NIIT technologies

Trust us to find the way

Value From Focus

ANNUAL REPORT 2007-08

Value From Focus

Just as software and computing have moved from one generation to the next with speed and efficiency, NIIT Technologies too has leapt up the growth curve by staying true to its underlying philosophy and far-sighted strategy. The demands of the industry may vary. Ground realities may change. Our underlying belief remains "Value from Focus."

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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.

NIIT technologies

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.
NIIT House,
C-125 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.
A-43, MCIA, Mathura Road
New Delhi 110 044, India
Email: webmaster@niit-tech.com
Tel : +91-11-46694555/777
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

In this Report, we have used terms that we use for NIIT Technologies staff. Staff members are NIITians, family members of staff are AffiNIITians.

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Focus makes us bigger than the sum of our parts

At NIIT Technologies the focus is on developing specific Industry verticals and within each vertical perfecting and building appropriate intellectual property. This focus on creating differentiation through specialisation has helped us position NIIT Technologies in a zone where we can leverage our strengths and grow our foot print across geographies

Corporate Profile

AN OVERVIEW

NIIT Technologies Limited is a global IT solutions organisation servicing customers in North America, Europe, Asia and Australia. We focus on customers in the Banking, Financial Services and Insurance, Travel Transportation & Logistics and Retail & Distribution sectors, offering services in Application Development & Management, Enterprise Solutions & Business Process Outsourcing.

Our subsidiaries, NIIT SmartServe Limited and NIIT GIS Limited, offer Business Process Outsourcing and GIS Solutions, respectively. Counted amongst the premier software exporting organisations in India, we have built a significant customer base worldwide, including leading global enterprises.

On the quality front, we adhere to all global benchmarks and standards, having bagged the ISO 9001:2000 certification and the ISO: 27001 Information Security Management accreditation. We have been one of the first few organisations to be assessed at Level 5 of SEI-CMMi ver 1.2. We have also been assessed at Level 5 of People-CMM Frameworks and are an Approved Scanning Vendor for PCI DSS. Our Thailand facility conforms to the international ISO: 20000 IT management standard, making it the first company in the ASEAN region to be so assessed.

NIIT SmartServe conforms to the highest quality standards such as COPC and Six Sigma.

Our alliance with international IT giants including IBM, Microsoft, Oracle, SAP and Sun—which have enabled us to gain technology leadership and build expertise on all key hardware and software platforms—are proving beneficial for our global customer base.

CHOSEN VERTICALS

Banking and Financial Services: NIIT Technologies specialises in areas of retail and wholesale banking operations, mortgages, credit risks and operational data store, 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 re-insurance, working for top insurance companies across the world. ROOM Solutions, a leading name in the Lloyd's market in the UK, acquired by NIIT Technologies in 2006, has strengthened its presence in the commercial insurance space by bringing in deep domain expertise

Travel, Transportation and Logistics (TTL): NIIT Technologies has vast domain expertise and experience in the TTL industry, having executed diverse projects across different segments of the business. Our clients include some of the largest airlines and airports, global leaders in the travel and distribution industry, leading freight and logistics companies and sophisticated surface transport players. The acquisition of Softec, GmbH has reinforced the position of the company as a domain leader in the TTL industry.

Retail and Distribution: We specialise in providing diverse IT services to global specialty retail chains in the domains of customer facing e-business and selfservice portals, in-store 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 modernisation. We help customers manage their mission and time critical applications by providing cost effective application management services over a wide range of technologies. We specialise 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 our testing services.

Enterprise Solutions: The Enterprise Solutions range around SAP offerings. Aided by our experience in manufacturing domains, we have created a Framework called QuickStart, which enables rapid implementation of SAP in the microelectronics and semiconductor industries. We also manage and maintain the operations and applications that have been deployed in the customers' Managed Services portfolio. Our Managed Services helps organisations simplify their IT operational and investment challenges by delivering IT infrastructure and applications as complete administered services.

Geographic Information Systems (GIS): NIIT GIS has been providing end-to-end GIS-based solutions to customers worldwide. NIIT GIS' offerings in this sphere range from software products, training, technical support, data conversion and application development to complete geo-spatial image processing and consulting solutions. NIIT GIS, which commenced operations in 1996, is a strategic alliance between ESRI Inc., USA and NIIT Technologies Ltd.

Business Process Outsourcing: NIIT Technologies' subsidiary, NIIT SmartServe, a global business process management organisation, offers outsourcing solutions that manage back office operations, contact centers and provide help desk support to clients in diverse industry verticals such as finance and insurance, media and entertainment, real estate, technology and education.

ALLIANCES

We have developed strong alliances with leading global IT majors such as BEA, Computer Associates, IBM, Informatica, Metalogic, Microsoft, NetIQ, Oracle, SAP, SEEC and TIBCO, enabling development of core competencs on state-of-the-art software platforms and offer solutions in cutting-edge technologies to customers across the globe.

Awards and Achievements

- NIIT Technologies ranked among India's Top 20 IT Software and Service Exporters in the NASSCOM 2007 survey
- NIIT Technologies ranked in ET 500, 2007 among the Top 20 wealth creator companies of India
- NIIT Technologies has been listed among the 'Best 200 under a billion companies' 2007 by Forbes Asia
- NIIT Technologies awarded the Banking & Finance ICT Innovation recognition for Belgium and Luxemburg
- NIIT Technologies re-assesed at the highest level of maturity (level 5), in accordance with the new version 1.2 of the CMMi
- The Company ranked among Business Today's listing of "India's Most Valuable Companies-2007"
- The Company moved from mid-cap to large cap by Dalal Street Journal's annual listing of the Golden 400 Indian Companies 2007
- NIIT Technologies ranked 36th in The Black Book Top 50 Best Managed Global Outsourcing Vendors
- NIIT Technologies was felicitated with the Employer Branding Awards for Excellence in HR through technology and for innovation in career development by the Asia Pacific HRM Congress at the regional level.

The year gone by

2007-08 at a glance

The year 2007-08 was a period of significant activity for NIIT Technologies, one marked by high momentum and improvement in turnover and profitability. The Company grew well above the Indian IT-BPO industry average and continued to rank among the top 20 IT-BPO exporters in the country. We participated in and launched numerous initiatives that established our thought and business leadership within the IT-BPO domain. Some of the key highlights of the year included the following:

Participating in the 16th Indo-German Joint Commission

As a member of CII/FICCI's delegation that accompanied India's Finance Minister, P. Chidambaram to the 16th Indo-German Joint Commission, NIIT Technologies reiterated its commitment to building international IT trade and making the Indian IT-BPO industry a global force. We were represented by Pramod Srivastava, CEUR Head, who joined other Indian industry leaders in interacting with European businesses and deliberating on how bilateral trade ties and mutual trade could be enhanced between India and the continent.

Pramod Srivastava, CEUR Head, at the 16th Indo-German Joint Commission as part of the CII/FICCI delegation

Going Live with VAA

The NIIT Technologies-Virgin Atlantic Airways partnership touched new heights during 2007-08, with the company developing a unique, speedy and hassle free check-in solution for the global airliner's Upper Class Passengers and greatly uplifting their experience. NIIT Technologies, which has been working with Virgin Atlantic Airways since 2003, demonstrated innovativeness, a high level of airline experience and key technology skills, in understanding the pain points of customers and building the solution. Today, VAA is the only international airline with such a system. The innovation has bagged the award for being the fastest airport check in system.

Bagging awards and recognitions

During the year NIIT Technologies was felicitated with numerous awards. The company was presented the prestigious Banking & Finance ICT Innovation Award for Belgium/Luxembourg, along with the KBC bank.

The NIIT Technologies' PPFSR team meanwhile bagged the DB Systel GmbH Quality Award for achieving 100 percent satisfaction levels within the German Group.Our HR department was recognised for its pioneering work by the Asia Pacific HRM Congress. The HRM Congress conferred on NIIT Technologies its Employer Branding Award for Excellence in HR through Technology and for Innovation in Career Development.

Rajeev Kumar & Anil Batra receiving the Asia Pacific HRM Congress Employer Branding Award

Continuing on the M&A path

As part of its inorganic growth strategy, NIIT Technologies added yet another member, Softec GmbH, to its fold in the last quarter of 2007-08. The Reichenschwand based Softec GmbH, with its expertise in the area of Airline Revenue Accounting and Flight Operations, will strengthen NIIT Technologies' domain leadership in the TTL industry.

Forging alliances and partnerships

A new dimension was added to the Company's Joint Venture with Ajilon Holding Europe BV - an Adecco Group Company, with the inauguration of a facility dedicated to Adecco-NIIT Technologies at Kalkaji, New Delhi. This facility will provide Application Development and Maintenance solutions exclusively to Adecco and its clients. Adecco SA is a Fortune Global 500 organisation and a leader in Human Resource services.

Arvind Thakur – CEO, NIIT Technologies and Jean-Manuel Bullukian, President – IT and Engineering Services Business Adecco, inaugurating the new Adecco-NIIT Technologies facility

Celebrating deep and enduring customer relationships

Year 2007-08 was important from the customer perspective, with the Company deepening its engagements with existing customers.

NIIT Technologies celebrated the 10th anniversary of its relationship with ING Europe. A partnership that has emerged stronger, bigger and better over time. The maturity of the relationship has been demonstrated by NIIT Technologies' deep understanding of the ING culture and the special partnership that's virtually "service-on-demand." NIIT Technologies has been leveraging its domain expertise and knowledge of the Banking and Insurance vertical to deliver the right solutions, at the right price and right quality to ING. It has gone beyond the customer-vendor relationship, to emerge as a trusted partner of ING.

Our relationship with the ING Group USA, also crossed a milestone, completing five years in 2007-08. The achievement was commemorated with an event for ING in Connecticut. NIIT's Partnership with ING has transcended all cultures and become stronger by the day, paving way for further growth opportunities.

Arvind Thakur – CEO, NIIT Technologies and Rajendra S Pawar – President, NIIT Technologies, celebrating the 10th anniversary of our relationship with ING Europe.

We also celebrated the rollout of the TopServ Dealer Management System for customer TMT by hosting an exclusive relationship event. The deployment marked the culmination of months of effort by the combined teams of TMT and NIIT Technologies. The companies worked closely to ensure the successful implementation of the application within Budget and defined timelines. NIIT Technologies has executed multiple projects for TMT over the past decade, securing repeat business from the company and constantly growing the relationship.

Drawing attention from business intelligence giant, Forrester Research

Research and analysis giant, Forrester, in its latest report titled, "Bigger might not always be better for IT infrastructure services" profiled NIIT Technologies as a significant Managed Services player, with a strategic direction to grow the infrastructure business.

The Forrester Study highlights how global infrastructure management clients are benefiting from lower cost remote service delivery in selective outsourcing deals delivered by smaller Indian firms. NIIT Technologies featured in the Forrester list of seven smaller India-based firms providing IT infrastructure management services.

Showcasing strengths at the NASSCOM 2008 global conclave

NIIT Technologies participated in NASSCOM 2008, the Indian IT-BPO sector's premier global conference as the Platinum Sponsor. British Airways, UK's largest international airline and a client of NIIT Technologies, was awarded the prestigious NASSCOM "Business Transformation Award" 2007-08 for innovative use of technology within the organisation, acknowledging the contribution of NIIT Technologies to BA's growth story.

Hosting the annual global User Conference

NIIT Technologies hosted its 2007-08 biennial user conference in the US, with "Partnering for success" as its theme. The theme paid tribute to NIIT Technologies' long-term customer relationships, some of which crossed the five and ten year landmarks.

The conference provided a platform for our customers to connect & interact with the company and brainstorm on key global sourcing trends that were expected to define the Outsourcing business in the years to come. The conference drew an excellent response from participants and opened up new avenues of business opportunity for NIIT Technologies.

Signing off the Indian Navy project

During 2007-08, we obtained the official project completion signoff for the prestigious and operationally critical Comprehensive Maintenance Management System (CMMS) of the Indian Navy which was executed at the Western Navy Headquarters of the Indian Navy at Mumbai by the Delivery Team of the India (Government) line of business in the APAC and India Business Unit.

