transactions in Sale of Fixed Assets for the year with;  
NIIT Limited Rs. 75.07 Lacs (Previous year Rs. 3.02 Lacs)
5. Includes transactions in Rendering of Services for the year mainly with;  
\*NIIT Technologies Inc USA Rs. 29,744.51 Lacs (Previous year Rs.21,133.21 Lacs)  
\*NIIT Technologies Ltd, UK Rs. 10,650.96 Lacs (Previous year Rs. 9,570.17 Lacs)  
NIIT Limited Rs. 87.73 Lacs (Previous year Rs.188.84 Lacs)  
\* Includes revenue from revision in rates based on independent transfer pricing study.
6. Includes transactions in Receiving of Services for the year mainly with;  
NIIT (Thailand) Ltd Rs. 16.74 Lacs (Previous year Rs.15.80 Lacs)  
NIIT Limited Rs. 39.13 Lacs (Previous year Rs. 51.71 Lacs)  
NIIT Middle East Rs. 34.42 Lacs (Previous year Rs. 390.36 Lacs)  
NIIT Technologies Ltd, Canada Rs. 115.13 Lacs (Previous year Rs. Nil)
7. Includes transactions in recovery of expenses by the company for the year mainly with;  
NIIT GIS Ltd Rs. 119.21 Lacs (Previous year Rs. Nil)  
NIIT Smart Serve Limited Rs. 83.59 Lacs (Previous year Rs. Nil)  
NIIT Technologies Ltd, UK Rs.136.91 Lacs (Previous year Rs. 279.68 Lacs)  
NIIT Limited Rs. 25.02 Lacs (Previous year Rs.189.45 Lacs)  
NIIT Technologies Inc Rs. 186.53 Lacs (Previous year Rs. 477.26 Lacs)
8. Includes transactions in recovery of expenses from the Company for the year mainly with;  
NIIT Smart Serve Limited Rs. 72.69 Lacs (Previous year Rs. 58.49 Lacs)  
NIIT Limited Rs. 90.22 Lacs (Previous year Rs. 72.21 Lacs)  
NIIT USA Inc Rs. 101.56 Lacs (Previous year Rs. 80.65 Lacs)
9. Includes transactions in Investments made for the year mainly with;  
NIIT Technologies FZ LLC Rs. 136.08 Lacs (Previous year Rs. Nil)
10. Transactions in Loans Given for the year with;  
Softech GmbH Rs. 63.90 Lacs (Previous year Rs. 257.60 Lacs)
11. Transactions in loans given received back for the year with;  
Softech GmbH Rs.128.76 Lacs (Previous year Rs. Nil)
12. Transactions in interest received for in the year with;  
NIIT Technologies AG, Germany Rs. Nil (Previous year Rs. 12.81 Lacs)  
Softech GmbH Rs. 22.16 Lacs (Previous year Rs.1.66 Lacs)
13. Remuneration of:  
Mr. R S Pawar – Rs. 39.39 Lacs (Previous year Rs.110.52 Lacs)  
Mr. Arvind Thakur – Rs.142.07 Lacs (Previous year Rs.146.73 Lacs)  
Mr. Vijay K Thadani – Rs. 8.60 Lacs (Previous year Rs. 7.96 Lacs)
14. Includes transactions in other income for the year mainly with;  
NIIT GIS Limited Rs. 36.06 Lacs (Previous year Rs. 35.26 Lacs)  
NIIT Smart Serve Ltd Rs. 23.87 Lacs (Previous year Rs. 40.75 Lacs)  
NIIT Technologies Ltd, UK Rs. 41.97 Lacs (Previous year Rs. 50.32 Lacs)  
NIIT Technologies Inc USA Rs. 37.95 Lacs (Previous Rs. 71.20 Lacs)
15. Includes transactions in other expenses for the year mainly with;  
NIIT Ltd Rs. Nil (Previous year Rs.105.13 Lacs)

## SCHEDULE '18': Notes to Accounts for the year ended 31st March 2009 (Contd.)

### D. Details of balances with related parties:

	Receivables As at 31.03.2009 (Rs.)	Payables As at 31.03.2009 (Rs.)	Receivables As at 31.03.2008 (Rs.)	Payables As at 31.03.2008 (Rs.)
Subsidiaries	1,178,612,229	15,297,742	1,385,595,817	31,928,794
Associates	18,319,019	3,467,779	3,675,410	3,783,524
Key Managerial Personnel	-	6,250,335	-	11,780,000
Joint Venture	3,321,386	-	-	-

### 16. Employee Benefits

- a) Expenditure in respect of defined contribution post retirement benefit plans viz. Provident Fund, Superannuation Fund and Overseas plan amounted to Rs. 74,169,190/- (previous year Rs. 62,030,328/-).
- b) Disclosure in respect of defined benefit plans in accordance with Accounting Standard 15 (Revised) "Employee Benefits"

#### - Provident Fund:

In respect of Company's obligation towards guaranteed returns on Provident Fund Contributions made to the NIIT Limited Employees' Provident Fund Trust established by NIIT Limited, the Company's obligation has been actuarially determined. As per actuary's report the interest earnings and cumulative surplus of Trust are more than the statutory requirement and accordingly there is no additional liability of employer on account of interest shortfall.

In respect of Company's obligation towards guaranteed returns on Provident Fund Contributions made to the "NIIT Technologies Limited Employees' Provident Fund Trust" established by the Company, the Company's obligation have not been actuarially determined as it is not considered necessary to actuarially determine the liability as the Company has contributed in the above Trust for the month of March 2009 only.

#### - Gratuity:

Disclosures as per actuarial report of independent actuary:

**Amount of obligation as at the year end is determined as under:**

Description	2008-09	2007-08
Present value of obligation as at the beginning of the year	61,217,236	48,543,734
Interest cost	4,897,379	3,883,499
Current service cost	12,234,279	9,234,405
Benefits paid	(3,013,440)	(3,408,663)
Actuarial (gain)/loss on obligations	1,326,390	2,964,261
<b>Present value of obligation as at the end of the year</b>	<b>76,661,844</b>	<b>61,217,236</b>

#### Change in Plan Assets:

Description	2008-09	2007-08
Plan assets at beginning at fair value	55,914,274	32,167,489
Expected return on plan assets	5,172,070	2,975,493
Contributions	17,233,291	23,943,437
Benefits paid	(3,013,439)	(3,408,663)
Actuarial gain/(loss) on plan assets	233,956	236,518
<b>Plan assets at year end at fair value</b>	<b>75,540,152</b>	<b>55,914,274</b>

#### Amount of the obligation recognized in the Balance Sheet:

Description	2008-09	2007-08
Present value of the defined benefit obligation at the end of the year	76,661,844	61,217,235
Fair value of plan assets at the end of the year	75,540,152	55,914,274
<b>Liability recognized in the Balance sheet</b>	<b>1,121,692</b>	<b>5,302,961</b>



## SCHEDULE '18': Notes to Accounts for the year ended 31st March 2009 (Contd.)

### Amount of Gratuity expense recognised in the Profit and Loss Account:

Description	2008-09	2007-08
Current service cost	12,234,279	9,234,405
Interest cost	4,897,379	3,883,499
Expected return on plan assets	(5,172,070)	(2,975,493)
Actuarial (gain)/ loss recognized during the year	1,092,434	2,727,743
<b>Total</b>	<b>13,052,022</b>	<b>12,870,154</b>

### Investment details of plan assets:

The Plan assets are maintained with Life Insurance Corporation Gratuity Scheme. The details of investment maintained by Life Insurance Corporation are not available with the Company and have not been disclosed.

### Principal actuarial assumptions at the balance sheet date:

	2008-09	2007-08
Discounting Rate	8.00%	8.00%
Expected Rate of return on plan assets	9.25%	9.25%

The estimates of future salary increases considered in actuarial valuation take account of inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market.

17. The company has 50% ownership interest in Adecco NIIT Technologies Private Limited, a company incorporated in India.

The company's interest in the JV is reported as long term investment and stated at cost. However, the company's share of assets, liabilities, income and expenses etc. related to its interest in the joint venture, based on financial statements of the joint venture is as follows:-

### Amount (Rs. Lacs)

Particulars	2008-09	2007-08
<b>I. Assets</b>		
- Fixed Assets(Net)	16	24
- Current Assets, Loan and Advances	150	206
- Profit and Loss Account	137	105
<b>II. Liabilities</b>		
- Current Liabilities and provisions	53	85
<b>III. Income</b>		
- Revenue from Operations	201	180
- Other Income	27	18
<b>IV. Expenses</b>		
- Operating Expenses	249	294
- Depreciation	8	5
- Taxes	1	2
<b>V. Profit/(Loss) after Tax</b>	<b>(30)</b>	<b>(103)</b>

18. The dominant source of risk and returns of the enterprise is considered to be the business in which it operates viz – software solutions. Being a single business segment Company, no primary segment information is being provided. The secondary segment information as per Accounting Standard 17 "Segment Reporting" in relation to the geographies is as follows:

**SCHEDULE '18': Notes to Accounts for the year ended 31st March 2009 (Contd.)**

(Rs. Lacs)

Particulars	Revenue from Customers by location of customers		Carrying amount of segment assets by location of the assets		Additions to fixed assets	
	31.03.2009	31.03.2008	31.03.2009	31.03.2008	31.03.2009	31.03.2008
India	4,821	4,271	60,634	53,229	6,005	4,030
America *	24,320	21,175	-	-	-	-
Europe	19,165	17,414	-	-	-	-
Asia Pacific (including Australia)	1,901	1,611	-	-	-	-
<b>Total</b>	<b>50,207</b>	<b>44,471</b>	<b>60,634</b>	<b>53,229</b>	<b>6,005</b>	<b>4,030</b>

\* Net of Hedging loss of Rs. 5,425 Lacs related to derivative instruments matured during the year.

**19. Income Tax**
**a) Current Income Tax -**

- The Company pays taxes on income under the Indian Income Tax Regulations and under the US tax regulations in respect of its India & US operations respectively.
- As regard Indian income tax, the Company avails deduction under the provisions of Section 10B of the Income Tax Act 1961, available to export oriented unit registered with Software Technology Parks of India. The current tax charge for the year includes charge in respect of Indian Income Tax of Rs. 655 Lacs after adjusting relief in relation to income taxes payable in United States to the extent of Rs. 93 Lacs. The current tax under Indian Income tax relates to Minimum Alternate Tax (MAT) as per the provisions of Section 115JB, part of which amounting to Rs. 106 Lacs (Previous Year Rs. 901 Lacs), is expected to be recovered in future years and the same has been recognized as MAT credit entitlement in these accounts.
- The current tax charge includes tax payable under the US Income tax regulation of Rs. 420 Lacs (Previous Year Rs. 226 Lacs).

**b) DEFERRED TAX**

Break up of deferred tax assets/ liabilities and reconciliation of current accounting period deferred tax credit is as follows:

(Rs. Lacs)

Deferred Tax Assets/Liabilities	As at 1.04.2008	Charged/ (Credited) during the year	As at 31.03.2009
<b>Deferred Tax Liabilities</b>			
a) Tax impact of difference between carrying amount of fixed assets in the financial statements and as per the income tax calculation.	221	9	230
b) Tax impact of expenses not charged in the financial statements but claimed as deduction under income tax	83	(1)	82
c) Tax impact of Gains credited in the financial statements but not offered for tax under income tax	6	(6)	-
<b>Total (A)</b>	<b>310</b>	<b>2</b>	<b>312</b>
<b>Deferred Tax Assets</b>			
a) Tax impact of expenses charged in the financial statements but allowable as deductions in future years under income tax:			
- Provision for doubtful debts and Advances	121	(12)	133
- Provision for Compensated Absences, Bonus and Gratuity	251	(181)	432
- Other Expenses	34	14	20
<b>Total (B)</b>	<b>406</b>	<b>(179)</b>	<b>585</b>
Deferred Tax Assets / (Liability) (B - A)	96	(177)	273
Add: Deferred Tax Asset related to fair value loss on derivative instruments not charged in the Profit & Loss Account but taken to the Balance Sheet. (Refer Note 27)	148	-	3,744
<b>Net Deferred Tax Assets / (Liability)</b>	<b>244</b>		<b>4,017</b>

## SCHEDULE '18': Notes to Accounts for the year ended 31st March 2009 (Contd.)

- Notes:**
- Deferred tax assets and liabilities above have been determined by applying the income tax rates of respective countries. Deferred tax assets and liabilities in relation to taxes payable under different tax jurisdictions have not been offset in financial statements.
  - Amount of Rs. 177 Lacs is gross of exchange fluctuations of Rs. 13 Lacs relating to deferred tax assets created for US Branch operations.

### 20. EARNING PER SHARE:

	2008-09	2007-08
Profit attributable to Equity shareholders (Rs.) - (A)	884,954,706	1,431,063,512
Weighted Average number of Equity shares Outstanding during the year - (B)	58,719,119	58,680,226
Add: Effect of potential dilutive shares(stock options)- (Refer Note 23 below)	-	84,829
Weighted average shares outstanding considered for determining dilutive earning per share - (C)	58,719,119	58,765,055
Nominal Value of Equity Shares (Rs.)	10	10
Basic Earnings per share (Rs.) - (A/B)	15.07	24.39
Diluted Earnings per share (Rs.) - (A/C)	15.07	24.35
EARNING PER SHARE {had fair value method been employed for accounting for Employee Stock Option ( Refer Note 23 below)}	2008-09	2007-08
Profit attributable to Equity shareholders (Rs.) - (D)	868,969,209	1,399,614,276
Basic Earnings per share (Rs.) - (D/B)	14.80	23.85
Diluted Earnings per share (Rs.) - (D/C)	14.80	23.82

**Note:** The weighted average number of equity shares outstanding considered for determining Basic and Dilutive Earning per Share for the previous year has been appropriately adjusted for Bonus Shares issued so as to make the Earning per share comparable.