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Fueling a growth spiral through Innovation

At NIIT Technologies Innovation helps us to quickly implement new functionality and re-align processes to seize opportunities as they arise across industry segments. Thus creating a competitive edge and providing the fuel to grow our service offerings portfolio

Directors' Report

Dear Shareholders,

The Board of Directors of your company take pleasure in presenting the Annual Report of NIIT Technologies Limited for the financial year ended March 31, 2008.

Financial Results

The highlights of the financial results for the financial year 2007-08 are as follows –

(Rs. Mn.)

Particulars	**FY 2007-08**	**FY 2006-07**
Consolidated Revenues	9,415	8,859
Standalone financials:		
Income from operations	4,447	2,972
Other Income	510	121
Total Income	**4,957**	**3,093**
Profit before deprecation and taxes	1,722	1,356
Depreciation	230	218
Provision for tax & (deferred tax)	61	32
Profit After Tax	1,431	1,106
Earning Per Share (Basic) (In Rs.)	24.39	18.99

Review of global operations

Your Company and its subsidiaries (Group's) total revenue grew by 6% from Rs.8,859 Mn in the previous year to Rs.9,415 Mn for the year 2007-08. The profit before taxes for the same period is down from Rs.1,516 Mn to Rs.1,509 Mn. The consolidated net profit after taxes for the year 2007-08 attributable to equity shareholders after minority interest stood at Rs.1,353 Mn.

During the year, your Group's focus on the chosen industry verticals & endeavor to improve its performance in businesses in all geographies, helped ensure moderate growth rates in revenue & maintain profitability despite adverse global macroeconomic conditions. It has also added to the robust list of clients including a few large global corporations.

The revenue profile of the Company is well diversified across the three main geographic areas with Europe contributing 50 percent to revenues, 32 percent from Americas and the balance from Asia and Australia.

Outlook

Your Group continues to pursue its strategy 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 Group in the future years. In the last couple of years, we have undertaken a number of initiatives to turn our business model from a linear IT Services-centric one to a non-linear one. We believe these initiatives will be the key growth drivers & will also aid in improving profitability in the future.

Your Company continues to scale up its infrastructure to support its long term strategy for growth, including setting up a SEZ in Greater Noida, phase I of which is expected to be operational in the coming fiscal year.

Inorganic Growth

During the year under review your Company acquired a controlling stake in SofTec GmbH, a German based company having a focus on providing IT solutions and services worldwide in the airline revenue accounting and operations space and having a major market share of about 40 'small to medium airlines' within Europe, Africa and Asia. Founded in 1982, by Intro Group Softec today is a leader in the airline revenue accounting space for 'small to medium sized airlines' with a market leadership in this segment. This acquisition will strengthen the Company's domain leadership to reinforce its position in the Travel, Transportation and Logistics space.

Share Capital

During the year, 38,400 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.

During the year under review your Company also issued 19,559,465 equity shares to its members as bonus shares as was approved by the members in the Annual General Meeting held on July 25, 2007.

As on March 31, 2008, the issued and paid up share capital of the Company was Rs. 586,983,950 (previous year: Rs. 391,005,300) comprising of 58,698,395 (previous year: 39,100,530) equity shares of Rs. 10/- each fully paid up.

Further, on June 11, 2008, 7,300 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 option.

Reserves

The Company has transferred an amount of Rs. 143 Mn to General Reserve (Rs. 111 Mn last year) and has transferred an amount of Rs. 18 Mn from the Debenture Redemption Reserve (last year Rs. 24 Mn).

Dividend

In view of the confidence in the future, the Board is pleased to recommend a dividend of Rs. 6.50 per equity share of Rs. 10/- each (previous year Rs. 6.50 per equity share) on the enhanced capital, subject to approval of the shareholders at the ensuing Annual General Meeting.

Particulars of subsidiaries

During the year under review your Company incorporated a subsidiary in Canada.

As on March 31, 2008, your Company had subsidiaries in the United States of America, Japan, United Kingdom, Netherlands, Belgium, Germany, Switzerland, Austria, India, Singapore, Thailand and Australia.

NIIT SmartServe Limited (NSSL) is the BPO arm of the group and enables your Company to provide and offer the customers a whole array of ITES services. This not only gives the Company an extra advantage in positioning itself as an end-to-end IT services company but is also vital for composite offerings to the customers

A statement containing brief financial details of the subsidiaries is included in the Annual Report. 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, for the year ended March 31, 2008 by the Ministry of Company Affairs vide its letter No.47/185/2008-CL-III dated April 11, 2008 from attaching the audited accounts of the subsidiaries to the annual accounts of your Company. 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, 2008 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 business hours, at the registered office of the Company and that of the subsidiary company concerned.

Corporate Governance and Management Discussion and Analysis Statement

In order to enhance customer satisfaction and stakeholder value, the Company continues to benchmark its corporate governance practices with the best in the industry, at par with international norms.

The Company has complied with all the mandatory requirements regarding corporate governance as stipulated under Clause 49 of the listing agreement with the stock exchange(s). For the financial year ended March 31, 2008, the compliance report 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 Company's philosophy on Corporate Governance envisages the attainment of the highest levels of transparency, accountability and equity in all facets of its operations and in all interactions with its stakeholders including shareholders, NIITians, lenders and the regulatory authorities.

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

Delisting of Shares

The Equity shares of your Company are currently listed at Bombay Stock Exchnage Ltd., National Stock Exchange of India Ltd, Ahmedabad Stock Exchange Ltd., Madras Stock Exchange Ltd., The Delhi Stock Exchange Association Ltd. and The Calcutta Stock Exchange Association Ltd. As per the available data, the Company's equity shares are being mostly traded at National Stock Exchange of India Limited and the Bombay Stock Exchange Ltd., which have nationwide trading terminals. In view of the above and also considering the cost benefit analysis, it is proposed, subject to the approval of the shareholders, to delist the Company's share from the following stock exchanges –

1. Ahmedabad Stock Exchange Ltd.
2. Madras Stock Exchange Ltd.
3. The Delhi Stock Exchange Association Ltd.
4. The Calcutta Stock Exchange Association Ltd.

The proposed delisting shall not in any way affect the interest of the investors in respective regions in view of the continued listing at National Stock Exchange and the Bombay Stock Exchange. A resolution in relation to the above forms part of the notice of the ensuing annual general meeting for the approval of the shareholders.

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. Surendra Singh and Mr. Subroto Bhattacharya, 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, your 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, 2008 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 initiated 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.11 to 13 contained in the Notes to Accounts (Schedule No.18) forming part of the Balance Sheet as at March 31, 2008 and Profit and Loss Account for the year ended on that date.

Public Deposits

The Company has not accepted any fixed deposits and as such, no amount of principal or interest was outstanding on the date of the Balance Sheet.

Human resources Initiatives and Employee Stock Option Scheme

The human resource functions and initiatives of the Company are driven by a strong set of values and policies. In the year under review many of the key HR initiatives taken focused on the critical issue of meeting career aspiration of staff members. Policies enabling job rotation and processes to facilitate career growth were instrumental in ensuring better productivity and retention. This also resulted in improvement in the overall employee satisfaction scores as compared to the previous year. There was a quantum decrease in the attrition rate and the average days of training per staff member was increased in the year under review.

Your Company has maintained a competitive, healthy and harmonious work environment at all levels. Your Company has taken new initiatives to strengthen the Company's recruitment process, values and vision programmes, leadership and performance management.

In view of your Company's continuous endeavour to provide learning and development to its staff members your Company added behavioral, Technical & Management courses to its existing bouquet of online courses. Your Company also institutionalized new modes of training like Synchronous learning through NIIT Imperia, mentoring programs and tie ups with leading management institutes and technology providers

Your Company was felicitated at the Employer Branding Awards for Excellence in HR through Technology and for Innovation in Career Development by the Asia Pacific HRM Congress.

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

Details of options granted under ESOP 2005 are annexed to this Report in accordance with SEBI (Employee Stock Option Scheme & Employee Stock Purchase Scheme) Guidelines, 1999 and any modifications thereto as Annexure B.

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.

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

Place : New Delhi — Rajendra S Pawar
Dated : June 18, 2008 — Chairman

ANNEXURE – A

Statement pursuant to Section 217(2A) of the Companies Act, 1956 for the financial year April 1, 2007 to March 31, 2008

Name	Age (Years)	Qualification	Experience (Years)	Designation	Gross Remuneration (in Rs.)	Date of Joining	Previous Employment / Position Held
Rajendra Singh Pawar	57	B.Tech.	36	Chairman & Managing Director	9,362,500	12-Jun-04	NIIT Limited, Chairman & Managing Director*
Ashok Kumar Arora	53	B.Com	31	Group Chief Financial Officer	4,832,315	1-Apr-03	NIIT Limited, Chief Financial Officer
Arvind Thakur	53	BE, MBA	30	Chief Executive Officer & Joint Managing Director	13,702,549	12-Jun-04	NIIT Limited, Whole-time Director
Vijay Ghei	49	BE	27	Vice President	2,609,588	1-Apr-03	NIIT Limited, General Manager
Kawaljit Singh	47	B.Com(H), FCA	24	Financial Controller - Corp.Centre	4,103,123	1-Apr-03	NIIT Limited, Financial Controller
Bhaskar Chavali	49	BE, ME	26	Executive Vice President	4,949,024	1-Apr-03	NIIT Limited, Vice President
Arvind Mehrotra	46	MBE	24	Senior Vice President-SSB, APAC & India	3,955,422	1-Apr-03	NIIT Limited, General Manager
Parag Jaikrishna Rajadhaksha	49	B.Com, MBA	24	General Manager	2,510,383	1-Apr-03	Silverline Technologies Ltd., Assistant General Manager
Kul Taran Singh Anand	49	M.Com, FCA	26	Chief Financial Officer	5,777,498	4-Apr-03	TCNS Ltd., Vice President (Finance & Manufacturing) and SBU Head
Rosita Rabindra	47	B.Sc., MSW	25	Executive Vice President - Human Resources	4,868,987	1-Apr-03	NIIT Limited, Sr. Vice President - Human Resources
Piyush Srivastava	52	M.A.	28	Senior Vice President – Commercial Services	4,045,416	1-Apr-03	NIIT Limited, President - Commercial
Vijay Kumar	56	BE, B.Tech., MBA	31	Group Executive Vice President - M&A	3,665,503	1-Apr-03	NIIT Limited, Sr. Vice President
Satish Kumar Syal	58	B.E., M.Tech	34	Executive Vice President - Managed Services	4,846,995	1-Apr-03	NIIT Limited, Chief Information Officer
Anil Batra	40	BE, B.Tech	19	General Manager	2,488,201	1-Apr-03	NIIT Limited,Senior Project Manager
R Manickavasagam	52	M.Sc	28	Vice President	2,609,161	24-May-06	Vizual Business Tools Pvt. Ltd., Head Delivery/Operations
Umamaheshwaran Shastry	41	MBA	21	Vice President	3,573,633	26-Feb-07	Mercator Dubai-Manager, IT, Sales & Accounts
Udayan Banerjee	52	BE, B.Tech	31	Vice President	2,817,174	1-Apr-03	BHEL, Manager
Dinesh Verma	40	BE, B.Tech	19	General Manager	2,447,437	1-Apr-03	Enpro India Ltd., Associate Consultant
Amit Kumar Chakraborty	49	BE, B.Tech	30	Vice President	3,003,621	1-Apr-03	HCL Europe Ltd., Manager Technical Services
Ritu Gupta	40	BA, MBA	18	Business Solutions Architect	2,411,071	1-Apr-03	TATA Consultancy
Pulok Kumar Nandi	46	MSc, ME, M.Tech	22	Practice Leader	2,569,246	1-Apr-03	Churchill India
Alok Jauhary	48	B.E, B.Tech, MBA	26	Vice President	2,710,279	19-July-04	Perot Systems TSI (India) Ltd., General Manager

Employed for part of the year

Name	Age (Years)	Qualification	Experience (Years)	Designation	Gross Remuneration (in Rs.)	Date of Joining	Previous Employment / Position Held
Ajay Dixit**	39	B.Sc, MCA	16	Program Manager	1,510,745	1-April-03	Wipro Infotech Ltd.
Khagendra Nath Jana***	52	B.E, M.Tech	22	General Manager	1,980,875	1-Apr-03	NIIT Limited, Divisional Manager
Kapil Raina**	57	BE, B.Tech, MBA	38	General Manager	1,725,154	1-Apr-03	Appollo Tyres Ltd.
Arvind Madhav Gangal**	51	BE, B.Tech	28	Vice President	2,767,776	8-May-06	SIEMENS Informations Systems Ltd.-DGM
Radha Raman Chaudhary**	51	ME, M.Tech	23	Practice Leader-Transportation Practice-SSB	1,409,831	11-July-06	Hexaware Technologies Ltd.
Harish Kumar Sharma+	47	ME, M.Tech	25	Vice President-Travel & Transport USA	1,435,903	1-Oct-07	Perot Systems TSI (India) Ltd.
Tarun Malik***	45	BE, MBA	21	Vice President	1,279,277	1-Apr-03	NIIT Limited, General Manager

* Continuing as Chairman and Managing Director
** Resigned during the year
\+ Joined during the year
*** Ceased to be an employee of the Company, during the year

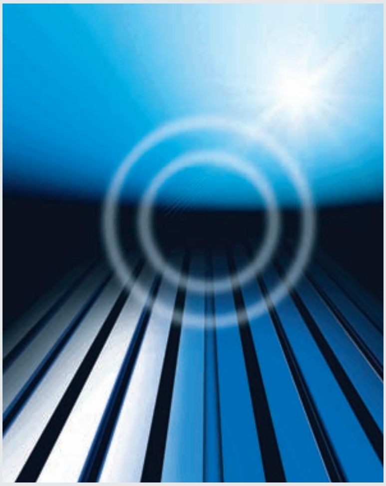
Notes:
1. The Gross remuneration shown above comprises salary, allowances, incentives & monetary value of perquisites as per Income Tax Rules and Company's contribution to Provident Fund and Superannuation Fund.
2. The above does not include provision for gratuity and provision for leave encashment and benefits from stock options, if applicable
3. None of the above mentioned employees are related to any of the Directors of the Company.
4. The nature of employment is contractual in all the above cases.

ANNEXURE B

Disclosure under SEBI (Employee Stock Option Scheme & 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)* Total : 1,011,350* *The options were granted prior to the 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. 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 (Note: Prices are pre-bonus issue)
(c) options vested;	As at March 31, 2008 Grant I : 597,400 Grant II : 16,000 Grant III : NIL Total : 613,400
(d) options exercised;	As at March 31, 2008 Grant I : 473,650 Grant II : 16,000 Grant III : NIL Total : 489,650
(e) the total number of shares arising as a result of exercise of option;	489,650
(f) options lapsed;	As at March 31, 2008 Grant I : 123,150 Grant II : 54,600 Grant III : 41,250 Total : 219,000
(g) variation of terms of options;	None
(h) money realized by exercise of options;	Grant I : Rs. 53,689,750 Grant II : Rs. 2,413,600 Total : Rs. 5,61,03,350
(i) total number of options in force;	Grant I : 106,300* Grant II : 358,125* Total : 464,425* *Post bonus adjustment
(j) employee wise details of options granted to;-	
(i) senior managerial personnel;	A summary^ of options granted to senior managerial personnel* are as under: No. of employees covered: 10 (Ten) No. of options granted to such personnel: 303,100 (Three Lakh Three Thousand One Hundred only) *includes employees who are one level below the Board of Directors 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.24.35 (previous year: 18.89)

(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.22 and 26 contained in the Notes to Accounts (Schedule No.18) forming part of the Balance Sheet as at March 31, 2008 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	Grant I* / Grant II* / Grant III* Weighted-average Exercise price: Rs. 115.00 / Rs. 150.85 / Rs. 523.50 Weighted-average Fair Value: Rs. 59.20 / Rs. 41.18 / Rs. 168.11 * Pre bonus issue
(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,	Grant I 7%; Grant II 7%; Grant III 7.93%
	(ii) expected life,	2.5 years
	(iii) expected volatility	Grant I 10%; Grant II 10%; Grant III 51.13%
	(iv) expected dividends, and	The shares to be issued under stock options shall rank pari-passu, including the right to receive dividend. 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 formula 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
	(v) the price of the underlying share in market at the time of option grant	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



Inorganic Initiatives take us to the next level of achievement

Corporates demand that IT infrastructure not only support today's requirements, but evolve with market conditions. With our well-defined inorganic program in place we have accelerated the process of achieving critical mass and appropriately strengthened domain expertise and market access. At NIIT Technologies we will continue to initiate equity relationships to achieve our growth targets

Management Discussion and Analysis

OVERVIEW

Despite challenging headwinds in terms of factor cost increases and Rupee appreciation, as well as tough macroeconomic conditions, the Indian IT-BPO industry sustained its global competitiveness. While the Outsourcing market continued to expand, by the end of the year it was quite evident that radical changes were required in business models followed.

The country's advantages of readily available skilled, English speaking professionals, operational excellence, conducive regulatory climate and cost advantage have aided India in emerging as the key Offshoring provider country, in the face of growing competition from emerging offshoring destinations such as the Philippines, Brazil and China. However, the "beyond-cost" expectations of benefits such as improved service levels, process efficiency and speed-to-market are gaining in importance.

The total revenue aggregate for the IT-BPO sector (including the domestic and export segments) is expected to cross US$ 64 billion. The industry directly generated employment for nearly 2 million professionals, accounting for 5.5 percent of the country's GDP.

The domestic market exhibited the fastest growth, thus displaying growing maturity, as well as the strong demand. While the traditional turfs such as North American and Europe continued to lead in terms of revenue contributions, Indian IT-BPO companies also forayed into emerging markets such as the APAC, Africa, Latin America, among others.

Industry watchers estimate that the Indian IT-BPO industry is on track to achieve the revenue targets set before it by the NASSCOM-McKinsey Study of 2002 and touch around US$ 60 billion in terms of exports by 2010.

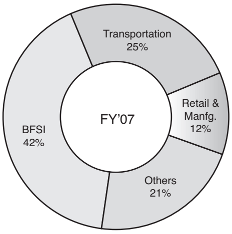
NIIT Technologies LIMITED: (Consolidated)

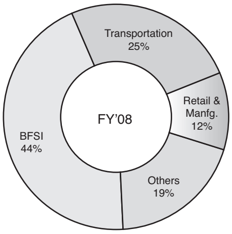
STRATEGY OF VALUE FROM FOCUS

In the four years since NIIT Technologies was spun off from NIIT Limited, we have demonstrated a sharp focus on specific vertical industry segments. BFSI, being the largest vertical, has accounted for 44 percent of the revenues, travel and transport for 25 percent and retail and manufacturing for 12 percent. In all, 81 percent of the Company's revenues are derived from these areas of focus.

Our consistent & profitable growth in the face of harsh macroeconomic headwinds is driven by NIIT Technologies' single-minded 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. Our acquisition of UK-based specialist insurance solutions provider, ROOM Solutions Limited in 2006 has facilitated this performance. ROOM Solutions has now been successfully integrated into the organisation.

BUSINESS INNOVATION

The world is changing. And the old ways of doing business must change for organizations to remain relevant. Innovation is the key to transformation. Last year we announced our foray into the new business segment of Infrastructure Management and Managed Services. This has become our fastest growing service line yielding annual growths of over 40 percent year on year. We have also integrated this offering with our Application Development & Maintenance (ADM) & Business Process Outsourcing (BPO) services to provide a compelling & unique value proposition to our customers. Over the last year, the Company has also made investments into reworking our frameworks & products (both owned & acquired) into Platform-based Services. Last year we also announced our foray into the Software as a Service (SaaS) space. Taken together, these offerings will form the basis for the transformation of our business model from a linear to a non-linear one. We expect our non-linear offerings to drive our growth.

INORGANIC INITIATIVES

During the year, your Company acquired 100 percent of German-based SofTec GmbH in an all cash deal. SofTec GmbH is a specialist in providing IT solutions and services in the airline revenue accounting and operations space. The acquisition will further strengthen our presence in the Travel, Transportation and Logistics vertical.

PEOPLE RESOURCES

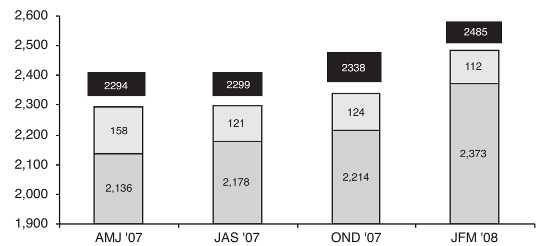
As of March 31, 2008, the staff strength of NIIT Technologies stood at 5,118, of which 711 were in the BPO segment. At the year end the Company has an offshore development capacity of over 300,000 square feet. The construction work for the campus in Greater Noida is currently underway in full swing, and is expected to be completed by the end of 2008.

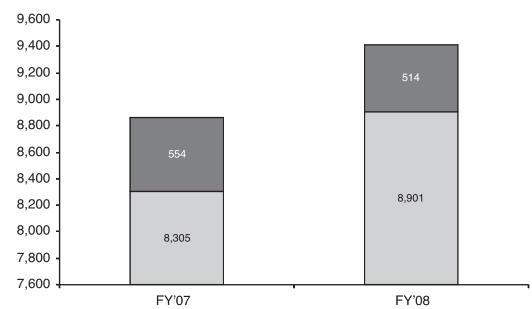
FINANCIAL HIGHLIGHTS

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. 9561 million for the financial year ending March 31, 2008. The year saw revenues touch Rs. 9415 million, up from Rs. 8859 million in the previous year, resulting in an annual growth of 6 percent.

Revenue Profile



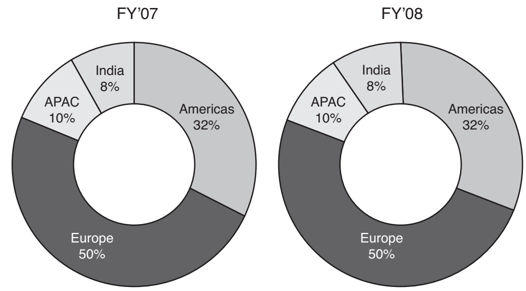


(Rs. Million)	AMJ '07	JAS '07	OND '07	JFM '08	FY '08
Software	2136	2178	2214	2373	8901
Business Process Outsourcing	158	121	124	112	514
NIIT Technologies	**2294**	**2299**	**2338**	**2485**	**9415**

Geography Mix

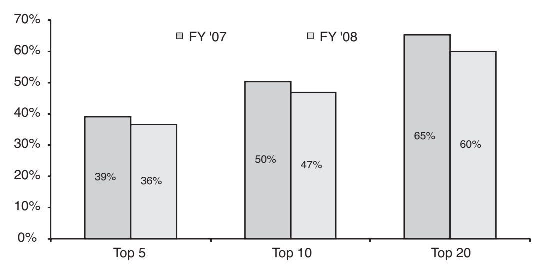
Europe accounted for around 50 percent of revenues, same as last year. The revenue share of the Americas stood at 32 percent, while Asia and Australia contributed the balance 18 percent towards revenue totals.

Geography Mix



Client profile

The company's revenues were more broad-based this year compared to the previous year. The Top five clients contributed 36 percent of the revenues. The Top 10 clients contributed 47 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$ 228 million for the year. 91 percent of NIIT Technologies' revenues were a result of repeat business. The Company's million dollar clients jumped from 38 to 42 during 2007-08.



Audited Consolidated Profitability

Rs. Million

	FY 2008	FY 2007	FY 2006
Revenue	9415	8859	6075
Expenses	7652	7056	4920
Operating Profit	1763	1803	1156
Operating Profit margin	19%	20%	19%
PBT	1509	1516	790
PAT	1353	1292	663

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 7 percent and administrative and marketing, 17 percent. Depreciation and amortisation accounted for 4 percent, leaving a PBT margin of 16 percent for the year.

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.

Audited Consolidated Balance Sheet

Rs. Million

Particulars as on	March 31, 2008		March 31, 2007	
Sources of Funds				
Share Capital	587		391	
ESOP Outstanding	2		4	
Reserves and Surplus	3824		3308	
Net Worth		**4413**		**3703**
Minority Interest		**49**		**149**
Loan funds		**647**		**793**
Total		**5109**		**4645**
Application of Funds				
Fixed Assets				
Gross Block	4358		3770	
Depreciation	2499		2277	
Net Block		**1859**		**1493**
Capital Work in Progress		518		37
Investment		**1311**		**1444**
Deferred Tax Asset		68		80
Net Current Assets		1353		1591
Total		**5109**		**4645**

Share Capital

The paid-up equity share capital of the Company stands at Rs. 587 million, constituting 58,698,395 equity shares of Rs 10/- each.