## SCHEDULE '18': Notes to Accounts for the year ended 31st March 2009 (Contd.)

### 21. During the year the Company acquired and sold units of Mutual Funds on various dates as follows:

Scheme	No. of units at the beginning of the year	Value of the units in hand at the beginning of the year at lower of cost or market value (Rs.)	No. of units purchased	Purchase Value (Rs.)	No. of unit sold	Sale Value (Rs.)	No. of units in hand at the year-end	Value of units in hand at the year-end at lower of cost or market value (Rs.)	Market Value of units in hand. (Rs.)
<b>Liquid Scheme of Mutual Fund</b>									
Prudential   ICICI Mutual Fund	-	-	30,739,388	372,599,593	30,739,388	375,009,674	-	-	-
J.M. Financial Mutual Fund	3,681,275	40,000,000	-	-	3,681,275	42,042,003	-	-	-
Kotak Mahindra Mutual Fund	-	-	12,297,493	206,514,274	12,297,493	208,457,112	-	-	-
Birla Sunlife Mutual Fund	-	-	20,463,728	271,570,490	20,463,728	273,595,809	-	-	-
Franklin Templeton Mutual Fund	-	-	60,729	75,000,000	60,729	75,304,149	-	-	-
Standard Chartered Mutual Fund	78,962	90,000,000	-	-	78,962	93,953,018	-	-	-
DSP Merrill Lynch Mutual Fund	39,955	41,315,080	-	-	39,955	41,724,437	-	-	-
HSBC Mutual Fund	-	-	26,479,287	320,000,000	26,479,287	322,965,772	-	-	-
<b>Fixed Maturity Plan/Interval plan</b>									
Birla Sun life Mutual Fund	11,797,372	117,973,719	9,576,159	100,000,000	21,373,531	222,321,311	-	-	-
Prudential ICICI Mutual Fund	12,141,708	123,738,229	-	-	12,141,708	132,599,593	-	-	-
Reliance Mutual Fund	13,405,358	140,406,000	-	-	13,405,358	152,540,270	-	-	-
Kotak Mahindra Mutual Fund	5,275,151	52,751,509	-	-	5,275,151	56,514,274	-	-	-
<b>TOTAL</b>	<b>46,419,781</b>	<b>606,184,538</b>	<b>99,616,784</b>	<b>1,345,684,357</b>	<b>146,036,565</b>	<b>1,997,027,422</b>	-	-	-
<b>Previous Year Figures</b>	<b>66,299,289</b>	<b>835,497,500</b>	<b>208,775,508</b>	<b>3,232,348,069</b>	<b>228,655,015</b>	<b>3,503,574,617</b>	<b>46,419,781</b>	<b>606,184,538</b>	<b>626,736,247</b>

Profit from sale of the above units of Rs. 45,158,527/- (Previous Year Rs. 41,913,585/-) and Dividend income Rs.Nil (Previous Year Rs. 4,831,782/-) from above mutual funds are included in Other Income in Schedule 13.

## SCHEDULE '18': Notes to Accounts for the year ended 31st March 2009 (Contd.)

### 22. MANAGERIAL REMUNERATION:

Calculation of Managerial Remuneration under Section 198 of the Companies Act, 1956:

Amount in Rs.

	2008-09	2007-08
Profit before taxation as per P&L Account	980,606,441	1,492,303,280
Add : Provision for Diminution in Investment	250,000,000	-
Add : Net Increase/(Decrease) in Provision for Doubtful Debt	3,556,419	(333,843)
Add : Depreciation as per Books of Accounts	295,974,044	229,709,556
Less : Depreciation as per Section 350 of the Companies Act, 1956	216,210,130	200,270,095
<b>Net Profit under Section 349 of the Companies Act, 1956</b>	<b>1,313,926,774</b>	<b>1,521,408,898</b>
Add : Directors' Remuneration	20,145,994	27,726,147
<b>Net Profit under Section 198 of the Companies Act, 1956</b>	<b>1,334,072,768</b>	<b>1,549,135,045</b>
Maximum remuneration allowable under Section 198 of the Companies Act, 1956 restricted to 11% of Net Profit	146,748,004	170,404,855
Maximum Commission allowable to Non-Executive directors under Section 309 of the Companies Act, 1956 restricted to 1% of Net Profit	13,340,728	15,491,350

#### Directors' remuneration:

As approved by the Shareholders and within the limits prescribed under Schedule XIII to the Companies Act, 1956:

Amount in Rs.

	2008-09	2007-08
<b>Executive Directors' Remuneration:</b>		
Salary and Allowances	10,323,000	9,601,000
Performance Linked Bonus	5,750,335	11,200,000
Contribution to Provident and other Funds	1,453,679	4,328,598
Value of Perquisites	618,980	596,549
<b>Sub Total (A)</b>	<b>18,145,994</b>	<b>25,726,147</b>
<b>Non executive Directors' Remuneration:</b>		
Commission to Non Executive Directors (B)	2,000,000	2,000,000
<b>Total Director's Remuneration (A + B)</b>	<b>20,145,994</b>	<b>27,726,147</b>
Non executive Directors' Sitting Fees	1,580,000	1,240,000
Other Expenses	-	53,983

### 23. LEASES

All operating leases entered into by the Company are cancelable on giving a notice of 1 to 3 months. Aggregate expenditure in respect of operating lease amounts to Rs. 181,023,298/- (Previous year Rs. 208,098,109/-).

### 24. EMPLOYEE STOCK OPTION PLAN:

- (i) The Company established NIIT Technologies Stock Option Plan 2005 (ESOP 2005) in the year 2005-06 and the same was approved at the Annual General Meeting of the Company on 29<sup>th</sup> July 2004. The plan was set up so as to offer and grant for the benefit of employees of the Company and its subsidiaries, who are eligible under Securities Exchange Board of India (SEBI) Guidelines (excluding promoters), options of the Company in aggregate up to 3,850,000 options under ESOP 2005, in one or more tranches, and on such terms and conditions as may be fixed or determined by the Board in accordance with the provisions of law or guidelines issued by the relevant authorities in this regard. As per the plan each option is exercisable for one equity share of face value of Rs. 10 each fully paid up on payment to the Company for such shares at a price to be determined in accordance with ESOP 2005. SEBI has issued the Employee's Stock Option scheme and Employee Stock Purchase Scheme Guideline, 1999 which is applicable to the above ESOP 2005.

**SCHEDULE '18': Notes to Accounts for the year ended 31st March 2009 (Contd.)**

The Company granted option in four tranches, out of the same tranche II has been fully exercised / lapsed. The details of other tranches are as follows:-

Description	Tranche I		Tranche III		Tranche IV [Note (b)]
	2008-09	2007-08	2008-09	2007-08	2008-09
Date of Grant	August 02, 2005		June 20,2007		July 28, 2008
Date of Vesting	August 02, 2006		June 20,2008		July 28, 2009
Live grants at beginning /during the year (Nos.)	106,300	160,200 [Note (a)]	378,750	420,000 [Note (a)]	477,750
Forfeited/lapsed till vesting period (Nos.)	-	-	278,645	41,250	16,500
Options Vested (Nos.)	-	-	100,105	-	-
Vested Options	-	160,200	-	-	-
Options forfeited post vesting (Nos.)	3150	6,300 [Note (a)]	7,950	-	-
Options Exercised (Nos.)	28,300	47,600 [Note (a)]	-	-	-
Exercisable/outstanding at the end of the Year (Nos.)	74,850	106,300	92,155	378,750	461,250
Exercise Price	Rs. 76.67	Rs. 76.67	Rs. 349.00	Rs. 349.00	Rs. 108.00
Remaining Contractual Life	123 days	488 days	811 Days	1176 Days	1214 Days
Fair Value of the Options based on Black and Scholes model (as per Independent valuer's report)					
Pre-Bonus	Rs. 59.20	Rs. 59.20	Rs. 168.11	Rs. 168.11	-
Post Bonus	Rs. 39.46	Rs. 39.46	Rs. 112.07	Rs. 112.07	Rs. 43.78
Intrinsic Value of option	Rs. 23.00	Rs. 23.00 [Note (a)]	-	-	-

**Notes:**

1. Pre Bonus figures converted into post bonus.
2. During the year, the Compensations/ Remuneration Committee at its meeting held on July 28, 2008 has approved issue of 477,750 options (Grant-IV) out of the option under ESOP 2005, to Senior Managerial Personnel of the Company / Subsidiaries.

The assumptions used by the independent valuer for determination of fair value as per the Black & Scholes model is as follows:

- a) Market price considered is the latest available closing price, prior to the date of the grant.
- b) Exercise price is the price payable by the employees for exercising the option.
- c) As the life of the option is greater than one year there is considerable difficulty in estimating the amount and time of future dividend payouts with certainty, hence future dividend payout have not been incorporated in the valuation analysis.
- d) Volatility - Variance in the stock price is considered as 10% (for Grant I) , 51.13% ( for Grant III) and 65.62% (for Grant IV) is based on historical volatility in the share price movement of the Company and four other comparable companies.
- e) Average life of the options is considered to be 2.5 Years (for all the Grants).
- f) Risk less interest rate has been assumed at 7% (Grant I) and 7.93 % (Grant III) and 9.24% (Grant IV) based on long term Government bonds of ten year residual maturity.

## SCHEDULE '18': Notes to Accounts for the year ended 31st March 2009 (Contd.)

(ii) Other information regarding employee share based payment is as below:

Amount in Rs.

Description	Tranche III		Tranche IV
	2008-09	2007-08	2008-09
Expense accounted for during the period based on intrinsic value of the option	-	-	-
Additional expense had the Company recorded the ESOP expense based on fair value of the option	2,320,290	31,449,236	13,665,207

For impact on Basic and Diluted earning Per Share, had fair value of the option been used for determining Employee Stock Option Plan expense, refer note 20 above.

25. During the year, the Company granted a loan of Rs. 2,000 Lacs (total loan outstanding as on March 31, 2009- Rs. 2,000 Lacs) at 12% p.a. to NIITian Welfare Trust ( The Trust ) which has been formed for the purpose of providing welfare benefits to the employees of the Company and that of NIIT Limited and their subsidiaries. The trust has primarily invested the amount borrowed in equity shares of the Company and that of NIIT Limited. Based on the closing price of shares as at 25th May 2009, there is a surplus of Rs. 1,398 Lacs in the Trust.

26. Rent expenses are net of input service tax credit of Rs. 170 Lacs, recognized during the year relating to previous year.

### 27. Derivative Financial Instruments:

The Company is exposed to foreign currency fluctuations on foreign currency assets / liabilities, forecasted cash flows denominated in foreign currency. The use of derivatives to hedge foreign currency forecasted cash flows is governed by the Company's strategy, which provide principles on the use of such forward contracts and currency options consistent with the Company's Risk Management Policy. The counter party in these derivative instruments are banks and the Company considers the risks of non-performance by the counterparty as non-material. The forward foreign exchange/option contracts mature between 1 to 29 months and the forecasted transactions are expected to occur during the same period. The Company does not use forward contracts and currency options for speculative purposes.

The following table presents the aggregate contracted principal amounts of the Company's derivative contracts outstanding:

(Amount in Lacs in respective currencies)

Foreign Currency	Year Ended 31 March 2009	Year Ended 31 March 2008
U.S. Dollar	1,971	2,370
Sterling Pound	49	206
Euro	42	185

The following table summarizes activity in the Hedge Reserve (Debit Balance) related to all derivatives classified as cash flow hedges during the year ended 31 March 2009.

(Rs. In Lacs)

Particulars	Year Ended 31 March 2009	Year Ended 31 March 2008
Balance as at the beginning of the year (Gross of Tax)	1,601	-
Add : Unrealized (gain)/ loss on cash flow hedging derivatives during the year	22,714	1,601
Less : Net loss transferred to Revenue on occurrence of hedged items	5,425	-
<b>Balance as at the end of the year</b>	<b>18,890</b>	<b>1,601</b>
Deferred Tax Assets	3,745	148
<b>Balance as at the end of the year (Net of Deferred Tax)</b>	<b>15,145</b>	<b>1,453</b>

At 31 March 2009, the estimated net amount of existing loss that is expected to be reclassified into the revenue within the next twelve months is Rs. 9,685 Lacs.



**SCHEDULE '18': Notes to Accounts for the year ended 31st March 2009 (Contd.)**

- 28.** The Company invested a total of Rs. 5,000 Lacs from financial year 2002-03 till 2006-07 in the equity share capital in NIIT SmartServe Limited ("NSS") , a wholly owned subsidiary involved in Business Process Management. As at 31 March 2009, the net worth of NSS is Rs. 1,583 Lacs. NSS is strategically important as its capability allows the Company to offer a complete end to end IT solution to its Client enhancing the scope of offerings. Though NSS has made net profit during the year yet taking cognizance of present economic environment as a prudent and conservative measure a provision amounting to Rs. 2,500 Lacs (included in expeditures- other than for the quarter and year ended 31 March 2009) has been charged to the profit and loss account of the Company towards the notional diminution in the value of the investment based on valuation carried out by the management.
- 29.** Previous year figures have been regrouped / recast wherever necessary to conform to current year's classification.

## BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

### REGISTRATION DETAILS

Registration No. 

0	4	8	7	5	3
---	---	---	---	---	---

 State Code 

5	5
---	---

Balance Sheet Date 

3	1	-	0	3	-	2	0	0	9
---	---	---	---	---	---	---	---	---	---

### CAPITAL RAISED DURING THE YEAR (AMOUNT IN Rs. THOUSANDS)

Public Issue 

	N	I	L	
--	---	---	---	--

Bonus Issue 

	N	I	L	
--	---	---	---	--

Right Issue 

	N	I	L	
--	---	---	---	--

ESOP Issue 

2	8	3
---	---	---

Private Placement 

	N	I	L	
--	---	---	---	--

### POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS (AMOUNT IN Rs. THOUSANDS)

Total Liabilities 

3	0	0	9	1	9	1
---	---	---	---	---	---	---

 Total Assets 

3	0	0	9	1	9	1
---	---	---	---	---	---	---

### SOURCES OF FUNDS

Paid up Capital 

5	8	7	2	6	7
---	---	---	---	---	---

Reserve & Surplus 

2	4	1	1	5	4	7
---	---	---	---	---	---	---

ESOP Share Application Money 

0	0	0
---	---	---

Unsecured Loan 

	N	I	L
--	---	---	---

Secured Loans 

		8	6	5	5
--	--	---	---	---	---

Employee Stock Option Outstanding 

		1	7	2	2
--	--	---	---	---	---

### APPLICATION OF FUNDS

Net Fixed Assets 

2	0	6	8	8	2	4
---	---	---	---	---	---	---

Investments 

1	0	8	6	2	2	9
---	---	---	---	---	---	---

Net Current Assets 

(5	4	7	5	1	7)
----	---	---	---	---	----

Deferred Tax Asset 

4	0	1	6	5	5
---	---	---	---	---	---

Accumulated Losses 

			N	I	L
--	--	--	---	---	---

### PERFORMANCE OF COMPANY (AMOUNT IN Rs. THOUSANDS)

Turnover 

5	4	1	8	1	1	6
---	---	---	---	---	---	---

Total Expenditure 

4	4	3	7	5	0	9
---	---	---	---	---	---	---

Profit/(Loss) before Tax 

	9	8	0	6	0	7
--	---	---	---	---	---	---

Profit/(Loss) after Tax 

	8	8	4	9	5	5
--	---	---	---	---	---	---

Earning per share (in Rs.) 