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 Employees' Stock Option Scheme and Employee Stock Purchase Scheme Guideline, 1999 which is applicable to the above ESOP 2005.

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

Description	Tranche 1	Tranche II	Tranche III
Date of Grant	August 02, 2005	August 11, 2005	June 20,2007
Date of Vesting	August 02, 2006	August 11, 2006	June 20, 2008
Live grants at beginning /during the year (Nos)	106,800	-	280,000
Forfeited/lapsed till vesting period (Nos)	-	-	41,250
Options Vested (Nos)	-	-	Nil
Options forfeited post vesting (Nos)-Pre Bonus	3,700	-	Nil
Options Exercised (Nos)-Pre Bonus	18,400	-	Nil
Vested Options Post Bonus	127,050	-	-
Options forfeited post vesting (Nos)-Post Bonus	750	-	-
Options Exercised (Nos)-Post Bonus	20,000	-	-
Exercisable/outstanding at the end of the Year (Nos)- Post Bonus	106,300	-	358,125
Exercise Price - Pre Bonus - Post Bonus	 Rs 115.00 Rs. 76.67	 Rs 150.85 -	 Rs. 523.50 Rs. 349.00
Remaining Contractual Life	488 days	-	1462 Days
Fair Value of the Options based on Black and Scholes model (as per Independent valuer's report)	Rs 59.20	Rs 41.18	Rs. 168.11
Intrinsic Value of option	Rs 34.50	-	-

Loan Funds

The 6.50 percent Non-Convertible Debentures (Separately Tradable and Redeemable Principal Parts), redeemable over a five-year period, reflect the borrowed amount of Rs. 500 million, privately placed in May 2003. Part redemption of Rs. 100 million for the said debentures was done in May 2007. The balance NCD of Rs. 150 mn as of March 31, 2008, is due for repayment within one year. Loan funds also includes Rs. 457 mn term loan outstanding as at March 31, 2008 taken from ICICI Bank, Bahrain.

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 subsidiary.

Fixed Assets

During the year, capital investments of Rs. 495 million were made for project-related capital assets and capacity increases. The goodwill created on account of the acquisition of balance 25% stake in ROOM Solutions was Rs. 170 million, while the goodwill created on account of acquisition of SofTec GmbH was Rs. 156 million. In addition, Rs. 518 million of Capital WIP was created, primarily for the new SEZ campus development at Greater Noida.

Investments

Investments of Rs. 1311 million reflect the sums invested in Debt and Money Market Mutual Funds schemes.

Net Current Assets

The elements of net current assets are as follows:

- **Trade Receivables:** Debtor days stand at 84, on a total sundry debtors position of Rs. 2,178 million
- **Cash and Bank:** Cash and Bank balance as on March 31, 2008 is Rs. 660 million. Considering the mutual fund investments, the total cash and cash equivalents are higher at Rs. 1972 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. 4,447 million, up 50 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. 509 million of Other Income in FY08.

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

	FY2008	FY2007
Earning in Foreign currency	4,059	2,683
Revenue Expenditure in Foreign Currency	1,024	81
Net Revenue Earning in Foreign Currency	3,035	2,602
Capital Expenditure in Foreign Currency	59	30
Net Foreign Currency Earnings	2,976	2,572

Expenditure

Personnel

The personnel cost was Rs.2,135 million, 48 percent of the revenue line, as compared with last year's numbers at 39 percent of revenues.

Development, Production and Execution

This cost constituted 9 percent of revenues. It includes the cost of products purchased for resale.

Other Expenditure

Other expenditure including administration, marketing spend, travel and communication costs were at same levels as last year at 16 percent of revenues.

Depreciation

The Company's depreciation charge was Rs. 230 million, 5 percent of revenues.

Dividend

The Board of Directors of the Company has recommended a dividend of Rs. 6.5 per Equity Share of Rs. 10 each, same as last year, but on an enhanced equity base (post-bonus).

BALANCE SHEET

Fixed Assets

During the year, the Company added Rs. 403 million to its gross block of assets for project related capital expenditure and capacity increases.

Investments

Rs. Million

	FY 2008	FY 2007
Investment in subsidiaries & JV	1,323	1,132
Mutual funds	606	835
Total	**1,929**	**1,967**

Current Assets, Loans and Advances

Trade Receivables

Sundry debtors amount to Rs.1,111 million (net of provision for doubtful debts amounting to Rs. 36 million) as of March 31, 2008. Of the total receivables, Rs. 1085 million worth of debts are outstanding for less than six months while Rs. 26 million are outstanding for over six months.

Cash and Bank

Rs. Million

	FY 2008	FY 2007
Fixed Deposits	10	10
Cash in hand & balances with Banks	135	53
Total	**145**	**63**

The above excludes Rs. 606 Million invested in the money market mutual fund schemes, which have been considered in investments (Rs. 835 Million last year).

Other Current Assets

This includes Unbilled Revenue of Rs. 14 million, Interest Receivable of Rs. 1 million and Dividend Receivable of Rs. 382 million.

Loans and Advances

The loans and advances stand at Rs. 474 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 2008
Capital redemption reserve	17
Share premium	2
Debenture redemption reserve	37
General Reserves	928
Hedging Reserve	(145)
Profit and Loss Account	2,449
Total	**3,288**

Loan Funds

Break up of the secured debt of Rs. 167 million as of year-end is:

- Rs. 150 million of privately placed 6.50 percent non-convertible debentures (STRPP) raised by the Company in May 2003. These debentures are fully repayable in FY2009.
- The balance Rs.17 million pertains to vehicle-financing arrangements undertaken by the Company for its employees.

Recognitions

- NIIT Technologies ranked among India’s Top 20 IT Software and service Exporters by the NASSCOM 2007 survey.
- NIIT Technologies ranked 36th in the **2008 Black Book of Outsourcing**. The Top50 listing is published by Wall Street Journal & BusinessWeek. As per the 2008 Black Book of Outsourcing, *“Focusing on succeeding in specific verticals in ITO and BPO, NIIT appears on the Black Book ranks for the first time with top scores from Banking, Financial Services & Insurance, Travel, Retail & Manufacturing sectors.”* NIIT Technologies was also recognized among the “Strongest Comebacks across five years of Black Book Satisfaction Surveying”, and positively ranked for C Level Commitment, Corporate Direction, Leadership Impact and Human Capital Performance.
- NIIT Technologies & KBC Bank Belgium were jointly awarded the **Banking & Finance ICT Innovation Award** for Belgium/Luxembourg.
- NIIT Technologies was awarded the Excellence in Education Award by LOMA.
- Room Solutions was given ACORD Innovative Implementation Award.
- NIIT Technologies was listed amongst Forbes Asia's “200 Best Under a Billion” companies.
- Mr. Rajendra S. Pawar, Chairman, NIIT Technologies was conferred the **Geospatial Entrepreneur of the Year Award** by Geospatial Today publication

Opportunities, Threats, Risk and Concerns, Risk Mitigation

The NASSCOM reports suggest that the worldwide technology related spends are forecast to reach US$ 2.1 trillion by 2010, growing at a CAGR of more than 7 percent over 2006-2010. Growth in global sourcing is expected to outpace growth in total spends, with up to US$ 110-120 billion of the total amount spent on software and services in 2010, likely to be sourced from worldwide centers through the global delivery model.

However, 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 IT-BPO 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 IT-ITES Industry thrives under a dynamically changing and highly competitive business environment. Your 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: Your Company has taken significant steps to ensure that it does not become too dependent on few clients or any particular geography. Europe and the United States contributed 50 percent and 32 percent revenues respectively, during the year 2007-08, with the balance contribution coming from the Asian region.

However, considerable efforts are being made to generate business from new geographies and clients. Your Company is also increasing its focus on all regions and has signed a Joint Venture with Ajilon Holding Europe B.V. (an Adecco Group company) to tap into the global business potential.

M&A execution risks: Your 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.

Your 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, your 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 your Company are driven by a strong set of values and policies. Your Company has maintained a competitive, healthy and harmonious work environment at all levels. Your 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: Your 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. Your Company is also ranked among the Top 20 Best Employers in a Dataquest–IDC Best Employer Survey. Your 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 centers.

Your 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. Operations of your Company's subsidiary in Thailand are assessed at the international BS15000 IT management standards. NIIT SmartServe is BS 7799 and COPC compliant.

Your 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 your Company is world class. This helps your Company to maintain its competitive edge over other players.

Exchange rate risk: The functional currencies for the Company and its subsidiaries' operations are the respective currencies of the countries in which they operate. Substantial portion of your Company's revenues is derived from foreign exchange; any fluctuation in this could have an impact on the Company's performance. Your 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 IT/BPO 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 neighboring 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

Your 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. Your 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.

Connecting with the people for Capacity Creation

People are at the core of our business. At NIIT Technologies all initiatives and ventures are driven by this belief. Our focus on training and innovative HR practices have earned us recognition. By looking after our people and incentivising performance we build on existing capacity and benefit from optimal performance at every level. Our plans now include setting up a world-class campus in Greater Noida, near Delhi

Report on Corporate Governance

OVERVIEW

Corporate governance is the set of processes, customs, policies, laws and institutions affecting the way a corporation is directed, administered and controlled. Corporate governance is all about the relationships among the many stakeholders, both internal and external, and the goals for which the corporation is established. Good corporate governance not only strenghtens the corporate development but is ultimately a tool for socio-economic development leading to a developed and aware economy. The board of directors plays a key role in guiding and implementing corporate governance and is responsible for endorsing the organisation's strategy, develop directional policy, appoint, supervise and remunerate senior executives and to ensure accountability of the organisation to its owners and authorities. Key elements of good corporate governance principles include trust and integrity, openness, performance orientation, responsibility and accountability, mutual respect, and commitment to values. Effective corporate governance requires a clear understanding of the respective roles of the board of directors and the senior management and their relationships with other in the corporate structure.

NIIT Technolgies'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 its stakeholders, including shareholders, employees, clients and the Government. Our philosophy on corporate governance is driven by our agenda for the welfare of all the stakeholders. We believe that sound corporate governance is critical to enhance and retain stakeholders' trust.

The Board advocates the principles of corporate governance and lays strong emphasis on its role to align and direct the actions of the Company in achieving its corporate objectives.

The Company is in compliance with the requirements of corporate governance under clause 49 of listing agreement and with the adoption of the code of conduct and a robust clause 49 compliance monitoring system, the Company has advanced further in its pursuits of excellence in corporate governance.

BOARD OF DIRECTORS

The Company is managed and controlled through a professional Board of Directors ("Board") comprising of an optimum combination of 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, constituting 50 percent of the total strength. 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.

Board meetings and director's Attendance and other Directorship/Membership & chairmanship

The Board meets at least once a quarter to review the financial results and discuss and approve other agenda items (including information as mentioned in annexure 1A to clause 49 of the Listing Agreement) and the gap between two Board meetings does not exceed four calendar months. In addition to the four scheduled meetings, meetings are also convened to address the specific requirements of the Company. Urgent matters, if required, are also approved by the Board by passing resolutions through circulation. Every director on the Board is free to suggest any item for inclusion in the agenda for the consideration of the Board.

During the year April 1, 2007 to March 31, 2008 the Board met five times.

Attendance of each director at the Board meetings and the last annual general meeting

Name of Director	Board Meetings					AGM
	May 23, 2007	July 27, 2007	October 25, 2007	January 18, 2008	March 18, 2008	July 25, 2007
Mr Rajendra S Pawar	Y	Y	Y	Y	Y	Y
Mr Arvind Thakur	Y	Y	Y	Y	Y	Y
Mr Vijay K Thadani	Y	Y	Y	Y	Y	Y
Mr Subroto Bhattacharya	Y	Y	Y	Y	Y	Y
Mr Surendra Singh	Y	Y	Y	Y	Y	Y
Mr Amit Sharma	Y	Y	N	Y	Y	Y

Y : Attended
N : Leave of absence granted

The names and categories of the directors on the Board along with 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 Board committees memberships held in all public companies @	No. of Board committees Chairmanships held in all public companies @
Mr Rajendra S Pawar	Chairman & Managing Director	Promoter & Executive	12	5	-
Mr Arvind Thakur	CEO & Joint Managing Director	Executive	5	3	1
Mr Vijay K Thadani	Director	Promoter & Non-executive	9	3	1
Mr Subroto Bhattacharya	Director	Non-executive, Independent	8	4	4
Mr Surendra Singh	Director	Non-executive, Independent	6	5	3
Mr Amit Sharma	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

THE BOARD COMMITTEES

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

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

Audit Committee

The Company has an Audit Committee comprising solely of independent directors all being financially literate, the Chairman being an expert and having rich experience in financial sector. The Company Secretary acts as Secretary to the Committee. The meeting is also attended by statutory auditors, internal auditors, CFO, senior management personnel of the Company. The recommendations of Audit Committee are accepted and implemented by the Board.