1	5	.	0	7
---	---	---	---	---

Dividend (%) - Equity 

6	5	%
---	---	---

### GENERIC NAMES OF THREE PRINCIPAL PRODUCTS/SERVICES OF THE COMPANY (AS PER MONETARY TERMS)

1. Item Code 

			-		
--	--	--	---	--	--

Product Description 

S	O	F	T	W	A	R	E		S	O	L	U	T	I	O	N	S
---	---	---	---	---	---	---	---	--	---	---	---	---	---	---	---	---	---

2. Item Code 

			-		
--	--	--	---	--	--

Product Description 

			-															
--	--	--	---	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

3. Item Code 

			-		
--	--	--	---	--	--

Product Description 

			-															
--	--	--	---	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

**Rajendra S Pawar**  
Chairman & Managing Director

**Arvind Thakur**  
CEO & Jt. Managing Director

**Ashok Arora**  
Group Chief Financial Officer

**K T S Anand**  
Chief Financial Officer

**Surender Varma**  
Company Secretary  
& Legal Counsel

Place : Delhi  
Date : May 26, 2009

**Statement pursuant to exemption received under Section 212(8) of the Companies Act 1956, relating to subsidiaries companies as on 31st March 2009**

Name of the Company	Currency	Share Capital	Reserves#	Total Assets	Total Liabilities	Details of Investment (except in case of subsidiary)	Turnover*	Profit before Taxation	Provision for Taxation	Profit After Taxation	Proposed Dividend
NIT Smart Serve Ltd	INR	500,000,000	341,569,912	500,126,086	500,126,086	-	452,377,271	14,742,158	2,146,851	12,595,307	-
NIT GIS Ltd.	INR	10,000,700	185,503,366	723,191,464	723,191,464	-	455,127,840	165,966,361	15,155,792	150,810,559	343,145,396
NIT SmartServe Ltd. UK	GBP	1	-	1	1	-	116,796	6,207	1,940	4,267	52,000
NIT Technologies Ltd. UK	GBP	3,276,427	3,021,824	17,286,749	17,286,749	-	23,970,332	1,261,364	84,017	1,177,347	-
ROOM Solutions Ltd. UK	GBP	238,240,785	2,129,277,686	1,256,981,663	1,256,981,663	-	1,905,918,651	100,293,028	6,660,323	93,612,704	-
NIT Technologies B.V. Netherland	EUR	12,557	2,293,047	7,194,598	7,194,598	-	14,664,511	1,356,750	1,012,249	1,012,249	-
NIT Technologies N.V. Belgium	EUR	913,065	166,735,690	523,145,084	523,145,084	-	1,165,998,244	107,877,318	27,391,814	80,485,504	-
NIT Technologies Inc. USA	USD	18,151	43,104,073	98,939,661	98,939,661	-	320,561,066	8,637,004	1,770,869	6,866,104	-
NIT Technologies Pty Ltd. Australia	AUD	61,973	1,245,248	2,451,518	2,451,518	-	6,586,922	204,085	53,420	150,665	-
NIT Technologies GmbH Germany	EUR	4,179,570	84,048,674	165,333,754	165,333,754	-	431,900,810	13,361,734	3,502,745	9,878,988	-
NIT Technologies AG Switzerland	CHF	2,837,887	8,589,717	17,330,325	17,330,325	3	76,551,302	1,520,341	1,174,281	346,060	-
NIT Technologies PTE Ltd. Singapore	SGD	123,377,137	457,846,853	881,444,643	881,444,643	-	3,533,006,764	69,484,745	60,017,922	9,466,823	-
NIT Technologies FZ-LLC DUBAI	AED	2,989,375	2,529,938	7,813,324	7,813,324	-	8,367,104	(964,057)	82,381	(1,046,438)	-
NIT Technologies Co. Ltd. JAPAN	JPY	99,979,616	84,613,750	261,316,540	261,316,540	-	288,103,976	(30,890,917)	2,639,703	(33,530,620)	-
NIT Technologies GmbH Germany	EUR	15,000,000	49,609,648	156,054,138	156,054,138	-	255,897,320	(1,503,471)	-	(1,503,471)	-
NIT Technologies AG Switzerland	CHF	21,918,503	71,168,357	223,870,094	223,870,094	-	349,174,026	(2,051,499)	-	(2,051,499)	-
NIT Technologies GmbH Germany	EUR	405,760	1,002	706,762	706,762	-	7,317,837	315,939	92,965	222,974	-
NIT Technologies Co. Ltd. JAPAN	JPY	35,273	14,283,695	24,879,666	24,879,666	-	287,748,923	11,559,745	3,401,453	8,158,292	-
NIT Technologies GmbH Germany	EUR	408,870,475	(303,131,504)	105,738,971	105,738,971	-	160,444,196	(15,889,013)	760,135	(16,649,148)	-
NIT Technologies AG Switzerland	CHF	209,769,344	(155,520,392)	54,248,951	54,248,951	-	73,823,049	(7,310,800)	349,751	(7,660,550)	-
NIT Technologies GmbH Germany	EUR	537,900	510,689	3,054,303	3,054,303	-	7,162,099	449,401	139,365	310,036	-
NIT Technologies AG Switzerland	CHF	36,276,713	34,441,581	205,986,381	205,986,381	-	469,614,818	29,466,996	9,138,111	20,328,865	-
NIT Technologies GmbH Austria	EUR	250,000	168,863	1,333,277	1,333,277	-	3,844,121	383,338	25,822	357,516	-
Softac GmbH Germany	EUR	11,160,428	7,535,344	59,519,754	59,519,754	-	161,815,358	16,136,317	1,066,972	15,049,344	-
NIT Technologies Ltd. CANADA	CAD	35,000	(104,271)	52,244	52,244	-	95,873	19,212	1,201	18,011	-
NIT Technologies FZ-LLC DUBAI	AED	2,360,448	(7,032,174)	3,523,410	3,523,410	-	6,286,321	1,259,689	78,731	1,180,958	-
Exclude Other Income	EUR	150,000	(196,171)	1,364,077	1,364,077	-	1,416,922	(168,158)	-	(168,158)	-
Details of Investment	EUR	10,116,206	(13,230,041)	91,995,248	91,995,248	-	92,906,781	(11,026,014)	-	(11,026,014)	-
199,145 Common shares in Relativity Technologies Inc., USA	USD	49,101	148,826	148,826	148,826	-	62,209	35,656	10,205	25,451	-
953,265 Common Shares in Computer Logic Inc., USA	USD	1,981,923	840,019	6,007,243	6,007,243	-	25,771,413	1,477,295	422,812	1,054,483	-
500,000 Preference Shares and 189,655 Common Shares in Co Kinetic Systems Inc., USA	AED	1,000,000	29,220	2,452,188	2,452,188	-	1,750,715	29,220	-	29,220	-
Reserves include currency translation reserve	INR	13,847,008	404,610	33,955,466	33,955,466	-	21,912,226	965,722	-	365,722	-

\* Exclude Other Income  
 \*\* Investment in Mutual Fund  
 \*\*\* Details of Investment  
 (i) 199,145 Common shares in Relativity Technologies Inc., USA  
 (ii) 953,265 Common Shares in Computer Logic Inc., USA  
 (iii) 500,000 Preference Shares and 189,655 Common Shares in Co Kinetic Systems Inc., USA  
 # Reserves include currency translation reserve

**Basis of Conversion in INR:**

Currency	Exchange Rate at Balance Sheet Date	Average Exchange Rate for the Year	Currency	Exchange Rate at Balance Sheet Date	Average Exchange Rate for the Year
1-THB	1.365	45.957	1-EURO	67.441	65.569
1-AUD	36.589	32.043	1-CHF	44.642	42.094
			1-USD	50.861	48.957
			1-SGD	33.445	32.043

Revenue items at average exchange rate prevailing during the year and for Balance sheet items, the exchange rate prevailing as at Balance Sheet date.  
 Revenue items at approximate exchange rate on the transaction date and for other Balance Sheet items, the exchange rate prevailing as at Balance Sheet date.

Currency	Exchange Rate at Balance Sheet Date	Average Exchange Rate for the Year	Currency	Exchange Rate at Balance Sheet Date	Average Exchange Rate for the Year
1-THB	1.365	45.957	1-EURO	67.441	65.569
1-AUD	36.589	32.043	1-CHF	44.642	42.094
			1-USD	50.861	48.957
			1-SGD	33.445	32.043

^ Revenue item and Share Capital at approximate exchange rate on the transaction date and for other Balance Sheet items, the exchange rate prevailing as at Balance Sheet date.

## AUDITORS' REPORT – Consolidated Financial Statement of NIIT Technologies Limited, its subsidiaries and joint venture (NIIT Technologies Group).

### Report of the auditors to the Board of Directors of NIIT Technologies Limited

1. We have audited the attached consolidated Balance Sheet of NIIT Technologies Limited, its subsidiaries and joint venture (NIIT Technologies Group), as at 31st March, 2009 and the consolidated Profit and Loss Account and consolidated Cash Flow Statement for the year ended on that date, which we have signed under reference to this report. These consolidated financial statements are the responsibility of the NIIT Technologies Group's management and have been prepared by the management on the basis of separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are prepared, in all material respects, in accordance with an identified financial reporting framework and are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. We did not audit the financial statements of certain subsidiaries, whose financial statements reflect total assets of Rs. 34,712 Lacs and total liabilities of Rs. 11,992 Lacs as at 31st March, 2009 and total revenue of Rs. 62,454 Lacs, and total expenses of Rs. 40,606 Lacs and total cash flows of Rs. 4,379 Lacs (net) for the year ended on that date considered in the consolidated financial statements. These financial statements and other financial information have been audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included in respect of these subsidiaries, is based solely on the reports of other auditors.
4. We report that the consolidated financial statements have been prepared by NIIT Technologies Group's management in accordance with the requirements of Accounting Standard (AS) 21, Consolidated Financial Statements and Accounting Standard (AS) 27, Financial Reporting of Interests in Joint Ventures, specified in Companies (Accounting Standard) Rules, 2006.
5. Based on our audit and on consideration of the reports of the other auditors on separate financial statements (refer Para 3 above) and on other financial information of the components, in our opinion and to the best of our information and explanations given to us, the attached consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:
  - (i) in case of the Consolidated Balance Sheet, of the consolidated state of affairs of the NIIT Technologies Group as at 31st March, 2009;
  - (ii) in case of the Consolidated Profit and Loss Account, of the consolidated results of operations of NIIT Technologies Group for the year ended on that date; and
  - (iii) in the case of the Consolidated Cash Flow Statement, of the Consolidated Cash Flows of NIIT Technologies Group for the year ended on that date.

**H. Singh**  
Partner

Membership Number F – 86994  
For and on behalf of  
**Price Waterhouse**  
Chartered Accountants

Place : Gurgaon  
Date : May 26, 2009

**CONSOLIDATED BALANCE SHEET as at 31st March 2009**

	Schedule/(Note Reference)		As at 31st March 2009 (Rs.)	As at 31st March 2008 (Rs.)
<b>SOURCES OF FUNDS</b>				
<b>SHAREHOLDERS' FUNDS</b>				
Share Capital	1	587,266,950	586,983,950	
Employee Stock Option Outstanding	2	1,721,550	2,444,900	
Reserves and Surplus	3A	3,044,290,687	3,699,043,693	
Cumulative Translation Reserve	3B	<u>242,752,609</u>	<u>124,662,795</u>	4,413,135,338
MINORITY INTEREST	4		21,909,887	49,495,722
<b>LOAN FUNDS</b>				
Secured Loans	5A		334,451,530	624,000,497
Unsecured Loans	5B		<u>13,474,558</u>	<u>22,842,934</u>
			<b><u>4,245,867,771</u></b>	<b><u>5,109,474,491</u></b>
<b>APPLICATION OF FUNDS</b>				
<b>FIXED ASSETS</b>				
Gross Block	6	4,737,476,331	4,358,575,581	
Less: Depreciation and Amortisation Net Block		<u>2,632,011,725</u>	<u>2,499,417,245</u>	
Capital work-in-progress (including Capital Advances)			2,105,464,606	1,859,158,336
INVESTMENTS	7		1,052,084,094	518,315,440
DEFERRED TAX ASSETS - [NET]20(9)(b)			120	1,311,445,950
			434,761,692	67,396,291
<b>CURRENT ASSETS, LOANS AND ADVANCES</b>				
Inventories	20(1) (vi)	10,939,162	5,639,735	
Sundry Debtors	8	1,934,945,255	2,178,325,218	
Cash and Bank Balances	9	1,584,776,835	660,290,315	
Other Current Assets	10	171,404,756	93,425,919	
Loans & Advances	11	<u>903,740,029</u>	<u>710,034,363</u>	
		<b><u>4,605,806,037</u></b>	<b><u>3,647,715,550</u></b>	
<b>Less : CURRENT LIABILITIES AND PROVISIONS</b>				
Current Liabilities	12	3,256,791,175	1,565,889,795	
Provisions	13	<u>695,457,603</u>	<u>728,667,281</u>	
		<u>3,952,248,778</u>	<u>2,294,557,076</u>	
Net Current Assets			653,557,259	1,353,158,474
			<b><u>4,245,867,771</u></b>	<b><u>5,109,474,491</u></b>

**NOTES TO ACCOUNTS**

20

The Schedules referred to above form an integral part of the Consolidated Balance Sheet. This is the Consolidated Balance Sheet referred to in our report of even date.