Composition

The Audit Committee has been constituted with all the three independent directors and is headed by an independent director.

Chairman: Mr. Subroto Bhattacharya
Members: Mr. Surendra Singh and Mr. Amit Sharma

Functions and Terms of Reference

The terms of reference of Audit Committee are as per Listing Agreement with the Stock Exchanges read with Section 292 A of the Companies Act, 1956 and includes such other functions as may be assigned to it by the Board from time to time. The main functions of the Audit Committee inter-alia include:

- Supervision of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible;
- Management Discussion and Analysis of financial condition and results of operations;
- Recommending the appointment and removal of statutory auditors, fixation of audit fee and approval for payment for any other services are also a part of the Committee's responsibilities;
- Reviewing with the Management the annual financial statements before submission to the Board for approval, with particular reference to:
  - Matters required to be included in the Directors' Responsibility Statement to be included in the Board's Report in terms of clause (2AA) of Section 217 of the Companies Act, 1956;
  - Changes, if any, in accounting policies and practices and reasons for the same;
  - Major accounting entries based on exercise of judgment by Management;
  - Significant adjustments made in the financial statements arising out of audit findings;
  - Compliance with listing and other legal requirements relating to financial statements;
  - Disclosure of any related party transactions; and
  - Qualifications in the draft audit report.
- Reviewing with the Management, the quarterly financial statements before submission to the Board for approval.
- Reviewing with the Management, statutory and internal auditors, the adequacy of internal control systems.
- Reviewing the adequacy of the internal audit function, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audits.
- Discussions with internal auditors, on any significant findings and follow up thereon.
- Reviewing the findings of any Internal Audit Report by the internal auditors into matters concerning fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
- Discussions with statutory auditors, before the audit commences, on the nature and scope of the audit as well as having post-audit discussions to ascertain any area of concern.
- Reviewing the Company's financial and risk management policies.
- To look into the reasons for substantial defaults, if any, in the payment to the shareholders (in case of non-payment of declared dividends) and creditors.

Meetings and Attendance during the year

The particulars of meetings attended by the members of the Audit Committee and the dates of meetings held during the year 2007-08 are given below:

Name of Members	Audit Committee					
	May 4, 2007	May 23, 2007	July 27, 2007	Oct 25, 2007	Jan 18, 2008	March 18, 2008
Mr Subroto Bhattacharya	Y	Y	Y	Y	Y	Y
Mr Surendra Singh	Y	Y	Y	Y	Y	Y
Mr Amit Sharma	Y	Y	Y	N	Y	Y

Y : Attended
N : Leave of absence granted

Remuneration Committee

The Remuneration Committee was set up to formulate and implement a credible and transparent policy for determining and accounting for compensation focused on attracting, motivating and retaining key personnel (including evaluation of remuneration and benefits for the executive directors) and to frame policies and systems for Employee Stock Option Plans, as approved by the shareholders.

Composition

The Remuneration Committee comprises of three Independent Directors and is headed by an Independent Director.

Chairman: Mr. Amit Sharma
Members: Mr. Subroto Bhattacharya and
Mr. Surendra Singh

Functions and Terms of reference

The broad terms of reference of the Remuneration Committee of the Company are as follows:

To evaluate remuneration and benefits for the Executive Directors and to frame policies and systems for the associate Stock Option Plans, 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 Whole-time/ 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.

Meetings 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 Member	Compensation/ Remuneration Committee		
	May 23, 2007	June 20, 2007	September 3, 2007
Mr Amit Sharma	Y	Y	N
Mr Subroto Bhattacharya	Y	Y	Y
Mr Surendra Singh	Y	Y	Y

Y : Attended
N : Leave of absence granted

Details of Remuneration paid to Directors during the year April 1, 2007 to March 31, 2008

A. Executive Directors

(Amount in Rs.)

Name of Director	Mr. Rajendra S Pawar	Mr. Arvind Thakur
Salary and Allowances	3,010,000	6,591,000
Part - A Perquisites	-	596,549
Part – B Contribution to Provident Fund, Superannuation Fund or Annuity Fund	2,442,707	1,885,891
Performance- linked Bonus	5,600,000	5,600,000
Total	**11,052,707**	**14,673,440**

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

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

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

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

Further, Mr. Arvind Thakur was granted 75,000 stock options under the Employee Stock Option Scheme during the year 2007-08.

B. Non-executive Directors

The role of the Non-executive/Independent Directors of the Company is not just restricted to corporate governance or outlook of the Company but to involve and contribute to the business and growth plans of the Company. The remuneration paid to them is decided by the Board of Directors of the Company, subject to the approval of the shareholders. The existing remuneration policy is directed towards rewarding performance based on review of achievements on a periodic basis. Non-executive directors are paid remuneration by way of Commission and sitting fee for the meetings of the Board and committees attended. The details of the remuneration (including sitting fees) paid to the non-executive directors is given below:

(Amount in Rs.)

Name	Mr Vijay K Thadani	Mr Subroto Bhattacharya	Mr Surendra Singh	Mr Amit Sharma
Commission	500,000	500,000	500,000	500,000
Sitting Fee	280,000	300,000	380,000	280,000

The non-executive directors of the Company were granted certain stock options under the present Employee Stock Option Scheme of the Company (ESOP-2005), during the year 2005-06, the details of the options granted and allotted to them on exercise of the options are given below, along with the brief terms of the options:

Vesting Period : One (1) year from the date of grant
Exercise Period : Three (3) years from the date of vesting

Exercise Price : Rs.115/- (post Bonus Rs.76/-)
Discount : 23% of the market price

Name	Mr Vijay K Thadani	Mr Subroto Bhattacharya	Mr Surendra Singh	Mr Amit Sharma
No. of options granted	NIL	11,700	11,700	11,700
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
Date of allotment of shares	NIL	October 17, 2006	January 23, 2007	NIL
Entitlement due to bonus issue	NIL	NIL	NIL	5,850
Outstanding Options as on March 31, 2008	NIL	NIL	NIL	17,550

Details of equity shareholding of Non-Executive Directors as on March 31, 2008

Name	Number of shares held
Mr Vijay K Thadani	110,274
Mr Subroto Bhattacharya	17,550
Mr Surendra Singh	17,550
Mr Amit Sharma	3,655

The non-executive directors of the Company do not have any pecuniary relationship (other than receipt of Commission & sitting fee as stated above) or transactions with the Company.

Shareholders'/ Investors' Grievances Committee

The routine share transfer, issue of duplicate share certificates, DEMAT/ REMAT of shares of the Company & other related work have been delegated to the share transfer committee, which reports to the Shareholders'/ Investors' Grievance Committee. The primary responsibility of the Shareholders'/ Investors' Grievance Committee is to look into the redressal of Shareholders'/ Investors' complaints.

Composition

The Shareholders'/Investors' Grievances Committee is headed by an Independent Director, and consists of following directors:

Chairman: Mr. Amit Sharma
Members: Mr. Vijay K Thadani and Mr. Arvind Thakur

Functions and Terms of reference

The functioning and broad terms of reference of the Shareholders'/Investors' Grievances Committee as adopted by the Board is as under:

- To review the redressal of Shareholder and Investor complaints
- To appoint a Compliance Officer and determine the role and responsibilities
- To take note of complaints received and resolution thereof at periodic intervals

The main object of the Shareholders'/Investors' Grievances Committee is to strengthen investor relations.

Meetings & Attendance during the year

The particulars of the meeting attended by the member 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			
	May 23, 2007	July 27, 2007	Oct 25, 2007	Jan 18, 2008
Mr Amit Sharma	Y	Y	N	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, 2007 to March 31, 2008 the Company received 388 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, 2008, 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, 2007 to March 31, 2008

Nature of query/complaint	Received	Resolved	Unresolved
Change of address	37	37	-
Change of Bank	24	24	-
Correction in Dividend warrant and issue of DD	212	212	-
Non receipt of Dividend	39	39	-
Non receipt of Annual Report	3	3	-
Non receipt of Bonus shares	13	13	-
Non receipt of Fractional Bonus share payment	4	4	-
Request for Annual Report	8	8	
Request for Bonus shares	6	6	-
Request for duplicate share certificates	3	3	-
Request for shareholding details	6	6	
Share Certificates Lodged for transfer	20	20	-
Others (not classified above)	13	13	-
Total	**388**	**388**	**-**

There was no complaints pending at the beginning of the year. During the year April 1, 2007 to March 31, 2008 the Company attended most of the investors' queries/ complaints within a period of 7 days from the date of receipt. The exceptions have been for cases constrained by disputes or legal impediments.

Other Committees

The Board has constituted certain other sub-committees, as mentioned below, to focus on certain specific areas and make informed decisions within the authority delegated to each of the said 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
2007	FICCI Auditorium Tansen Marg, New Delhi-1	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-1	Aug. 17	Thursday	10.00 A.M.	None
2005	FICCI Auditorium Tansen Marg, New Delhi-1	July 22	Friday	10.00 A.M.	a) Increase in foreign Institutional Investors (FIIs) investment limit to 49% of paid up capital of the Company b) Revision of remuneration payable to Mr. Rajendra S Pawar, Chairman and Executive Director c) Revision of remuneration payable to Mr. Arvind Thakur, Chief Executive Officer and Whole-time Director

b. Postal Ballot

Special resolution passed through Postal Ballot during the financial year 2007-08:

No special resolution was passed by way of Postal Ballot during the financial year 2007-08

Special resolution proposed to be conducted through Postal Ballot in next financial year 2008-09:

There is no proposal to pass any special resolution through postal ballot, until date.

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, 2007 to March 31, 2008 are reported under Note 16 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 applicable accounting standards notified under section 211(3C) of the Companies Act, 1956 in preparation of financial statements of the Company and there has been no deviation from the prescribed Accounting Standards.

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 fresh 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 2007-08. This code is 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

Pursuant to the terms of appointment of the Directors of the Company as approved by the members of the Company in the 12th Annual General Meeting of the Company held on July 29, 2004 all the directors except the Directors in executive capacity, were liable to retire by rotation and if eligible, offer themselves for re-appointment. Accordingly, Mr. Surendra Singh and Mr. Subroto Bhattacharya , are liable to retire by rotation at the ensuing annual general meeting and being eligible have offered themselves for re-appointment.

Brief profile of 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 is fully compliant with the applicable mandatory requirements of Clause 49 of the listing agreement entered with stock exchange(s). Details of these compliances are given below: (For detailed compliance with each requirement (mandatory) of Clause 49 please refer to 'Annexure-A'-Clause 49-Compliance Status relevant to the financial year 2007-08)

Particulars	Clause of Listing Agreement	Compliance Status For all quarters of FY 2007-08
I. Board of Directors	49 I	
(A) Composition of Board	49(IA)	Complied
(B) Non-executive Directors' compensation & disclosures	49(IB)	Complied
(C) Other provisions as to Board and Committees	49(IC)	Complied
(D) Code of Conduct	49(ID)	Complied
II. Audit Committee	49 (II)	
(A) Qualified & Independent Audit Committee	49(IIA)	Complied
(B) Meeting of Audit Committee	49(IIB)	Complied
(C) Powers of Audit Committee	49(IIC)	Complied
(D) Role of Audit Committee	49(IID)	Complied
(E) Review of Information by Audit Committee	49(IIE)	Complied
III. Subsidiary Companies	49(III)	Complied
IV. Disclosures	49(IV)	
(A) Basis of related party transactions	49(IVA)	Complied
(B) Disclosure of Accounting Treatment	49(IVB)	Complied
(C) Board Disclosures	49(IVC)	Complied
(D) Proceeds from Public issues, rights issues, preferential issues, etc.	49(IVD)	Complied
(E) Remuneration of Directors	49(IVE)	Complied
(F) Management	49(IVF)	Complied
(G) Shareholders	49(IVG)	Complied
V. CEO/CFO Certification	49(V)	Complied
VI. Report on Corporate Governance	49(VI)	Complied
VII. Compliance	49(VII)	Complied

b. Non-mandatory Requirements

The Company has fulfilled 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 instituted 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.