**H. Singh**

Partner

Membership No. F-86994

For and on behalf of

**Price Waterhouse**

Chartered Accountants

Place : Gurgaon

Date : May 26, 2009

**Rajendra S Pawar**

Chairman &amp; Managing Director

**Ashok Arora**

Group Chief Financial Officer

**Arvind Thakur**

CEO &amp; Joint Managing Director

**K T S Anand**

Chief Financial Officer

**Surender Varma**
Company Secretary  
& Legal Counsel

## CONSOLIDATED PROFIT AND LOSS ACCOUNT for the year ended 31st March 2009

	Schedule/(Note Reference)	Year ended 31st March 2009 (Rs.)	Year ended 31st March 2008 (Rs.)
<b>INCOME</b>			
Revenue from operations	14	9,799,401,209	9,415,125,534
Other Income	15	147,647,895	126,868,914
		<b>9,947,049,104</b>	<b>9,541,994,448</b>
<b>EXPENDITURE</b>			
Personnel	16	5,672,948,315	5,405,089,698
Development and bought out items	17	750,227,253	679,639,146
Administration, Finance and Others	18	1,593,582,989	1,431,265,954
Marketing	19	119,484,561	128,030,801
Depreciation and Amortisation	6	421,668,535	388,785,411
		<b>8,557,911,653</b>	<b>8,032,811,010</b>
Profit before Tax		1,389,137,451	1,509,183,438
Tax Expense	{20(1)(xiii),(9)}		
- Current		227,865,066	208,173,697
- MAT Credit		(14,891,977)	(109,528,633)
- Deferred Charge/ (Credit)		(6,044,394)	22,487,664
- Fringe Benefit Tax		17,069,345	16,406,330
- Share in Joint Venture	20(6)(b)	145,765	161,227
Profit after Tax before Minority interest		1,164,993,646	1,371,483,153
Net Profit attributable to Minority		16,598,211	18,877,582
Net profit attributable to Equity shareholders after minority interest		1,148,395,435	1,352,605,571
Balance brought forward from previous year		2,792,980,872	2,055,361,623
<b>Balance available for appropriation</b>		<b>3,941,376,307</b>	<b>3,407,967,194</b>
<b>APPROPRIATION</b>			
Dividend Paid (relating to Previous Year)		181,025	109,525
Corporate Dividend Tax on above		35,310	18,614
Proposed Dividend on Equity Shares		381,542,492	381,539,568
Corporate Dividend Tax	20 (16)	64,819,516	64,842,650
Transferred from Debenture Redemption Reserve		(37,500,000)	(17,500,000)
Transferred to General Reserve		128,576,528	185,975,965
Balance carried to Balance Sheet		3,403,721,436	2,792,980,872
		<b>3,941,376,307</b>	<b>3,407,967,194</b>
Basic Earning per Share	20(10)	19.56	23.05
Diluted Earning per Share	20(10)	19.56	23.02

### NOTES TO ACCOUNTS

20

The Schedules referred to above form an integral part of the Consolidated Profit and Loss Account. This is the Consolidated Profit and Loss Account referred to in our report of even date.

#### H. Singh

Partner

Membership No. F-86994

For and on behalf of

**Price Waterhouse**

Chartered Accountants

#### Rajendra S Pawar

Chairman &amp; Managing Director

#### Ashok Arora

Group Chief Financial Officer

#### K T S Anand

Chief Financial Officer

#### Arvind Thakur

CEO &amp; Joint Managing Director

#### Surender Varma

Company Secretary  
& Legal Counsel

Place : Gurgaon

Date : May 26, 2009

**CONSOLIDATED CASH FLOW STATEMENT for the year ended 31st March 2009**

	<b>Year ended 31st March 2009 (Rs.)</b>	<b>Year ended 31st March 2008 (Rs.)</b>
<b>A. Cash flow from operating activities:</b>		
Net Profit Before Tax	1,389,137,451	1,509,183,438
Adjustments for :		
- Depreciation and Amortisation	421,668,535	388,785,411
- Provision for Gratuity & Compensated Expenses	(21,790,308)	2,103,161
- Interest Expense	31,798,706	50,890,072
- Interest Income	(52,636,783)	(40,098,519)
- (Profit)/ Loss on Fixed Assets sold/scrapped	(220,098)	(14,515,692)
- Unrealized Exchange loss	34,756,672	67,537,863
- Provision for Doubtful Advances	3,711,932	-
- Provision for Bad & Doubtful Debts	44,560,130	6,044,673
- Dividend Income from current Investment	(236,385)	(5,539,547)
- Profit on sale of Investments	(91,824,328)	(80,616,146)
	<u>369,788,073</u>	<u>374,591,276</u>
<b>Operating profit before working capital changes</b>	<b>1,758,925,524</b>	<b>1,883,774,714</b>
Add/(Less): (Increase)/Decrease in working capital :		
(Increase)/Decrease in Sundry Debtors	198,819,833	(289,316,521)
(Increase)/Decrease in Other Receivables	14,130,898	(130,469,787)
(Increase)/Decrease in Inventories	(5,299,427)	(2,722,438)
Increase/(Decrease) in Trade and Other Payables	(164,333,691)	43,317,613
Income Tax Paid	(297,900,245)	27,444,209
(Including Tax deducted at Source)		(395,064,537)
		<u>(314,252,440)</u>
<b>Net cash from operating activities (A)</b>	<b>1,504,342,892</b>	<b>1,174,457,377</b>
<b>B. Cash flow from Investing activities:</b>		
Purchase of fixed assets	(1,169,848,947)	(957,570,978)
Proceeds from Sale of fixed assets	15,637,045	29,309,726
Paid for Acquisition of Room Solutions Ltd,UK	-	(307,474,168)
Paid for Acquisition of Softec GmbH	-	(164,253,565)
Investments with mutual funds:		
- Purchases during the year	(1,487,939,598)	(3,844,108,436)
- Sales during the year	2,891,209,759	4,057,552,440
	<u>1,403,270,161</u>	<u>213,444,004</u>
Loan to NIITian Welfare Trust (given)/ Received back	(200,000,000)	100,000,000
Interest Received	30,821,494	42,243,936
Dividend Received	236,385	5,539,547
<b>Net cash from/(used) in investing activities (B)</b>	<b>80,116,138</b>	<b>(1,038,761,498)</b>

**CONSOLIDATED CASH FLOW STATEMENT for the year ended 31st March 2009**

	<b>Year ended 31st March 2009 (Rs.)</b>	<b>Year ended 31st March 2008 (Rs.)</b>
<b>C. Cash flow from financing activities:</b>		
6.5% Non Convertible Debentures repaid	(150,000,000)	(100,000,000)
Term Loans		
- Received during the year	-	167,334,187
- Repaid during the year	(108,280,993)	(112,900,378)
Loan Notes paid	(10,098,549)	-
Short Term Loan from Bank	1,126,601	(2,805,074)
Proceeds from issue of Share capital (Including Share Premium)	2,169,676	3,407,066
Interest Paid	(39,898,630)	(53,239,376)
Dividend paid( Including corporate dividend tax)	(499,487,376)	(296,492,489)
<b>Net cash used in financing activities (C)</b>	<b>(804,469,271)</b>	<b>(394,696,064)</b>
<b>Net Increase/(Decrease) in Cash &amp; Cash Equivalents(A+B+C)</b>	<b>779,989,759</b>	<b>(258,999,825)</b>
Adjustment on account of exchange rate	144,496,761	(24,298,061)
Cash and cash equivalents as at the beginning of the year	Refer-Schedule-9 660,290,315	943,543,084
Cash Acquired on acquisition	-	45,117
<b>Total cash and cash equivalents at the close of the year</b>	<b>Refer-Schedule-9 1,584,776,835</b>	<b>660,290,315</b>

**NOTES :-**

- 1 The above Cash flow statement has been prepared under the indirect method set out in AS-3 notified under section 211(3C) of the Companies Act, 1956.
- 2 Figures in paranthesis indicate cash outgo.
- 3 Cash and cash equivalents include fixed deposits held as margin money Rs. 24,163,615 (Previous Year Rs. 25,228,873).
- 4 The enclosed schedules( 1 to 20) form an integral part of the Cash Flow Statement.
- 5 Previous year figures have been regrouped/reclassified to conform to current year's classification.

This is the Consolidated Cash Flow Statement referred to in our report of even date.

**H. Singh**  
Partner  
Membership No. F-86994  
For and on behalf of  
**Price Waterhouse**  
Chartered Accountants

**Rajendra S Pawar**  
Chairman & Managing Director

**Ashok Arora**  
Group Chief Financial Officer

**Arvind Thakur**  
CEO & Joint Managing Director

**K T S Anand**  
Chief Financial Officer

**Surender Varma**  
Company Secretary  
& Legal Counsel

Place : Gurgaon  
Date : May 26, 2009



**SCHEDULES annexed to and forming part of the Consolidated Balance Sheet as at 31st March 2009**

Schedule No.	As at 31st March 2009 (Rs.)	As At 31st March 2008 (Rs.)
<b>1 SHARE CAPITAL</b>		
<b>Authorised</b>		
75,000,000 Equity Shares (Previous Year 75,000,000 equity shares) of Rs. 10/- each	750,000,000	750,000,000
	<b>750,000,000</b>	<b>750,000,000</b>
<b>Issued, Subscribed and Paid up</b>		
58,726,695 Equity Shares (previous year 58,698,395 shares) of Rs. 10/- each	587,266,950	586,983,950
	<b>587,266,950</b>	<b>586,983,950</b>
<b>2 EMPLOYEES STOCK OPTION OUTSTANDING</b> <b>[Refer Note 1(viii)(c) and 14 on Schedule 20]</b>		
As per Last Balance Sheet	2,444,900	3,684,600
Less: Utilized for issue of equity shares	650,900	1,094,800
Less: Employee Stock Option lapsed post vesting	72,450	144,900
	<b>1,721,550</b>	<b>2,444,900</b>
<b>3A RESERVES AND SURPLUS</b>		
<b>Capital Redemption Reserve</b>		
As per last Balance Sheet	16,570,603	16,570,603
<b>Share Premium</b>		
As per Last Balance Sheet	1,793,340	76,566,027
Add: Addition during the year	2,537,576	4,360,141
Less: Utilized for issue of Bonus Shares	-	(79,132,828)
	4,330,916	1,793,340
<b>Debenture Redemption Reserve</b>		
As per last Balance Sheet	37,500,000	55,000,000
Less: Transferred to Profit and Loss account	(37,500,000)	(17,500,000)
	-	37,500,000
<b>General Reserve (Note 1)</b>		
As per last Balance Sheet	1,005,580,558	935,921,515
Add: Employee Stock Option lapsed post vesting	72,450	144,900
Add: Balance Transferred from Profit and Loss Account	128,576,528	185,975,965
Less: Utilized for issue of Bonus Shares	-	(116,461,822)
	1,134,229,536	1,005,580,558
<b>Hedging Reserve (Debit)</b>	(1,514,561,804)	(155,381,680)
{Net of deferred tax assets of Rs.3744.80 Lacs (previous year Rs148.10 Lacs)}		
<b>[Refer note 1(x) and 5 on Schedule 20]</b>		
<b>Profit &amp; Loss Account</b> [Net of share of loss in joint venture Rs. 3,163,791 (Previous Year Rs. 10,529,889)]	3,403,721,436	2,792,980,872
<b>Note 1</b> : The General Reserve is as per Indian Companies Act, in respect of Indian companies. General reserve, if any, of overseas subsidiaries are included as part of the profit and loss account.	<b>3,044,290,687</b>	<b>3,699,043,693</b>

**SCHEDULES annexed to and forming part of the Consolidated Balance Sheet as at 31st March 2009 (Contd.)**

Schedule No.	As at 31st March 2009 (Rs.)	As At 31st March 2008 (Rs.)
<b>3B CUMULATIVE TRANSLATION RESERVE</b> [Refer Note 1(ix) on Schedule 20]		
As per last Balance Sheet	124,662,795	168,114,063
Increase/(decrease) during the year	116,847,464	(43,451,268)
Add: Transferred to Expenses on closure of subsidiary	1,242,350	-
	<b>242,752,609</b>	<b>124,662,795</b>
<b>4 MINORITY INTEREST</b> [Refer Note 1(i) & 7 (a) on Schedule 20]		
As per last Balance Sheet	49,495,722	149,316,775
Less : 25% Interest in Room Solutions Ltd, UK acquired from Minority	-	(61,608,766)
Add/(Less): Translation Adjustment	-	(1,919,033)
Add : Minority share in the results for the year	16,598,211	18,877,582
Less : Minority Share in dividend declared by subsidiary	(37,767,370)	(47,156,576)
Less :- Minority Share of Corporate Dividend Tax on dividend declared by subsidiary	(6,416,676)	(8,014,260)
	<b>21,909,887</b>	<b>49,495,722</b>
<b>5A SECURED LOANS</b> [Refer Note 4 on Schedule 20]		
Loan from Banks		
-Term loan	325,670,500	456,557,099
- Vehicle Loan	8,781,030	17,443,398
6.5% Non - Convertible Debentures (Note-1)	-	150,000,000
Note: 6.5% Non - Convertible Debentures redeemed on 26th May 2008	<b>334,451,530</b>	<b>624,000,497</b>
<b>5B UNSECURED LOANS</b> [Refer Note 4 on Schedule 20]		
Short-Term Loans and Advances		
- From bank	9,347,231	8,220,630
- From others	4,127,327	14,622,304
	<b>13,474,558</b>	<b>22,842,934</b>