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 & Legal Counsel is the Compliance Officer. The Compliance officer can be contacted for any investor related matter relating to the Company. His contact no. is +91-11-46694777, 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 May 23, 2007, July 27, 2007, October 25, 2007, January 18, 2008 and Press Conferences in the months of May 2007, July 2007, October 2007 and January 2008 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 2007-08 the Company published its financial results in the following newspapers:

Financial Results	Newspapers	Date of publication
Unaudited financial results for the quarter ended June 30, 2007	Financial Express Jansata	July 28, 2007
Unaudited financial results for the quarter ended September 30, 2007	Business Standard Rashtriya Sahara	October 26, 2007
Unaudited financial results for the quarter ended December 31, 2007	Business Standard Veer Arjun	January 19, 2008 January 20, 2008
Audited financial results for the quarter and year ended March 31, 2008	Business Standard Business Standard (Hindi Edition)	June 12, 2008

SHAREHOLDERS' INFORMATION

a. Annual General Meeting

Date: July 28, 2008

Time: 10.00 AM

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

Book Closure Date: July 22 to July 28, 2008 (both days inclusive)

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

Financial reporting for the first quarter ending 30th June, 2008	22nd July , 2008
Financial reporting for the second quarter ending 30th September, 2008	16th October , 2008
Financial reporting for the third quarter ending 31st December, 2008	19th January , 2009
Financial reporting for the year ending 31st March, 2009	11th May , 2009
Annual General Meeting for the year ending 31st March, 2009	17th July, 2009

c. Dividend

In view of our performance, 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 to the shareholders within 30 days from July 28, 2008, subject to declaration in the AGM and as per the provisions of the Companies Act.

The dividend, if declared, would be paid to such shareholders whose names appear in the Register of Members as on July 28, 2008. In respect of shares held in electronic mode, the dividend will be paid on the basis of beneficial ownership of the shares as per the details to be furnished by National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) as at the end of the business hours on July 21, 2008.

No unpaid/unclaimed dividend was eligible to be transferred 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 Depository Participant.

e. Listing of Shares

The Equity shares of the Company are currently listed at the stock exchange at Bombay Stock Exchange Ltd., National Stock Exchange of India Ltd, Ahmedabad Stock Exchange Ltd., Madras Stock Exchange Ltd., The Delhi Stock Exchange Association Ltd., The Calcutta Stock Exchange Association Ltd. Listing fees for the period April 1, 2007 to March 31, 2008 have been paid to all Stock Exchanges.

Company's equity shares are being mostly traded at National Stock Exchange of India Limited and the Bombay Stock Exchange Ltd., which have nationwide trading terminals. Therefore, it is now proposed to delist the shares of the Company from the Ahmedabad, Calcutta, Madras and Delhi Stock Exchange and a resolution to that effect is being proposed to be placed in the ensuing Annual General Meeting for the approval of the shareholders.

f. Stock Code

Trading symbol on the National Stock Exchange : NIITTECH

Trading symbol on the Mumbai Stock Exchange
Physical : NIITTECH
Electronic : 532541

ISIN No. 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, 2007 to March 31, 2008 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, 2007 to March 31, 2008

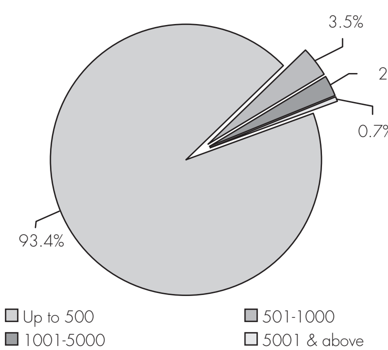
	Bombay Stock Exchange				National Stock Exchange			
Month	Sensex	High (Rs.)	Low (Rs.)	M Cap* (Rs. in millions)	NIFTY	High (Rs.)	Low (Rs.)	M Cap* (Rs. in millions)
Apr-07	13,872	477	412	17,556	4,088	474	412	17,595
May-07	14,544	638	439	23,581	4,296	637	441	23,581
Jun-07	14,651	614	449	20,179	4,318	611	450	20,179
Jul-07	15,551	574	460	18,463	4,529	575	460	18,581
Aug-07	15,319	489	280	12,088	4,464	490	280	12,127
Sep-07**	17,291	375	310	20,772	5,021	383	312	20,772
Oct-07	19,838	409	325	19,599	5,901	409	325	19,599
Nov-07	19,363	345	209	13,088	5,762	340	208	13,088
Dec-07	20,287	255	219	13,851	6,139	255	223	13,910
Jan-08	17,649	252	90	7,923	5,137	251	92	7,747
Feb-08	17,579	148	113	7,689	5,224	149	113	7,689
Mar-08	15,644	130	85	5,987	4,735	135	85	5,987

* Market capitalization at closing price of the month.
** Price is ex-bonus.

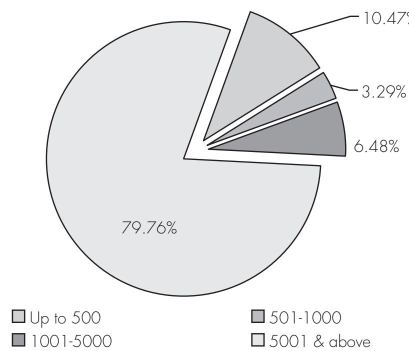
Share Holding Distribution as on March 31, 2008

Range	No. of Shareholders	% to Total shareholders	No. of Shares	% to Total Shares
Up to 500	70,145	93.40	6,145,788	10.47
501 - 1000	2,655	3.53	1,931,791	3.29
1001 - 5000	1,801	2.40	3,805,726	6.48
5001 & above	504	0.67	46,815,090	79.76
TOTAL	**75,105**	**100.00**	**58,698,395**	**100.00**

No. of Shareholders



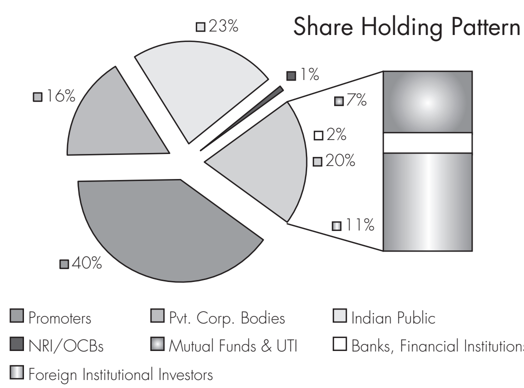
No. of Shares



Shareholding Pattern as on March 31, 2008

Category	No. of share Holding	% of Holding
Promoters Shareholding		
- Indian Promoters	23,282,717	39.67
- Foreign Promoters		
Total Promoters Shareholding	**23,282,717**	**39.67**
Public Shareholding		
Institutional Investors		
Mutual Funds and UTI	4,124,073	7.02
Banks, Financial Institutions Insurance Companies (Central / State Govt. Institutions/Non Government Institutions)	1,338,258	2.28
Foreign Institutional Investors	6,322,786	10.77
Others		
Private Corporate Bodies	8,093,282	13.79
Trust	1,548,243	2.64
Indian Public	13,513,632	23.02
NRI/OCBs/Foreign Individuals	475,404	0.81
Total Public Shareholding	**35,415,678**	**60.33**
Grand Total	**58,698,395**	**100.00**

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, 2008, 99.18 percent shares of the Company were held in dematerialised form.

j. Liquidity of shares

The Shares of the Company are traded electronically on the BSE/NSE and other Stock Exchanges where they are listed. The Company's shares are included in indices of BSE- 200 and BSE-IT-TECk.

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 24 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, C-125, Okhla Phase - I

New Delhi - 110 020

n. Address for correspondence

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

Investor Services Department

NIIT Technologies Limited

NIIT House,

C-125, 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 2007-08.

Arvind Thakur

Dated : June 11, 2008 Chief Executive Officer

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
C-125, Okhla Phase 1,
New Delhi – 110 020

We hereby certify that for the Financial Year 2007-08

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 2007-08 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 the year 2007-08 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.

	Arvind Thakur	K T S Anand
Place : New Delhi	Chief	Chief
Dated : June 11, 2008	Executive Officer	Financial Officer

AUDITORS' CERTIFICATE ON COMPLIANCE WITH THE CONDITIONS OF CORPORATE GOVERNANCE UNDER CLAUSE 49 OF THE LISTING AGREEMENT(S)

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, 2008, 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 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.

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

Place:New Delhi — **Price Waterhouse**
Dated: June 18, 2008 — Chartered Accountants

Annexure A

Clause 49-Compliance Status relevant to the Financial Year 2007-08

Board of Directors

Clause 49 (IA) Composition of Board

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.

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.
- Out of 6 directors on the Board, 3 (50%) are independent directors.
- 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 remuneration being paid to Non-executive directors (i.e. commission) 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 5 Times and there was a maximum time gap of 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
- 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: Mr. Singh, a retired IAS Officer, has held very senior position in the Central and State Government. 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 being responsible for all the economic work in PM's Office. He specializes in business and finance management, internal controls and audit.

– Mr. Amit Sharma: Mr. Sharma a MBA (Wharton School) and MSE in Computer and Information Science (University of Pennsylvania), is the Vice-President, Asia-Pacific Strategy and Business Development for Motorola Inc. He specializes in strategic planning and business development.

- Mr. Subroto Bhattacharya, Chairman of Audit Committee is an Independent director and was present in the AGM of the Company held on July 25, 2007.
- 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 (II B) Meeting of Audit Committee

Standard

There should be at least four meetings of audit committee in a year and not more then 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 there was a maximum gap of 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 (II C) Powers of Audit Committee

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 (II D) Role of Audit Committee

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 (II E) Review of information by Audit Committee

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 (III) Subsidiaries Companies

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. 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 as NIIT GIS Limited is Company's material non-listed Indian subsidiary. Further, even though NIIT SmartServe Limited does not fall under the material non listed Indian subsidiary category, 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 (IV A) Basis of related party transactions

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 (IV B) Disclosure of Accounting Treatment

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 (IV C) Board Disclosures-Risk Management

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

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.

Our practice

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

Clause 49 (IV E) Remuneration of Directors

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 disclose 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 (IV F) Management

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's 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 (IV G) Shareholders

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 (V) CEO/CFO Certification

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 (VI) Report on Corporate Governance

Standard

There shall be a separate section on Corporate Governance in the Annual Reports 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 the National Stock Exchange, Bombay Stock Exchange, Delhi Stock Exchange, Ahmedabad Stock Exchange, Calcutta Stock Exchange and Madras Stock Exchange within prescribed time limit.

Clause 49 (VII) Compliance

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 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 2008, 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 inventroy records, in our opinion, the Company is maintaining proper records of inventroy.

(iii) (a) The company has granted unsecured loans, to two wholly owned subsidiary companies 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.386 Lacs and Rs. 268 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 parties are repaying the principal amounts as stipulated and are 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.39,559 lacs and Rs.296 Lacs respectively and with others aggregating to Rs. 269 lacs

AUDITORS' REPORT (Contd.)

and Rs.455 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 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 2008 which have not been deposited on account of a dispute.

(x) The company has no accumulated losses as at March 31, 2008 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.8,766 Lacs taken by a wholly owned subsidiary from a bank is 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) The company has created security or charge in respect of debentures issued and outstanding at the year end.

(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;

(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;

AUDITORS' REPORT (Contd.)