**SCHEDULES annexed to and forming part of the Consolidated Balance Sheet as at 31st March 2009 (Contd.)**

**6. FIXED ASSETS**  
**[ Refer Note 1 (ii), (iii), (iv), (xi), (xii), 3 and 12 on Schedule 20 ]**

**Amount in Rupees**

Description of Assets	GROSS BLOCK			DEPRECIATION / AMORTISATION			NET BLOCK				
	As at 01.04.2008	Additions during the Year	Sales / Adj. during the Year	Translation Adjustment	Total as at 31.03.2009	For the Year	Sales / Adj. during the Year	Translation Adjustment	Total as at 31.03.2009	As at 31.03.2009	As at 31.03.2008
<b>Tangible</b>											
Land - Freehold	167,165	-	-	-	167,165	-	-	-	-	-	167,165
Land - Leasehold	138,390,619	162,521,456	-	-	300,912,075	3,347,616	-	-	6,271,313	294,640,762	135,466,922
Buildings	2,100,000	96,780,080	-	-	98,880,080	324,707	-	-	631,439	98,248,641	1,775,293
Plant & Machinery											
Computers & Peripherals :											
-Own	909,020,002	217,535,618	48,288,310	30,806,542	1,109,073,852	159,574,332	47,528,186	24,246,572	795,515,329	313,558,523	249,799,391
Finance Lease	2,865,274	512,257	66,124	386,496	3,717,903	1,102,175	66,124	226,388	2,660,435	1,037,468	1,467,278
Others	223,920,030	98,147,812	60,446,464	11,042,304	272,671,682	29,495,985	54,654,044	10,528,493	80,657,681	192,014,001	128,640,783
Furniture & Fixtures	184,349,008	44,053,966	34,354,010	(11,608,674)	181,230,188	15,818,679	31,409,838	(10,242,970)	105,396,059	77,044,231	53,118,820
Lease Hold Improvements	250,592,242	21,216,364	40,686,612	(1,303,533)	229,818,461	64,040,141	40,886,571	(1,185,425)	137,866,334	91,951,527	134,693,453
Vehicles	43,192,394	1,667,476	9,904,235	-	34,955,635	4,845,417	3,984,079	-	11,196,579	23,759,056	32,857,163
<b>Sub Total (a)</b>	<b>1,754,624,734</b>	<b>642,435,029</b>	<b>193,745,755</b>	<b>29,323,135</b>	<b>2,222,637,143</b>	<b>278,531,077</b>	<b>178,328,842</b>	<b>23,575,068</b>	<b>1,140,215,769</b>	<b>1,092,421,374</b>	<b>738,186,258</b>
<b>Intangible</b>											
Acquired Software	1,514,159,218	70,782,874	155,146,573	16,462,858	1,446,258,377	139,588,759	155,146,539	16,400,602	1,290,022,248	156,236,129	224,979,792
Internally Developed Software	-	31,135,866	-	(3,391,441)	27,744,425	2,343,875	-	(31,839)	2,312,036	25,432,389	-
Patents	7,596,748	-	-	519,368	8,116,116	376,801	-	-	397,439	7,718,677	7,581,371
Goodwill ( Refer Note 182 below)	1,079,220,590	-	-	(59,476,327)	1,019,744,263	193,222,474	-	4,452,244	197,674,718	822,069,545	885,998,116
<b>Sub Total (b)</b>	<b>2,600,976,556</b>	<b>101,918,740</b>	<b>155,146,573</b>	<b>(45,885,542)</b>	<b>2,501,863,181</b>	<b>142,309,435</b>	<b>155,146,539</b>	<b>20,826,268</b>	<b>1,490,406,441</b>	<b>1,011,456,740</b>	<b>1,118,559,279</b>
Share in Joint Venture	-	1,716	-	-	2,976,007	828,023	-	-	1,369,515	1,586,492	2,412,799
<b>(Sub Total (c))</b>	<b>4,358,575,581</b>	<b>744,355,485</b>	<b>348,892,328</b>	<b>(16,562,407)</b>	<b>4,737,476,331</b>	<b>421,668,535</b>	<b>333,475,381</b>	<b>44,401,326</b>	<b>2,632,011,725</b>	<b>2,105,464,606</b>	<b>1,859,158,336</b>
<b>Total (a+b+c)</b>	<b>3,770,243,913</b>	<b>842,974,765</b>	<b>155,291,779</b>	<b>(99,351,316)</b>	<b>4,386,575,581</b>	<b>406,176,207</b>	<b>140,497,745</b>	<b>(43,286,948)</b>	<b>2,499,417,245</b>	<b>2,116,881,106</b>	<b>1,977,316,675</b>
<b>Previous Year (Refer Note 3 below)</b>	<b>3,770,243,913</b>	<b>842,974,765</b>	<b>155,291,779</b>	<b>(99,351,316)</b>	<b>4,386,575,581</b>	<b>406,176,207</b>	<b>140,497,745</b>	<b>(43,286,948)</b>	<b>2,499,417,245</b>	<b>2,116,881,106</b>	<b>1,977,316,675</b>
				Capital Work in Progress						518,315,440	
				( Including Capital Advances)						3,157,548,700	2,377,473,776

**Note:**

1. Gross block of goodwill includes goodwill on consolidation Rs. 999,000,309 (Previous year Rs. 1,062,928,926 ) Net Block Rs. 822,069,545 (Previous Year Rs. 885,988,116).
2. Translation adjustment of Goodwill includes Rs. 63,928,616 in Gross Block and Rs. Nil in depreciation on translation of Goodwill on consolidation recorded in a foreign subsidiary and denominated in foreign currency.
3. Previous year addition includes Rs. 20,030,510 of Gross Block of acquisition of Softec Solutions, similarly depreciation of previous year includes accumulated depreciation relating to Softec Solutions of Rs. 17,330,766.

**SCHEDULES annexed to and forming part of the Consolidated Balance Sheet as at 31st March 2009 (Contd.)**

Schedule No.	As at 31st March 2009 (Rs.)	As At 31st March 2008 (Rs.)
<b>7 INVESTMENTS</b>		
<b>[Refer Note 1(v) on Schedule 20]</b>		
Trade, Long Term		
199,145 Common Shares in Relativity Technologies Inc., USA	40	40
953,265 Common Shares in Computer Logic Inc., USA	40	40
500,000 Preference Shares and 189,655 Common Shares in Co kinetic Systems Inc., USA	40	40
<b>Non - Trade Short Term</b>		
In mutual funds, debts and money market securities [Fair value based on repurchase price as on March 31, 2009 Rs. Nil (Previous Year Rs 1,343,787,934)]	-	1,311,445,830
	<b>120</b>	<b>1,311,445,950</b>
<b>8 SUNDRY DEBTORS (Unsecured)</b>		
Debts outstanding for a period exceeding six months :		
- Considered good	123,732,040	69,006,459
- Considered doubtful	105,640,306	74,346,929
Other debts :		
- Considered good	1,800,953,253	2,097,750,612
	2,030,325,599	2,241,104,000
Less : Provision for doubtful debts	(105,640,306)	(74,346,929)
Share in Joint Venture (Refer Note 6(b) on Schedule 20)	10,259,962	11,568,147
	<b>1,934,945,255</b>	<b>2,178,325,218</b>
<b>9 CASH AND BANK BALANCES</b>		
Cash and Cheques in Hand	29,812,770	48,838,523
Balances with Banks in :		
- Current Accounts	754,067,676	416,433,147
- Dividend Account	5,792,467	3,510,454
- Fixed Deposit Accounts	735,688,800	161,878,033
[Includes Rs. 24,163,615 (Previous Year Rs. 25,228,873) pledged as margin money]		
- Call Money Accounts	55,216,350	22,696,296
Share in Joint Venture (Refer Note 6(b) on Schedule 20)	4,198,772	6,933,862
	<b>1,584,776,835</b>	<b>660,290,315</b>
<b>10 OTHER CURRENT ASSETS (Unsecured, Considered good)</b>		
Interest Receivable	25,066,906	3,251,617
Unbilled Revenue	146,337,850	90,174,302
	<b>171,404,756</b>	<b>93,425,919</b>

**SCHEDULES annexed to and forming part of the Consolidated Balance Sheet as at 31st March 2009 (Contd.)**

Schedule No.	As at 31st March 2009 (Rs.)		As At 31st March 2008 (Rs.)
<b>11 LOANS &amp; ADVANCES</b> <b>(Unsecured, considered good except where otherwise stated)</b> <b>[Refer Note 1 (xiii), 9 and 17 on schedule 20]</b>			
Loan to NIITian Welfare Trust	200,000,000		-
Advances recoverable in cash or in kind or for value to be received			
- Considered Goods	152,449,693	180,763,732	
- Considered Doubtful	4,917,784	1,205,852	
	<u>157,367,477</u>	<u>181,969,584</u>	
Less:- Provision for Doubtful Advances	(4,917,784)	(1,205,852)	180,763,732
Security Deposits			
- Considered Goods	162,499,391	192,036,836	
- Considered Doubtful	1,459,716	1,459,716	
	<u>163,959,107</u>	<u>193,496,552</u>	
Less -Provision for Doubtful deposits	(1,459,716)	(1,459,716)	192,036,836
Prepaid Expenses	142,174,182		156,697,401
MAT Credit Entitlement	124,420,610		109,528,633
Advance Income Tax	558,322,648	343,014,797	
Less: Provision for Income Tax	(436,856,365)	(274,686,900)	68,327,897
Advance Fringe Benefit Tax	57,062,160	40,315,754	
Less: Provision for Fringe Benefit Tax	(56,772,861)	289,299	(39,700,085)
Share in Joint Venture (Refer Note 6(b) on Schedule 20)	440,571		2,064,195
	<u><b>903,740,029</b></u>		<u><b>710,034,363</b></u>
<b>12 CURRENT LIABILITIES</b>			
Sundry Creditors	819,345,396		802,697,069
Advances from Customers	5,218,733		54,983,429
Liabilities under Finance Lease	3,725,935		1,541,210
<b>[Refer Note 13(b) on Schedule 20]</b>			
Unclaimed Dividend *	5,792,467		3,510,454
Unearned Revenue	199,002,250		149,985,062
Interest accrued but not due	-		8,099,924
Other Liabilities	228,970,162		299,784,790
Derivative Instruments Fair Value Liability	1,990,094,963		237,729,542
<b>[Refer note 1(x) and 5 on schedule 20]</b>			
Share in Joint Venture (Refer Note 6(b) on Schedule 20)	4,641,269		7,558,315
*There are no amounts due for payment to the investor protection fund under section 205C of the Companies Act, 1956.			
	<u><b>3,256,791,175</b></u>		<u><b>1,565,889,795</b></u>
<b>13 PROVISIONS</b> <b>[Refer Note 1(viii), 15 and 16 on Schedule 20]</b>			
Proposed Dividend	419,309,862		428,696,144
Tax on Proposed Dividend	71,236,192		72,856,910
Gratuity	811,992		4,783,856
Compensated Absences	203,561,349		221,379,793
Share in Joint Venture (Refer Note 6(b) on Schedule 20)	538,208		950,578
	<u><b>695,457,603</b></u>		<u><b>728,667,281</b></u>

SCHEDULES annexed to and forming part of the Consolidated Profit and Loss Account for the year ended 31st March 2009

Schedule No.	Year ended 31st March 2009 (Rs.)	Year ended 31st March 2008 (Rs.)
<b>14 REVENUE FROM OPERATIONS</b> [Refer Note 1 (vii), 5 and 12 on Schedule 20]		
Revenue from operations	9,784,971,752	9,404,220,509
Share in Joint Venture (Refer Note 6(b) on Schedule 20)	14,429,457	10,905,025
	<u><b>9,799,401,209</b></u>	<u><b>9,415,125,534</b></u>
<b>15 OTHER INCOME</b> [Refer Note 1(vii) on Schedule 20]		
Income from Dividend	236,385	5,539,547
Profit on sale of Investments	91,824,328	80,616,146
Interest Received on :		
- Deposits	40,546,121	37,176,177
- Loans	12,089,896	2,921,672
- Others	766	670
	<u>52,636,783</u>	<u>40,098,519</u>
Less: Interest paid on Fixed Loans	31,798,706	50,890,072
Others	32,344,563	(10,791,553)
Share in Joint Venture (Refer Note 6(b) on Schedule 20)	2,404,542	50,011,711
	<u><b>147,647,895</b></u>	<u><b>126,868,914</b></u>
<b>16 PERSONNEL</b> [Refer Note 1(viii), 14 and 15 on Schedule 20]		
Salaries and Benefits	5,206,153,976	4,900,964,823
Contribution to retirement benefit funds	360,037,223	338,120,715
Welfare and other expenses	95,855,625	153,310,557
Share in Joint Venture (Refer Note 6(b) on Schedule 20)	10,901,491	12,693,603
	<u><b>5,672,948,315</b></u>	<u><b>5,405,089,698</b></u>
<b>17 DEVELOPMENT AND BOUGHT OUT ITEMS</b>		
Bought out Items	226,844,103	204,027,647
Professional Charges	333,910,604	330,478,986
Equipment Hiring	4,854,912	6,360,047
Software Duplication Charges	109,656,179	83,892,039
Others	72,551,921	52,478,282
Share in Joint Venture (Refer Note 6(b) on Schedule 20)	2,409,534	2,402,145
	<u><b>750,227,253</b></u>	<u><b>679,639,146</b></u>

SCHEDULES annexed to and forming part of the Consolidated Profit and Loss Account for the year ended 31st March 2009 (Contd.)

Schedule No.	Year ended 31st March 2009 (Rs.)	Year ended 31st March 2008 (Rs.)
<b>18 ADMINISTRATION, FINANCE AND OTHERS</b> [Refer Note 1(ix), (x), (xi), 8, 13(a) and 18 on Schedule 20]		
Rent	337,512,794	335,515,290
Rates and Taxes	7,331,006	15,048,677
Electricity and Water	76,736,675	93,777,677
Communication	139,227,014	136,962,216
Legal and Professional	220,869,042	194,546,895
Travelling and Conveyance	404,107,433	429,356,660
Bank, Discounting and Other Financial Charges	11,346,467	8,229,424
Bad debts and provision for doubtful debts	44,560,130	6,044,673
Lease Rentals	5,905,367	5,139,150
Insurance Premium	30,776,160	35,668,462
Loss/(Gain) on exchange fluctuations (Net)*	101,317,956	(8,389,821)
*Net of fair value loss on non designated derivative instruments of Rs. 33,514,321 (Previous year Rs. 67,537,863.)		
Repairs and Maintenance		
- Plant and Machinery	85,079,748	82,682,267
- Buildings	2,257,924	2,919,484
- Others	60,357,197	29,944,502
	147,694,869	115,546,253
Sundry Expenses	60,488,984	57,239,962
Share in Joint Venture (Refer Note 6(b) on Schedule 20)	5,709,092	6,580,436
	<b>1,593,582,989</b>	<b>1,431,265,954</b>
<b>19 MARKETING</b>		
Advertisement and Publicity	55,553,490	63,901,112
Others	63,927,187	63,600,614
Share in Joint Venture (Refer Note 6(b) on Schedule 20)	3,884	529,075
	<b>119,484,561</b>	<b>128,030,801</b>

## SCHEDULE '20': Notes to Consolidated Accounts for the year ended 31st March 2009

### 1. STATEMENT ON SIGNIFICANT ACCOUNTING POLICIES

These consolidated financial statements have been prepared on an accrual basis and under historical cost convention and in compliance, in all material aspects, with the applicable accounting principles, the applicable accounting standards notified under section 211 (3C) and the relevant provisions of the Companies Act 1956. The significant accounting policies adopted by the NIIT Technologies Group are detailed below:

#### i) **Basis of consolidation**

The consolidated financial statements are prepared in accordance with Accounting Standard "21" Consolidated Financial statement and Accounting Standard "27" Financial Reporting of Interests in Joint Ventures specified in Companies (Accounting Standard Rules), 2006. These consolidated financial statements include accounts of NIIT Technologies Limited, its subsidiary undertakings and appropriate share of Joint Venture undertaking (NIIT Technologies Group/ Group). Subsidiary undertakings are those companies in which NIIT Technologies Limited, directly or indirectly, has an ownership of more than one half of voting power or otherwise has power to exercise control over the operations and to obtain economic benefits. The subsidiaries are consolidated from the date of acquiring majority ownership on which effective control is transferred to the Group and are no longer consolidated from the date of disposal. On acquisition, consideration paid less net assets acquired is considered as Goodwill. Interest in Joint Venture undertaking over which the Group exercises joint control is consolidated using proportionate consolidation. All material inter Group transactions, balances and unrealized surpluses and deficits on transactions between group companies are eliminated. Consistency in adoption of accounting policies among all group companies is ensured to the extent practicable. Separate disclosure is made for minority interests. Also refer note 6 below.

#### ii) **Fixed Assets, Intangible Assets and Capital Work-in-Progress**

Fixed assets are stated at cost, less accumulated depreciation. Direct costs are capitalized until fixed assets are ready for use. Capital work-in-progress comprises outstanding advances paid to acquire fixed assets and the cost of fixed assets that are not yet ready for their intended use at the Balance Sheet date. Intangible assets are recorded at the consideration paid for acquisition.

#### iii) **Depreciation and Amortisation**

Depreciation and Amortisation is provided on a pro-rata basis on the straight line method over the estimated useful lives of the assets determined as follows: -

Buildings	58 years
Leasehold Land	Over the period of lease
Leasehold Improvements	3 years or lease period whichever is lower
Computers, related accessories (Included in Plant & machinery) and intangible assets including Goodwill arising on Consolidation up to 31 March 2006	1-5 years
Goodwill arising on Consolidation on or after 1 April 2006	Reviewed for Impairment
Furniture, fixtures and vehicles	5-10 years
All other assets	3 - 20 years

Further, computer systems and software are technically evaluated each year for their useful economic life and the unamortized depreciable amount of the asset is charged to Profit and Loss Account as depreciation over their revised remaining useful life.

#### iv) **Impairment of Assets**

All assets other than inventories, investments and deferred tax assets are reviewed for impairment, wherever events or changes in circumstances indicate that the carrying amount may not be recoverable. Assets whose carrying values exceed their recoverable amount are written down to the recoverable amount.

#### v) **Investments**

Long-term investments are valued at their acquisition cost. Any decline in the value of the said investment, other than a temporary decline, is recognized and charged to Profit and Loss Account. Short-term investments are carried at cost or their market values whichever is lower.

#### vi) **Inventory Valuation**

Inventories are valued lower of costs or net realizable value.



## SCHEDULE '20': Notes to Consolidated Accounts for the year ended 31st March 2009 (Contd.)

### vii) Revenue Recognition

#### a) Software Services

The Group derives a substantial part of its revenue from time and material contracts where the revenue is recognized on a man month basis. The Group also derives revenues from fixed price contracts where the revenue is recognized based on proportionate completion method. Further and foreseeable losses on the completion of the contract, if any is provided for.

#### b) Product Sales

Revenue from sale of products including sale of software user licenses are recognized, when delivery to the customer has occurred. In case of multiple element contracts involving products and services revenue is recognized on proportionate completion basis except where individual components are separable products or services that can be dealt with on a standalone basis in which case revenue in respect of each component is recognized separately, as per the terms of the contract.

#### c) Annual Maintenance Contracts

Revenue from annual maintenance contract is recognised in proportion to time elapsed, on a Straight line basis.

#### d) Dividend

Dividend income is recognized when the right to receive dividend is established.

### viii) Employee Benefits

#### a) Retirement Benefits Plan:

##### - Provident Fund (India based employees): Parent Company Employees :

The Company makes contribution to the "NIIT Technologies Limited Employees' Provident Fund Trust". The above Trust has been notified on 20<sup>th</sup> March 2009, by Ministry of Labour and Employment, Government of India as an exempt trust and accordingly the contribution of March 2009 has been deposited with the Trust. The Trust is a defined benefit plan to the extent that the Company has an obligation to make good the shortfall, if any, between the return from the investment of the Trust and interest rate notified every year by the Government

The Company made defined contribution to Regional Provident Fund Commissioner from 1<sup>st</sup> October 2005 till 28<sup>th</sup> February 2009 in respect of Provident Fund. The Company does not have any further obligation in this respect.

For the period up to 30<sup>th</sup> September 2005, the Company made contribution to NIIT Limited Employees' Provident Fund Trust (NIIT Limited Trust), established for the purposes of Provident Fund by NIIT Limited which is a defined benefit plan to the extent that the Company has an obligation to make good the shortfall, if any, between the return from the investment of the Trust and interest rate notified every year by the Government. The Company's obligation towards any possible shortfall is actuarially determined and provided for. The company is in the process of completing the formalities of transferring the accumulated balances of Corpus of NIIT Limited Trust as relatable to NIIT Technologies Group to the NIIT Technologies Limited Employees' Provident Fund Trust.

The Company's contribution towards provident fund is charged to Profit and Loss Account.

##### Other than Parent Company Employees :

The Group makes contribution to Regional Provident Fund Commissioner w.e.f. 1<sup>st</sup> October 2005 in respect of Provident Fund. The Group does not have any further obligation in this respect. For the period upto 30<sup>th</sup> September 2005, the Group made contribution to a Trust established for the purpose by NIIT Limited which is a defined benefit plan to the extent that the Group has an obligation to make good the shortfall, if any, between the return from the investment of the trust and interest rate notified every year by the Government. The Group's obligation for any possible shortfall is actuarially determined and provided for.

##### - Superannuation

The Group makes defined contribution to a trust established for the purpose by NIIT Technologies Limited. The Group has no further obligation beyond it's monthly contributions.

##### - Gratuity

Gratuity is a post employment defined benefit plan for eligible employees in India. The liability recognized in the Balance Sheet in respect of gratuity is the present value of the defined benefit

**SCHEDULE '20': Notes to Consolidated Accounts for the year ended 31st March 2009 (Contd.)**

obligation at the Balance Sheet date less the fair value of plan assets. The defined benefit obligation is calculated annually by an independent actuary using the projected unit credit method. Actuarial gains and losses are charged or credited to the Profit and Loss Account in the year in which such gains or losses arise.

- **Overseas employees**

In respect of companies incorporated outside India, where applicable, the companies make defined contributions on a monthly basis towards retirement benefit plans which is charged to the Profit and Loss Account.

**b) Compensated absences:**

Liability in respect of compensated absences is provided both for encashable leave and those expected to be availed based on actuarial valuation which considers undiscounted value of the benefits expected to be paid/availed during the next one year and appropriate discounted value for the benefits expected to be paid/availed after one year.

**c) Employee Stock Option Scheme**

The stock options granted under "NIIT Technologies Employees Stock Option Plan 2005" is accounted for as per the accounting treatment prescribed by Employee Stock Option Scheme and Employee stock Purchase Guidelines, 1999, issued by Securities and Exchange Board of India, whereby the intrinsic value of the option being excess of market value of the underlying share immediately prior to date of grant over its exercise price is recognized as deferred employee compensation with a credit to employee stock option outstanding account. The deferred employee compensation is charged to Profit and Loss Account on straight line basis over the vesting period of the option. The balance in employee stock option outstanding account net of any un-amortized deferred employee compensation is shown separately as part of shareholders' funds.

**ix) Foreign Currency Transactions / Translations**

Transactions in foreign currency (currency other than companies' reporting currency) are booked at standard rates determined periodically, which approximate the actual rates, and all monetary assets and liabilities in foreign currency are restated at the year-end. Gain/ Loss arising out of fluctuations on realization/ payment or restatement is charged/ credited to the Profit and Loss Account.

For the purposes of consolidation, the operations of overseas subsidiaries are considered non integral in nature and accordingly their assets and liabilities are translated at the year end exchange rate and income and expenditure items are translated at standard rates that approximate the exchange rate prevailing on the date of transaction. The resultant translation adjustment is reflected as a separate component of shareholders' funds as 'Cumulative Translation Reserve'. Upon disposal or dissolution of overseas subsidiaries, the balance in Cumulative Translation Reserve in relation to the subsidiary is transferred to the Profit and Loss Account.

**x) Hedge Accounting**

In accordance with its risk management policies and procedures, the Group uses derivative instruments such as foreign currency forward contracts and currency options to hedge its risks associated with foreign currency fluctuations relating to certain firm commitments and highly probable forecasted transactions. The derivatives that qualify for hedge accounting and designated as cash flow hedges are initially measured at fair value and are re-measured at a subsequent reporting date and the changes in the fair value of the derivatives i.e gain or loss (net of tax impact) is recognized directly in shareholders' funds under hedging reserve to the extent considered highly effective. Gain or loss on derivative instruments that either do not qualify for hedge accounting or not designated as cash flow hedges or designated as cash flow hedges to the extent considered ineffective are recognized in the Profit and Loss Account.

Hedge accounting is discontinued when the hedging instrument expires sold, terminated, exercised or no longer qualifies for hedge accounting. The cumulative gain or loss on the hedging instrument recognized in shareholders' funds under hedging reserve is retained there until the forecasted transaction occurs subsequent to which the same is adjusted against the related transaction in the Profit and Loss Account. If a hedged transaction is no longer expected to occur, the net cumulative gain or loss recognized in shareholders fund is transferred to Profit and Loss Account in the same period.

**xi) Leases**

Lease rental in respect of operating lease arrangements are charged to expense on a straight line basis over the term of the related lease agreement.

Finance lease transactions are considered as financing arrangements and the leased asset is capitalized at

**SCHEDULE '20': Notes to Consolidated Accounts for the year ended 31st March 2009 (Contd.)**

an amount equal to the present value of the future minimum lease payments and corresponding amount is recognized as a liability. The lease payments made are apportioned between finance charges and reduction of outstanding liability in relation to leased asset.

**xii) Borrowing Cost**

Borrowing costs are expensed in the year in which it is incurred except where the cost is incurred during the construction of an asset that takes a substantial period to get ready for its intended use in which case it is capitalized.

**xiii) Taxation**

Tax expense comprising of both current tax (including Fringe Benefit Tax) and deferred tax is included in determining the net results for the year. Deferred tax reflects the effect of temporary timing differences between the assets and liabilities recognized for financial reporting purposes and the amounts that are recognized for current tax purposes. As a matter of prudence deferred tax assets are recognized and carried forward only to the extent, there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized.

Current Tax (including Fringe Benefit Tax) is determined based on the provisions of Income Tax Act and regulations, of the respective countries.

Minimum Alternative Tax (MAT) credit asset is recognized in the Balance Sheet where it is likely that it will be adjusted against the discharge of the tax liability in future under Indian Income Tax Act 1961.

**xiv) Provisions and contingencies**

The Group creates a provision when there is present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that probably will not require an outflow of resources or where a reliable estimate of the obligation cannot be made.

**2. CONTINGENT LIABILITIES: -**

- a) Guarantees issued by bankers outstanding at the end of accounting year Rs. 1,060.44 Lacs, includes Share in Joint Venture Rs. 4.20 Lacs (Previous Year Rs. 1,375.38 Lacs, includes Share in Joint Venture Rs. 4.20 Lacs).
  - b) Guarantees issued to banker outstanding at the end of accounting year Rs. 8,466.73 Lacs (Previous Year Rs. 8,766.44 Lacs).
  - c) Corporate guarantees outstanding at year end Rs. 5,791.32 Lacs (Previous year Rs. 5,081.20 Lacs).
  - d) Claims against the Group not acknowledged as debts Rs. 2,471.10 Lacs (Previous Year Rs. 2,701.15 Lacs)
  - e) Sales tax 'C' forms outstanding Rs.12.06 Lacs (Previous year Rs.21.38 Lacs).
- 3.** Estimated amount of contracts remaining to be executed on capital account not provided for (net of advances) Rs. 3,632.47 Lacs, includes share in joint venture Rs. Nil (Previous Year Rs 5,995.92 Lacs, includes share in joint venture Rs. 2.83 Lacs).
- 4.** a) Working Capital Limits of the Parent Company of Rs.10,000 Lacs (Previous Year Rs. 10,000 Lacs) are secured by a first charge on book debts and by a second charge on movable assets of the Parent Company. The Parent Company has not utilized the fund based limit as at the year-end (Previous year Rs. Nil).
- b) Vehicle Loans from Banks are secured by way of hypothecation of the vehicles financed.
- c) Term loan from bank is secured by a first priority over fixed assets and a floating charge over the present and future immovable assets including receivables of NIIT Technologies Limited, UK, a subsidiary Company in the Group. Additionally, the Parent Company has given a guarantee in relation to this loan which has been considered in Note 2 (b) above.
- d) The secured and unsecured loans of the Group are repayable as follows:-

**Amount in Rs.**

	<b>31.03.2009</b>	<b>31.03.2008</b>
Within the next 1 year	126,659,014	379,117,945
In the next 2 to 5 years	221,267,074	267,725,486

**5. Derivative Financial Instruments:**

The Group is exposed to foreign currency fluctuations on foreign currency assets / liabilities, forecasted cash flows denominated in foreign currency. The use of derivatives to hedge foreign currency forecasted cash flows is governed by the Group's strategy, which provide principles on the use of such forward contracts and currency options consistent with the Group's Risk Management Policy. The counter party in these derivative instruments is a bank and the Group considers the risks of non-performance by the counter party as non-material. The forward foreign exchange/option contracts mature between 1 to 29 months and the forecasted transactions are expected to occur

**SCHEDULE '20': Notes to Consolidated Accounts for the year ended 31st March 2009 (Contd.)**

during the same period. The Group does not use forward contracts and currency options for speculative purposes. The following table presents the aggregate contracted principal amounts of the Group's derivative contracts outstanding:

(Rs. in Lacs in respective currencies)

Foreign Currency	Year Ended 31st March 2009	Year Ended 31st March 2008
U.S. Dollar	1,971	2,390
Sterling Pound	49	241
Euro	42	185

The following table summarizes activity in the Hedging Reserve related to all derivatives classified as cash flow hedges during the year ended 31<sup>st</sup> March 2009.