(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 2008 and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2008 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 2008;

(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 : 11 June, 2008

BALANCE SHEET as at March 31, 2008

	Schedule / (Note Reference)		As At 31st March, 2008 (Rs.)		As At 31st March, 2007 (Rs.)
SOURCES OF FUNDS					
SHAREHOLDERS' FUNDS					
Share Capital	1	586,983,950		391,005,300	
Share Application Money-ESOP		-		242,230	
Employee Stock Option Outstanding	2	2,444,900		3,684,600	
Reserves and Surplus	3	3,287,937,012		2,574,932,763	
			3,877,365,862		2,969,864,893
LOAN FUNDS					
Secured Loans	4		166,617,230		266,574,138
			4,043,983,092		**3,236,439,031**
APPLICATION OF FUNDS					
FIXED ASSETS	5				
Gross Block		2,129,990,458		1,756,340,523	
Less: Depreciation /Amortisation		1,405,201,531		1,191,511,046	
Net Block			724,788,927		564,829,477
Capital work-in-progress (including Capital Advances)			518,315,440		37,004,484
INVESTMENTS	6		1,928,806,026		1,966,995,824
DEFERRED TAX ASSETS (NET)	18(21)		24,427,439		4,871,725
CURRENT ASSETS, LOANS AND ADVANCES					
Sundry Debtors	7	1,111,475,363		1,021,691,057	
Cash and Bank Balances	8	144,664,434		63,063,690	
Other Current Assets	9	396,447,557		13,476,817	
Loans and Advances	10	474,000,134		312,572,994	
		2,126,587,488		1,410,804,558	
Less : CURRENT LIABILITIES AND PROVISIONS					
Current Liabilities	11	747,697,397		333,987,973	
Provisions	12	531,244,831		414,079,064	
		1,278,942,228		748,067,037	
Net Current Assets			847,645,260		662,737,521
			4,043,983,092		**3,236,439,031**
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

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 : Gurgaon
Date : June 11, 2008

PROFIT AND LOSS ACCOUNT for the year ended March 31, 2008

	Schedule / (Note Reference)	Year ended 31st March 2008 (Rs.)	Year ended 31st March 2007 (Rs.)
INCOME			
Revenue from Operations	18 {1(v)},(15),(20)}	4,447,143,757	2,971,648,815
Other Income	13	509,494,154	121,771,371
		4,956,637,911	**3,093,420,186**
EXPENDITURE			
Personnel	14	2,135,057,078	1,168,370,930
Development and Bought out	15	388,802,998	103,400,453
Administration, Finance and Others	16	686,523,293	434,570,763
Marketing	17	24,241,706	30,614,087
Depreciation and Amortisation	5	229,709,556	217,801,451
		3,464,334,631	**1,954,757,684**
Profit before Tax		**1,492,303,280**	**1,138,662,502**
Tax Expense	18(21)		
- Current		140,660,448	21,610,000
- MAT Credit		(90,130,000)	-
- Deferred Charge/(Benefit)		(3,268,304)	(1,470,000)
- Fringe Benefit Tax		13,977,624	11,770,308
Profit after Tax		**1,431,063,512**	**1,106,752,194**
Balance brought forward from previous year		1,525,716,247	803,236,095
Balance available for appropriation		**2,956,779,759**	**1,909,988,289**
APPROPRIATION			
Dividend:-			
Dividend Paid (Related to Previous Year)		109,525	-
Corporate Dividend Tax on above		18,614	-
Proposed on Equity Shares		381,539,568	254,153,445
Corporate Dividend Tax on Proposed Dividend	18(19)	-	43,193,378
Transferred from Debenture Redemption Reserve		(17,500,000)	(23,750,000)
Transferred to General Reserve		143,106,351	110,675,219
Balance Carried to Balance Sheet		2,449,505,701	1,525,716,247
		2,956,779,759	**1,909,988,289**
Basic Earnings per share	18(22)	24.39	18.99
Diluted Earnings per share	18(22)	24.35	18.89

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

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 : Gurgaon
Date : June 11, 2008

CASH FLOW STATEMENT for the year ended 31st March 2008

	(Rs.)	Year ended 31st March 2008 (Rs.)	(Rs.)	Year ended 31st March 2007 (Rs.)
CASH FLOW FROM OPERATING ACTIVITIES				
Net Profit before Tax		1,492,303,280		1,138,662,502
Add / (Less) :				
Depreciation	229,709,556		217,801,451	
Unrealized Exchange (Gain)/Loss	67,817,143		(7,139,921)	
Employee Stock Option Plan Expenses	-		4,092,891	
Provision for Doubtful Debts	(333,843)		1,882,183	
Provision for Doubtful Security deposit	-		500,000	
Interest Income	(8,739,205)		(27,093,857)	
Dividend Income	(386,371,350)		(16,674,318)	
Interest Expenses	12,374,392		19,707,333	
Loss on disposal of fixed assets	(14,568,040)		579,558	
Profit on Sale of Investment	(41,913,585)	(142,024,932)	(10,972,681)	182,682,639
Operating Profit before Working Capital Changes		1,350,278,348		1,321,345,141
Add / (Less) : (Increase) / Decrease in Working Capital				
Trade Receivables	(89,556,395)		(325,339,437)	
Other Current Assets	(3,363,421)		32,217,638	
Loans and Advances	(149,337,882)		(4,519,434)	
Current Liabilities and Provisions	227,346,446	(14,911,252)	87,182,195	(210,459,039)
Direct Tax paid (including Tax Deducted at Source)		(173,788,541)		(29,492,657)
Net cash from / (used in) Operating Activities (A)		**1,161,578,555**		**1,081,393,445**
CASH FLOW FROM INVESTING ACTIVITIES				
Purchase of Fixed Assets		(896,246,301)		(255,064,316)
Proceeds from Sale of Fixed Assets		27,874,616		19,693,607
Investment in Subsidiary /Joint Venture		(191,123,165)		(20,099,900)
Short term Investments with Mutual Funds				
- Value of Units Purchased	(3,232,348,069)		(2,974,986,538)	
- Value of Units Sold	3,503,574,617	271,226,547	2,353,480,920	(621,505,618)
Dividend Income		4,831,782		16,674,318
Loans to Subsidiaries				
-Given	(25,759,819)		(207,600,000)	
-Received back	24,322,500	(1,437,319)	158,600,000	(49,000,000)
Loans to NIITian Welfare Trust received back		100,000,000		-
Interest received on loan to Subsidiaries		4,322,533		32,149,116
Interest received on fixed deposit & Loan to NIITian Welfare Trust		8,387,029		3,246,798
Net cash from / (used in) Investing Activities (B)		**(672,164,279)**		**(873,905,995)**

CASH FLOW STATEMENT for the year ended 31st March 2008 (Contd.)

	(Rs.)	Year ended 31st March 2008 (Rs.)	(Rs.)	Year ended 31st March 2007 (Rs.)
CASH FLOW FROM FINANCING ACTIVITIES				
Proceeds from Issue of Share Capital (incl. Share Premium)		3,407,066		52,709,581
Term Loans				
- Received	7,843,357		8,080,293	
- Repaid	(7,800,265)	43,092	(29,351,010)	(21,270,717)
Repaid 6.5% Non-convertible Debentures		(100,000,000)		(150,000,000)
Interest paid on Fixed Loan		(14,771,201)		(27,988,156)
Dividend paid (including Dividend Tax)		(296,492,489)		(263,560,062)
Net cash from / (used in) Financing Activities (C)		**(407,813,532)**		**(410,109,354)**
Cash and Cash Equivalents at the beginning of the year (refer schedule 8)		63,063,690		265,685,594
Cash and Cash Equivalents at the end of the year (refer schedule 8)		144,664,434		63,063,690
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C)		**81,600,744**		**(202,621,904)**

Notes:

1 The above cash Flow has been prepared as per the indirect method set out in AS-3 notified in the Companies (Accounting Standard) Rules, 2006.

2 The enclosed schedules 1 to 18 form an integral part of the Cash Flow Statement.

3 Cash and cash equivelents include fixed deposits held as margin money Rs. 10,496,712 (Previous year Rs. 9,876,529).

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

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 : Gurgaon
Date : June 11, 2008

SCHEDULES annexed to and forming part of the Balance Sheet as at March 31, 2008

Schedule No.		As At 31st March, 2008 (Rs.)		As At 31st March, 2007 (Rs.)
1. SHARE CAPITAL				
Authorised				
75,000,000 Equity Shares (Previous Year 45,000,000 equity shares) of Rs. 10/- each		750,000,000		450,000,000
		750,000,000		**450,000,000**
Issued, subscribed and Paid-up				
58,698,395 Equity Shares (previous year 39,100,530 shares) of Rs. 10/- each (Refer note below)		586,983,950		391,005,300
		586,983,950		**391,005,300**

Note: Out of above, 19,559,465 equity shares were issued as fully paid bonus shares during the year, by capitalization of balances in share premium and general reserve aggregating to Rs.195,594,650/-

2. EMPLOYEE STOCK OPTION OUTSTANDING [Refer Notes 1 (vi) and 26 on Schedule 18]				
As per Last Balance Sheet		3,684,600		13,949,692
Less: Utilized for issue of equity shares		1,094,800		9,809,692
Less: Employee Stock Option lapsed post vesting		144,900		455,400
		2,444,900		**3,684,600**
3. RESERVES AND SURPLUS				
Capital Redemption Reserve				
As per Last Balance Sheet		16,570,603		16,570,603
Share Premium				
As per Last Balance Sheet	76,566,027		13,595,052	
Add: Addition during the year	4,360,140		62,970,975	
Less: Utilized for issue of Bonus Shares	79,132,827	1,793,340	-	76,566,027
Debenture Redemption Reserve				
As per Last Balance Sheet	55,000,000		78,750,000	
Less : Transferred to Profit & Loss Account	(17,500,000)	37,500,000	23,750,000	55,000,000
General Reserve				
As per Last Balance Sheet	901,079,886		857,917,921	
Add: Employee Stock Option lapsed post vesting	144,900		455,400	
Add : Balance Transferred from Profit and Loss Account	143,106,351		110,675,219	
Less : Adjustment of Accounting Standard 15 Employee Benefits (Revised 2005)	-		67,968,654	
Less: Utilized for issue of Bonus Shares	116,461,822	927,869,315	-	901,079,886
Hedging Reserve (Debit) (Created During the year Net of deferred tax assets of Rs. 148.10 Lacs) [Refer Note 1(viii) and 27 on Schedule 18]		(145,301,947)		-
Profit and Loss Account		2,449,505,701		1,525,716,247
		3,287,937,012		**2,574,932,763**

SCHEDULES annexed to and forming part of the Balance Sheet as at March 31, 2008 (Contd.)

Schedule No.	As At 31st March, 2008 (Rs.)	As At 31st March, 2007 (Rs.)
4. SECURED LOANS		
[Refer Notes 1 (x) and 6 on Schedule 18]		
Loans from Bank		
-Vehicle Loan	16,617,230	16,574,138
6.5% Non-Convertible Debentures	150,000,000	250,000,000
	166,617,230	**266,574,138**

Notes :

1) 6.5 % Non-Convertible Debentures are redeemable on 26th May 2008.
2) Amount due within one year Rs. 156,592,978/- (Previous year Rs.105,954,866/-).

SCHEDULES annexed to and forming part of the Balance Sheet as at March 31, 2008 (Contd.)