(Rs. Lacs)

Particulars	Year Ended 31st March 2009	Year Ended 31st March 2008
Balance as at the beginning of the year (Gross of Deferred Tax)	1,702	-
Add : Unrealized losses /(gain) on cash flow hedging derivatives during the year	22,613	1,702
Less: Net losses transferred to Revenue on occurrence of hedged items	5,425	-
<b>Balance as at the end of the year (Gross of Deferred tax)</b>	<b>18,890</b>	<b>1,702</b>
Deferred Tax Assets	3,745	148
<b>Balance as at the end of the year ( Net of Deferred Tax)</b>	<b>15,145</b>	<b>1,554</b>

At 31<sup>st</sup> March 2009, the estimated net amount of existing loss that is expected to be reclassified into the revenue within the next twelve months is Rs. 9,685 Lacs.

**6. Consolidation**

a) Details of NIIT Technologies Limited's subsidiaries all of which have been considered in these consolidated accounts on a line by line basis are as follows:

Subsidiary	Percentage of ownership interest as at 31.03.2009	Percentage of ownership interest as at 31.03.2008	Country of incorporation
NIIT GIS Limited	88.99	88.99	India
NIIT Smart Serve Limited	100	100	India
NIIT Technologies Inc.	100	100	United States
NIIT Technologies Ltd	100	100	United Kingdom
NIIT Technologies Co. Ltd	100	100	Japan
NIIT Technologies Pte Ltd	100	100	Singapore
NIIT Benelux BV	100	100	Netherlands
NIIT Belgium NV	99.96	99.96	Belgium
NIIT Thailand Limited	100	100	Thailand
NIIT Asia Pacific Pty Limited	100	100	Australia
NIIT Technologies AG	100	100	Germany
NIIT Technologies AG Schweiz	100	100	Switzerland
NIIT Technologies GmbH	100	100	Austria
NIIT Smart Serve Limited*	100	100	United Kingdom
Room Solutions Limited	100	100	United Kingdom
NIIT Technologies Ltd	100	100	Canada
Softec GmbH	100	100	Germany
NIIT Technologies FZ LLC	100	-	Dubai

\* Closed during the year

## SCHEDULE '20': Notes to Consolidated Accounts for the year ended 31st March 2009 (Contd.)

- b) The Parent Company also has 50 % interest in a joint venture viz, Adecco NIIT Technologies Private Limited as at 31st March 2009. The Joint venture has been accounted for using proportionate consolidation in accordance with the Accounting Standard 27 "Financial Reporting of Interests in Joint Ventures". The Parent Company's share in the assets, liabilities, income and expenses of the joint venture as adjusted for elimination arising from transactions with various companies of the Group is included in the respective schedules in these consolidated financial statements.
7. (a) In previous year the Group acquired the remaining 25 % interest in Room Solutions Limited, UK. The goodwill on acquisition of the remaining interest has been arrived at as follows:

	<b>Amount (Rs.)</b>
Consideration paid	232,467,169
Less: 25 % of net assets of Room Solutions Limited, UK as on 21st September 2007 #	61,608,766
Goodwill arising	170,858,403

# based on management accounts

- (b) In previous year the Group also acquired 100 % interest in Softec GmbH, the goodwill on acquisition has been arrived at as follows:

	<b>Amount (Rs.)</b>
Consideration paid	164,253,565
Less: 100 % of net assets of Softec GmbH as on 29th February 2008 #	8,030,328
Goodwill arising	156,223,237

# based on audited accounts

The above goodwill has been ascertained based on the book values of the net assets acquired which in management's view are not significantly different from their fair values.

### 8. Payment to Auditors (Excluding Service Tax)

- i) Payment to Parent Company auditors

<b>Particulars</b>	<b>2008-09</b>	<b>2007-08</b>
Audit fees	5,235,000	6,145,360
Certification Services	2,550,000	2,715,000
Tax audit fees	300,000	569,000
Reimbursement of expenses	599,529	614,339

- ii) Payment to other auditors amount to Rs. 14,631,249/- (Previous Year Rs. 14,786,756).

### 9. TAXATION

- a) **CURRENT TAX**

The Group has availed deductions available under the provisions of section 10B and 80IC of the Indian Income Tax Act, in respect of certain Export Oriented Undertakings (EOU's) registered with Software Technology Parks of India (STPI) and for an undertaking set up in a backward area respectively. The current tax liability in Indian Income Tax is primarily arising under Minimum Alternate Tax provisions of Section 115 JB of the Indian Income-Tax Act, part of which amounting to Rs. 149 Lacs (Previous Year Rs. 1,095 Lacs) is expected to be recovered in future years and the same has been recognized as MAT credit entitlement in these accounts.

**SCHEDULE '20': Notes to Consolidated Accounts for the year ended 31st March 2009 (Contd.)**
**b) DEFERRED TAX (NET)**

Break up of deferred tax assets/ liabilities and reconciliation of current accounting period deferred tax charge is as follows:

(Rs. Lacs)

Deferred Tax Assets/Liabilities	As at 1.04.2008	Charge/ (Credit) for the year	As at 31.03.2009
<b>Deferred Tax Liabilities</b>			
a) Tax impact of difference between carrying amount of fixed assets in the financial statements and as per the income tax calculation.	158	25	183
b) Tax impact of expenses not charged in the financial statements but claimed as deduction under income tax	83	(1)	82
c) Tax impact of Gains credited in the financial statements but not offered for tax under income tax	5	(5)	0
d) Others	8	(3)	5
<b>Total (A)</b>	<b>254</b>	<b>16</b>	<b>270</b>
<b>Deferred Tax Assets:</b>			
a) Tax impact of difference between carrying amount of fixed assets in the financial statements and as per the income tax calculation.	134	7	141
b) Tax impact of expenses charged in the financial statements but allowable as deductions in future years under income tax:			
- Provision for doubtful debts	130	13	143
- Provision for Compensated absences, Bonus and Gratuity	465	91	556
- Others	42	(9)	33
c) Carry forward losses/ unabsorbed depreciation.	9	(9)	0
<b>Total (B)</b>	<b>780</b>	<b>93</b>	<b>873</b>
<b>Deferred Tax Asset / (Liability) (B-A)</b>	<b>526</b>	<b>77</b>	<b>603</b>
Add: Deferred Tax Asset related to Fair Value loss on derivative instruments not charged in the financial statements but taken to the Balance Sheet.	148	-	3,744
<b>Net Deferred Tax Asset / (Liability)</b>	<b>674</b>	<b>-</b>	<b>4,347</b>

**Note:**

- i) The movement in Deferred tax asset/ liability above includes that on account of currency translation of balances of overseas subsidiaries of Rs. 17 Lacs (Previous year Rs. 51 lacs)
- ii) Deferred tax assets and liabilities above have been determined by applying the Income Tax rates of respective countries. Also as required by Accounting Standard 22 "Accounting for Taxes on Income" deferred tax assets and liabilities in relation to different Companies have not been offset and have been represented in the Balance Sheet as follows:

(Rs. Lacs)

Particulars	As at 31.03.2009	As at 31.03.2008
Deferred Tax Liability (Net)	-	-
Deferred Tax Asset (Net)	4,347	674

- iii) Deferred tax assets arising from carry forward losses/unabsorbed depreciation has been recognized only to the extent of deferred tax liability in the respective companies except where the Group is certain of their recovery in full.

## SCHEDULE '20': Notes to Consolidated Accounts for the year ended 31st March 2009 (Contd.)

### 10. Earnings Per Share

	2008-09	2007-08
Profit attributable to Equity shareholders (Rs.) - (A)	1,148,395,435	1,352,605,571
Weighted Average number of Equity shares Outstanding during the year – (B)	58,719,119	58,680,226
Add: Effect of potential dilutive shares(stock options)- (Refer Note 14 below)	-	84,829
Weighted average shares outstanding considered for determining dilutive earning per share - (C)	58,719,119	58,765,055
Nominal Value of Equity Shares (Rs.)	10	10
Basic Earnings per share (Rs.) (A/B)	19.56	23.05
Diluted Earnings per share (Rs.) (A/C)	19.56	23.02
<b>EARNING PER SHARE {had fair value method been employed for accounting for Employee Stock Option (Refer Note 14 below)}</b>		
Profit attributable to Equity shareholders (Rs.) - (D)	1,132,409,937	1,321,156,335
Basic Earnings per share (Rs.) (D/B)	19.29	22.51
Diluted Earnings per share (Rs.) (D/C)	19.29	22.48

**Note:** The weighted average number of equity shares outstanding considered for determining Basic and Dilutive Earning per Share for the previous year has been appropriately adjusted for Bonus Shares issued so as to make the Earning per share comparable.

### 11. Related Party Disclosures as per Accounting Standard 18

A. List of related parties with whom the Group has transacted:

a. Parties of whom the Group is an associate and its subsidiaries

1. NIIT Limited
2. NIIT USA Inc.
3. NIIT Malaysia Sdn Bhd
4. NIIT China (Shanghai) Ltd
5. Scantech Evaluation Services Limited
6. NIIT Middle East LLC Bahrain
7. NIIT Multimedia Ltd.
8. NIIT Limited UK
9. Evolve Services Limited
10. Element K corporation, USA

b. Key Managerial personnel

Rajendra S Pawar  
Vijay K Thadani  
Arvind Thakur

c. Parties in which the key managerial personnel or the relatives of the key managerial personnel are interested.

Naya Bazar Novelties Pvt Ltd.

## SCHEDULE '20': Notes to Consolidated Accounts for the year ended 31st March 2009 (Contd.)

### B. Details of transactions with related parties carried out on an arms length basis:

Nature of Transactions	Party of whom the group is an associate and it's subsidiaries (Rs.)	Key Managerial Personnel (Rs.)	Parties in which Key Managerial Personnel of the group are interested (Rs.)	Total (Rs.)
Purchase of Fixed Assets - (Note 2)	2,168,827 (1,269,798)	- (-)	- (-)	2,168,827 (1,269,798)
Recovery from NIIT Limited Group- (Note 3)	21,847,931 (15,503,475)	- (-)	- (-)	21,847,931 (15,503,475)
Recovery by NIIT Limited Group - (Note 4)	34,828,007 (44,915,034)	- (-)	- (-)	34,828,007 (44,915,034)
Receiving of Services/ Goods - (Note 5)	8,351,339 (49,152,171)	- (-)	- (-)	8,351,339 (49,152,171)
Rendering of Services - (Note 6)	47,913,295 (67,285,504)	- (-)	- (-)	47,913,295 (67,285,504)
Remuneration - (Note 7)	- (-)	19,005,994 (26,523,001)	- (-)	19,005,994 (26,523,001)
Other Income	76,257 (-)	- (-)	- (-)	76,257 (-)
Other Expenses - (Note 8)	20,980 (10,513,426)	- (-)	275,403 (514,555)	296,383 (11,027,981)
Dividend Paid to Scantech Evaluation Services Limited	95,384,892 (62,805,080)	- (-)	- (-)	95,384,892 (62,805,080)
Sale of Fixed assets - (Note 9)	7,506,528 (301,999)	- (-)	- (-)	7,506,528 (301,999)
Loans Given - (Note 10)	114,943,148 (-)	- (-)	- (-)	114,943,148 (-)
Loans Given Received back - (Note11)	114,943,148 (-)	- (-)	- (-)	114,943,148 (-)
Interest Received - (Note12)	762,879 (-)	- (-)	- (-)	762,879 (-)

#### Notes:

- Figures in Parenthesis represent previous year's figures.
- Includes transactions for the year with;
  - NIIT Limited Rs. 19.63 Lacs (Previous Year: Rs. 1.50 Lacs)
  - NIIT Middle East EC Rs.2.05 Lacs. (Previous Year Rs.11.20 Lacs)
- Includes transactions for the year mainly with;
  - NIIT Limited Rs. 61.08 Lacs (Previous Year: Rs. 72.44 Lacs)
  - NIIT USA Inc Rs. 125.81 Lacs (Previous Year: Rs. 80.65 Lacs)
  - NIIT China (Shanghai) Limited Rs.31.59 Lacs. (Previous Year Rs.Nil)
- Includes transactions for the year mainly with;
  - NIIT Limited Rs.90.90 Lacs (Previous Year: Rs. 226.72 Lacs)
  - NIIT USA Inc Rs. 180.13 Lacs (Previous Year: Rs. 180.57 Lacs)
  - NIIT Middle East EC Rs. Nil. (Previous Year Rs. 41.85 Lacs)
  - Element K Rs. 50.98 Lacs (Previous Year Rs. Nil)
  - NIIT Europe Ltd. Rs. 26.26 Lacs (Previous Year Rs. Nil)
- Includes transactions for the year mainly with;
  - NIIT Limited Rs. 46.77 Lacs (Previous Year Rs. 71.10 Lacs)
  - NIIT Middle East EC Rs. 34.42 Lacs (Previous Year: Rs. 390.36 Lacs)
  - Evolve Services Limited Rs. 2.32 Lacs (Previous Year: Rs. Nil)
  - NIIT China (Shanghai) Limited Rs. Nil (Previous Year Rs. 30.05 Lacs)
- Includes transactions for the year mainly with;
  - NIIT USA Inc, Rs.121.10 Lacs (Previous Year Rs.174.20 Lacs)
  - NIIT UK Rs. 195.35 Lacs (Previous Year Rs. 226.09 Lacs)
  - NIIT Limited Rs. 162.68 Lacs (Previous Year Rs. 272.55 Lacs)



## SCHEDULE '20': Notes to Consolidated Accounts for the year ended 31st March 2009 (Contd.)

7. Remuneration to Key Managerial Personnel includes those paid to:
    - Rajendra S Pawar – Rs. 39.39 Lacs (Previous Year: Rs. 110.52 Lacs)
    - Arvind Thakur – Rs. 142.07 Lacs (Previous Year Rs. 146.73 Lacs)
    - Vijay K Thadani –Rs. 8.60 Lacs (Previous Year: Rs. 7.96 Lacs)
  8. Includes transactions for the year with
    - NIIT Malaysia Sdn Rs. 0.21 Lacs (Previous Year Rs. Nil)
    - NIIT Limited Rs. Nil (Previous year Rs.105.13 Lacs.)
  9. Includes transactions for the year with
    - NIIT Limited Rs. 75.06 Lacs.(Previous year Rs. 3.02 Lacs.)
  10. Transactions in loan given for the year with
    - NIIT USA Inc, Rs. 1,149.43 Lacs (Previous year Rs. Nil)
  11. Transactions in loan given received for the year with
    - NIIT USA Inc, Rs. 1,149.43 Lacs (Previous year Rs. Nil)
  12. Transactions in interest received for the year with
    - NIIT USA Inc, Rs. 7.63 Lacs (Previous year Rs. Nil)
- C. Outstanding balances with related parties:

	Receivables as at 31.03.2009 (Rs.)	Payables as at 31.03.2009 (Rs.)	Receivables as at 31.03.2008 (Rs.)	Payables as at 31.03.2008 (Rs.)
Parties of whom the Group is an associate and its subsidiaries.	28,892,457	7,755,849	14,279,817	3,180,118
Key Managerial Personnel	-	6,250,335	-	11,780,000

12. The Dominant source of risk and returns of the group is considered to be the business in which it operates viz. software solutions. Being a single business segment group, no primary segment information is being provided. The secondary segment information as per Accounting Standard 17 'Segment Reporting' in relation to geographies is as follows:

(Rs. Lacs)

Particulars	Revenue from external customers by location of customers		Carrying amount of segment assets by location of the assets		Additions to fixed assets	
	31.03.2009	31.03.2008	31.03.2009	31.03.2008	31.03.2009	31.03.2008
India	9,413	8,622	47,659	39,935	6,027	5,868
Rest of Asia Pacific (including Australia)	9,563	9,176	5,070	4,722	871	460
Europe	49,000	46,617	20,917	21,485	535	1,871
America	30,018	29,736	8,338	7,898	11	30
<b>Total</b>	<b>97,994</b>	<b>94,151</b>	<b>81,984</b>	<b>74,040</b>	<b>7,444</b>	<b>8,229</b>

### 13. Disclosure of Leases as per Accounting Standard (AS) – 19

#### a) Operating Leases

Total of future Minimum Lease Payments under non-cancelable leases in case of premises and equipments:

Particulars	In respect of Premises (Rs.)		In respect of equipment (Rs)	
	March 31, 2009	March 31, 2008	March 31, 2009	March 31, 2008
Amount payable within the next 1 year	116,779,978	127,461,623	21,814,509	10,863,288
Amount payable in the next 2 to 5 years	57,145,588	148,488,129	23,563,582	8,183,841

Aggregate payments during the period under operating leases amount to Rs. 355,283,363 (Previous Year Rs. 347,014,487).

## SCHEDULE '20': Notes to Consolidated Accounts for the year ended 31st March 2009 (Contd.)

### b) Finance Leases

The minimum lease payment outstanding and their present value at the Balance Sheet date in respect of plant and machinery that have been capitalized are as follows:

Particulars	Minimum lease payments Amount (Rs.)	Finance charges Amount (Rs.)	Present value of lease payments Amount (Rs.)
Amount payable within the next 1 year	2,082,481 (1,085,540)	387,872 (151,221)	1,694,610 (934,319)
Amount payable in the next 2 to 5 years	2,309,181 (663,281)	277,856 (56,390)	2,031,325 (606,891)
<b>Total</b>	<b>4,391,663</b> <b>(1,748,821)</b>	<b>665,728</b> <b>(207,611)</b>	<b>3,725,935</b> <b>(1,541,210)</b>

Note: Figures in parenthesis represent previous year figures.

### 14. EMPLOYEE STOCK OPTION PLAN:

- (i) The parent Company established NIIT Technologies Stock Option Plan 2005 (ESOP 2005) in the year 2005-06 and the same was approved at the Annual General Meeting of the Parent Company on 29th July 2004. The plan was set up so as to offer and grant for the benefit of employees of the Company and its subsidiaries, who are eligible under Securities Exchange Board of India (SEBI) Guidelines (excluding promoters), options of the Company in aggregate up to 3,850,000 options under ESOP 2005, in one or more tranches, and on such terms and conditions as may be fixed or determined by the Board in accordance with the provisions of law or guidelines issued by the relevant authorities in this regard. As per the plan each option is exercisable for one equity share of face value of Rs. 10 each fully paid up on payment to the Parent Company for such shares at a price to be determined in accordance with ESOP 2005. SEBI has issued the Employee's Stock Option scheme and Employee Stock Purchase Scheme Guideline, 1999 which is applicable to the above ESOP 2005.

The parent Company granted option in four tranches, out of the same tranche II has been fully exercised/lapsed. The details of other tranches are as follows:-

Description	Tranche I		Tranche III		Tranche IV [Note (b)]
	2008-09	2007-08	2008-09	2007-08	2008-09
Date of Grant	August 02, 2005		June 20, 2007		July 28, 2008
Date of Vesting	August 02, 2006		June 20, 2008		July 28, 2009
Live grants at beginning/ during the year (Nos)	106,300	160,200 [Note (a)]	378,750	420,000 [Note (a)]	477,750
Forfeited/lapsed till vesting period (Nos)	-	-	278,645	41,250	16,500
Options Vested (Nos)	-	-	100,105	-	-
Vested Options	-	160,200	-	-	-
Options forfeited post vesting (Nos)	3150	6,300 [Note (a)]	7,950	-	-
Options Exercised (Nos)	28,300	47,600 [Note (a)]	-	-	-
Exercisable/outstanding at the end of the Year (Nos)	74,850	106,300	92,155	378,750	461,250
Exercise Price	Rs. 76.67	Rs. 76.67	Rs. 349.00	Rs. 349.00	Rs. 108.00
Remaining Contractual Life	123 days	488 days	811 Days	1176 Days	1214 Days
Fair Value of the Options based on Black and Scholes model (as per Independent valuer's report)					
Pre-Bonus	Rs. 59.20	Rs. 59.20	Rs. 168.11	Rs. 168.11	-
Post Bonus	Rs. 39.46	Rs. 39.46	Rs. 112.07	Rs. 112.07	Rs. 43.78
Intrinsic Value of option	Rs. 23.00	Rs. 23.00 [Note (a)]	-	-	-

## SCHEDULE '20': Notes to Consolidated Accounts for the year ended 31st March 2009 (Contd.)

### Notes:

- a) Pre Bonus figures converted into post bonus
- b) During the year, the Compensation/ Remuneration Committee at its meeting held on July 28, 2008 has approved issue of 477,750 options (Grant-IV) out of the option under ESOP 2005, to Senior Managerial Personnel of the Company / Subsidiaries.
- (ii) The assumptions used by the independent valuer for determination of fair value as per the Black & Scholes model is as follows:
- a) Market price considered is the latest available closing price, prior to the date of the grant.
- b) Exercise price is the price payable by the employees for exercising the option.
- c) As the life of the option is greater than one year there is considerable difficulty in estimating the amount and time of future dividend payouts with certainty, hence future dividend payout have not been incorporated in the valuation analysis.
- d) Volatility - Variance in the stock price is considered as 10% (for Grant I) , 51.13% (for Grant III) and 65.62% (for Grant IV) is based on historical volatility in the share price movement of the Company and four other comparable companies.
- e) Average life of the options is considered to be 2.5 Years (for all the Grants).
- f) Risk less interest rate has been assumed at 7% (Grant I) and 7.93 % (Grant III) and 9.24% (Grant IV) based on long term government bonds of ten year residual maturity.
- (iii) Other information regarding employee share based payment is as below:

Description	Tranche III		Tranche IV
	2008-09	2007-08	2008-09
Expense accounted for during the period based on intrinsic value of the option	-	-	-
Additional expense had the Company recorded the ESOP expense based on fair value of the option	2,320,290	31,449,236	13,665,207

For impact on Basic and Diluted earning Per Share, had fair value of the option been used for determining Employee Stock Option Plan expense, refer note 20 above.

### 15. Employee Benefits

- a) Expenditure on defined contribution post retirement benefit plans viz. Provident Fund, Superannuation Fund and Overseas Plan amounted to Rs. 345,986,263 (Previous year Rs. 324,205,911).
- b) Disclosure in respect of defined benefit plans in accordance with Accounting Standard 15 (Revised) "Employee Benefits"

#### - Provident Fund:

In respect of Group's obligation towards guaranteed returns on Provident Fund Contributions made to the Trust established by NIIT Limited, the Group's obligation has been actuarially determined. As per actuary's report the interest earnings and cumulative surplus of Trust are more than the statutory requirement and accordingly there is no additional liability of employer on account of interest shortfall.

In respect of Parent Company's obligation towards guaranteed returns on Provident Fund Contributions made to the "NIIT Technologies Limited Employees' Provident Fund Trust" established by the Parent Company, the Parent Company's obligation have not been actuarially determined as it is not considered necessary to actuarially determine the liability as the Parent Company has contributed to above for the month of March 2009 only.

#### - Gratuity:

Disclosures as per actuarial report of independent actuary:

#### Amount of obligation as at the year end and is determined as under:

Description	Amount (Rs.)	
	2008-09	2007-08
Present value of obligation as at the beginning of the year	67,087,486	54,632,680
Interest cost	5,366,999	4,352,290
Current service cost	13,666,495	10,497,143
Benefits paid	(4,060,843)	(4,066,990)
Actuarial (gain)/loss on obligations	960,375	1,672,364
Present value of obligation as at the end of the year	83,020,512	67,087,487

**Change in Plan Assets:**

Description	Amount (Rs.)	
	2008-09	2007-08
Plan assets at beginning at fair value	62,303,629	37,889,641
Expected return on plan assets	5,752,099	3,495,759
Contributions	18,022,825	24,778,615
Benefits paid	(4,060,843)	(4,066,990)
Actuarial gain/(loss) on plan assets	190,810	206,606
Plan assets at the year end at fair value	82,208,520	62,303,631

**Amount of the obligation recognized in the Balance Sheet:**

Description	Amount (Rs.)	
	2008-09	2007-08
Present value of the defined benefit obligation at the end of the year	83,020,512	67,087,487
Fair value of plan assets at the end of the year	82,208,520	62,303,631
Liability recognized in the Balance sheet	811,992	4,783,856

**Amount of Gratuity expense recognised in the Profit and Loss Account:**

Description	Amount (Rs.)	
	2008-09	2007-08
Current service cost	13,666,495	10,497,143
Interest cost	5,366,999	4,352,290
Expected return on plan assets	(5,752,099)	(3,495,759)
Actuarial (gain)/ loss recognized during the year	769,565	1,465,758
<b>Total</b>	<b>14,050,960</b>	<b>12,819,432</b>

**Investment details of plan assets:**

The Plan assets are maintained with Life Insurance Corporation Gratuity Scheme. The details of investment maintained by Life Insurance Corporation are not available with the Group and have not been disclosed.

**Principal actuarial assumptions at the Balance Sheet date:**

	2008-09	2007-08
Discounting Rate	8%	7.5% - 8%
Expected Rate of return on plan assets	9% - 9.25%	9% - 9.25%

The estimates of future salary increases considered in actuarial valuation take account of inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market.

16. a) The Parent Company's domestic subsidiary declared a dividend of Rs. 343,145,396/- (Previous Year Rs. 428,696,144/-) of which Rs. 305,378,026/- (Previous Year Rs. 381,539,568/-) is receivable by the Parent Company, and the balance of Rs. 37,767,370/- (Previous Year Rs. 47,156,576/-) relates to the minority. The corporate dividend tax to the extent Rs. 6,416,676/- (Previous Year Rs. 8,014,260/-) related to the minority which has been appropriately adjusted from the minority interest in these accounts.
- b) The corporate dividend tax disclosed as part of appropriation includes Rs. 51,883,727 (Previous year Rs.64,842,650) relating to corporate dividend tax payable by a subsidiary attributable to dividend receivable by the Parent Company. Further it includes Rs. 12,935,789 (Previous year Rs. Nil) being dividend tax payable by the Parent Company on amount being excess of dividend proposed by the Parent Company over dividend receivable by it from its subsidiary by virtue of sub-section 1A of section 115O of the Indian Income Tax Act, 1961.
17. During the year, the Company granted a loan of Rs. 2,000 Lacs (total loan outstanding as on March 31, 2009 - Rs. 2,000 Lacs) at 12% p.a. to NIITian Welfare Trust (The Trust) which has been formed for the purpose of providing welfare benefits to the employees of the Parent Company and that of NIIT Limited and their subsidiaries. The trust has primarily invested the amount borrowed in equity shares of the Parent Company and that of NIIT Limited. Based on the closing price of shares as at 25th May 2009, there is a surplus of Rs.1,398 Lacs in the Trust.
18. Rent expenses are net of input service tax credit of Rs. 170 Lacs recognized during the year relating to previous year.
19. Previous year figures have been regrouped/ recast wherever necessary to conform to current year's classification.

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Trust us to find the way

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