5. FIXED ASSETS
[Refer Note 1 (i), (vi),(vii) , (viii) , 3b, 8, 14 and 19 (b) on Schedule 19]

Figures in Rupees

	GROSS BLOCK				DEPRECIATION / AMORTISATION				NET BLOCK	
Description of Assets	**As at 01.04.2007**	**Additions during the Year**	**Sales / Adj. during the Year**	**As at 31.03.2008**	**As at 01.04.2007**	**For the Year**	**Sales / Adj. during the Year**	**As at 31.03.2008**	**As at 31.03.2008**	**As at 31.03.2007**
Tangible										
Land - Freehold	167,165	-	-	167,165	-	-	-	-	167,165	167,165
Land - Lease Hold	138,390,619	-	-	138,390,619	1,382,458	1,541,239	-	2,923,697	135,466,922	137,008,161
Buildings	13,031,627	-	10,931,627	2,100,000	2,098,138	141,576	1,915,007	324,707	1,775,293	10,933,489
Plant & Machinery										
-Computers & Peripherals	370,943,808	72,981,283	11,840,658	432,084,433	242,558,306	58,770,675	11,085,356	290,243,625	141,840,808	128,385,502
-Others	132,599,988	13,431,211	165,218	145,865,981	55,260,944	7,501,064	164,139	62,597,869	83,268,112	77,339,044
Furniture & Fixtures	67,991,752	25,082,761	240,492	92,834,021	41,038,620	7,245,054	240,392	48,043,282	44,790,739	26,953,132
Lease Hold Improvements	109,489,731	108,531,260	1,339,860	216,681,131	61,325,040	31,871,086	1,272,867	91,923,259	124,757,872	48,164,691
Vehicles	32,326,633	5,352,019	4,807,792	32,870,860	4,827,120	3,186,541	1,341,310	6,672,351	26,198,509	27,499,513
Sub Total (a)	**864,941,323**	**225,378,534**	**29,325,647**	**1,060,994,210**	**408,490,626**	**110,257,235**	**16,019,071**	**502,728,790**	**558,265,420**	**456,450,697**
Intangible - Aquired										
Software	891,376,048	177,597,048	-	1,068,973,096	783,006,142	119,451,222	-	902,457,364	166,515,732	108,369,906
Patents	23,152	-	-	23,152	14,278	1,099	-	15,377	7,775	8,874
Sub Total (b)	**891,399,200**	**177,597,048**	**-**	**1,068,996,248**	**783,020,420**	**119,452,321**	**-**	**902,472,741**	**166,523,507**	**108,378,780**
Total (a+b)	**1,756,340,523**	**402,975,582**	**29,325,647**	**2,129,990,458**	**1,191,511,046**	**229,709,556**	**16,019,071**	**1,405,201,531**	**724,788,927**	**564,829,477**
Previous Year	**1,607,703,377**	**241,235,640**	**92,598,494**	**1,756,340,523**	**1,046,034,924**	**217,801,451**	**72,325,329**	**1,191,511,046**		
							Capital Work-in Progress (Including Capital Advances)		518,315,440	37,004,484
									1,243,104,367	**601,833,961**

SCHEDULES annexed to and forming part of the Balance Sheet as at March 31, 2008 (Contd.)

Schedule No.	As At 31st March, 2008 (Rs.)	As At 31st March, 2007 (Rs.)
6. INVESTMENTS **[Refer Notes 1 (iv), 18 on Schedule 18]**		
A. LONG TERM, TRADE [UNQUOTED]		
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
537,934 Equity Shares of Euro 1 each fully paid-up in NIIT Technologies AG, Germany	184,762,155	184,762,155
50,000,000 Equity Shares of Rs. 10/- each fully paid-up in NIIT SmartServe Limited (Previous year 25,000,000 Equity Shares of Rs. 10/- each)	500,000,000	500,000,000
150,000 Equity Shares of Euro 1 each fully paid-up in Softec GmbH Germany	164,253,564	-
10 Equity Shares of USD 5,000 each fully paid-up in NIIT Technologies Limited, Canada	1,969,500	-
Other Companies:		
2,500,000 equity shares of Rs. 10 each in Adecco NIIT Technologies Private Limited (Previous year 9,990 Equity Shares of Rs. 10/- each)	25,000,000	99,900
B. SHORT TERM, NON TRADE [UNQUOTED] **[Refer Note 23 on Schedule 18]**		
In Mutual Funds	606,184,538	835,497,500
	1,928,806,026	**1,966,995,824**

Note:

1. During the year, the Company made investments in:
   (i) NIIT Technologies Limited, Canada of Rs.1,969,500.
   (ii) Adecco NIIT Technologies Private Limited (a Joint Venture) of Rs. 24,900,100.
2. During the year, the Company also acquired 150,000 equity shares of Euro 1 each in SofTec GmbH Germany, from its existing shareholders for Rs. 164,253,564.

SCHEDULES annexed to and forming part of the Balance Sheet as at March 31, 2008 (Contd.)

Schedule No.			As At 31st March, 2008 (Rs.)		As At 31st March, 2007 (Rs.)
7.	**SUNDRY DEBTORS (Unsecured)**				
	Outstanding for over six months				
	- Considered Good	26,388,259		2,363,250	
	- Considered Doubtful	35,545,976		35,879,819	
	Other Debts - Considered Good	1,085,087,104		1,019,327,807	
		1,147,021,339		1,057,570,876	
	Less : Provision for Doubtful Debts	35,545,976	1,111,475,363	35,879,819	1,021,691,057
			1,111,475,363		**1,021,691,057**
8.	**CASH AND BANK BALANCES**				
	Cash and Cheques in Hand		16,326,646		3,912,023
	Balances with Scheduled Banks in :				
	- Current Accounts		91,720,174		46,747,157
	- Dividend Account		3,510,454		2,527,981
	- Fixed Deposit Accounts [Includes Rs. 10,496,712/- (Previous Year Rs. 9,876,529/-) pledged as margin money]		10,496,712		9,876,529
	Balances with Other Banks in Current Account *		22,610,448		-
			144,664,434		**63,063,690**

* Balance with Wachovia Bank, Atlanta USA. Maximum Balance during the year Rs.116,514,406 .

			As At 31st March, 2008 (Rs.)		As At 31st March, 2007 (Rs.)
9.	**OTHER CURRENT ASSETS**				
	(Unsecured, considered good)				
	Unbilled Revenue		14,024,569		8,623,040
	Interest Receivable		883,420		4,853,777
	Dividend Receivable (Refer Note 9 on Schedule 18)		381,539,568		-
			396,447,557		**13,476,817**

SCHEDULES annexed to and forming part of the Balance Sheet as at March 31, 2008 (Contd.)

Schedule No.			As At 31st March, 2008 (Rs.)		As At 31st March, 2007 (Rs.)
10	**LOANS AND ADVANCES (Unsecured, considered good except where otherwise stated) [Refer Notes 1 (iii), (xi), 21 (a) (ii) on Schedule 18]**				
	Loans to Subsidiaries		26,759,850		26,068,455
	Loan to NIITian Welfare Trust		-		100,000,000
	Prepaid Expenses		56,816,075		49,043,615
	Advances recoverable in cash or in kind or for value to be received		129,311,891		56,010,256
	Security Deposits				
	- Considered good	142,695,523		72,314,342	
	- Considered doubtful	1,459,716		1,459,716	
		144,155,239		73,774,058	
	Less : Provision for Doubtful Security Deposits	1,459,716	142,695,523	1,459,716	72,314,342
	Advance Income Tax	197,367,127		38,373,344	
	Less: Provision for Income Tax	169,510,448	27,856,679	28,850,000	9,523,344
	Advance Fringe Benefit tax	34,412,614		19,617,856	
	Less: Provision for Fringe Benefit tax	33,982,498	430,116	20,004,874	(387,018)
	MAT Credit		90,130,000		-
			474,000,134		**312,572,994**
11	**CURRENT LIABILITIES [Refer Note 5 and 27 on Schedule 18]**				
	Sundry Creditors		447,044,744		271,727,665
	Advances from Customers		1,162,711		268,928
	Interest accrued but not due		8,307,534		10,704,343
	Unclaimed Dividend *		3,510,454		2,527,981
	Other Liabilities		60,022,144		48,759,056
	Derivative Instruments Fair Value Liability		227,649,810		-
	* 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.				
			747,697,397		**333,987,973**
12	**PROVISIONS [Refer Notes 1(vi) , 1(xi) , (xii), 9, & 17 on Schedule 18]**				
	Provision for compensated absences		144,402,302		100,355,996
	Provision for Gratuity		5,302,961		16,376,245
	Proposed Dividend on Equity Shares		381,539,568		254,153,445
	Corporate Dividend Tax (Refer Note 9 on schedule 18)		-		43,193,378
			531,244,831		**414,079,064**

SCHEDULES annexed to and forming part of the Profit and Loss Account for the year ended March 31, 2008

Schedule No.	Year ended 31st March, 2008 (Rs.)	Year ended 31st March, 2007 (Rs.)
13. OTHER INCOME		
[Refer Notes 1(v), (vii), 7,23 and 27on schedule 18]		
Profit on sale of Short Term Investments	41,913,585	10,972,681
Gain on exchange fluctuations (Net)*	32,914,444	34,207,367
Recovery from Subsidiaries for common corporate expenses	26,901,095	27,611,525
Miscellaneous	21,393,680	32,305,480
Dividend Income	386,371,350	16,674,318
	509,494,154	**121,771,371**

* Net of fair value loss on derivative instruments of Rs. 67,537,863.

14. PERSONNEL		
[Refer Notes 1(vi) ,6, 8, 17, 24 and 26 on schedule 18]		
Salaries and Benefits *	1,990,809,261	1,060,494,226
Contribution to Retirement benefit funds	74,900,482	55,396,969
Welfare and Other Expenses	69,347,335	52,479,735
	2,135,057,078	**1,168,370,930**

* Includes expenditure of Rs.Nil (previous year Rs. 4,092,891) in respect of Employee Stock Option Plan.

15. DEVELOPMENT AND BOUGHT OUT		
[Refer Notes 15 (a), (b) on schedule 18]		
Bought out items	38,675,294	41,065,773
Professional Charges	316,532,298	38,933,126
Equipment Hiring	4,430,995	9,561,391
Consumables	19,797,803	3,769,874
Others	9,366,608	10,070,289
	388,802,998	**103,400,453**

SCHEDULES annexed to and forming part of the Profit and Loss Account for the year ended March 31, 2008 (Contd.)

Schedule No.		Year ended 31st March, 2008 (Rs.)		Year ended 31st March, 2007 (Rs.)
16. ADMINISTRATION, FINANCE AND OTHERS [Refer Note 8 on Schedule 18]				
Rent		196,587,673		100,721,456
Rates and Taxes		11,999,139		10,804,205
Electricity and Water		59,427,230		51,067,622
Communication		45,001,178		29,863,121
Legal and Professional		57,372,940		42,521,509
Travelling and Conveyance		223,629,923		133,380,374
Bank, Discounting and Other Financial Charges		2,515,265		2,208,092
Interest Paid on Fixed Loans	12,374,392		19,707,333	
Less : Interest Received on :				
- Deposits	4,039,771		3,759,336	
- Loans	4,699,434		23,328,260	
- Others	-		6,261	
		3,635,187		(7,386,524)
Insurance Premium		8,708,203		4,423,064
Repairs and Maintenance				
- Plant and Machinery		24,753,630		23,720,392
- Buildings		20,607		1,043,754
- Others		20,442,559		14,413,195
Sundry Expenses		32,429,759		27,790,503
		686,523,293		**434,570,763**
17. MARKETING				
Advertisement and Publicity		13,728,413		16,953,110
Others		10,513,293		13,660,977
		24,241,706		**30,614,087**

SCHEDULE '18': Notes to Accounts for the year ended 31st March 2008

1. STATEMENT ON SIGNIFICANT ACCOUNTING POLICIES

These financial statements are prepared on an accrual basis and under historical cost convention and in accordance with all applicable accounting standards specified in Companies (Accounting Standard Rules) 2006. The significant accounting policies adopted by the Company are detailed below.

i) **Fixed Assets**

Fixed Assets are stated at acquisition cost.

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	90 years
Leasehold Improvements	3 years or lease period whichever is lower
Computers, related accessories and software	2-5 years
All other assets	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 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.

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, is provided for.

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 defined contribution to Regional Provident Fund Commissioner w.e.f. 1 October 2005 in respect of Provident Fund. The Company does not have any further obligation in this respect.

  For the period upto 30th September 2005, the Company made contribution to a 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.

- Superannuation

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

- 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.

SCHEDULE '18': Notes to Accounts for the year ended 31st March 2008 (Contd.)

- **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-amortised deferred employee compensation is shown separately as part of shareholders' funds.

vii) **Foreign Currency Transaction**
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.

With regard to foreign exchange forward contracts taken to hedge its exposure to movements in foreign exchange rates, the premium or discounts arising out at the inception of the forward contract is amortized as income or expense over the life of the contract and the exchange difference on such a contract is recognized in the statement of profit and loss in the reporting period in which the exchange rate changes except to the extent on which the accounting policy on hedge accounting as detailed in (viii) below and further explained in note 27 below applies.

The operations of the Company's US branch are considered integral in nature and the balances/and transactions of the branch 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 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 transaction 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 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

SCHEDULE '18': Notes to Accounts for the year ended 31st March 2008 (Contd.)

can be realized. Current tax (including Fringe Benefit Tax) is determined based on the provisions of Income-tax Act, 1961.

Minimum Alternate 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.

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. 112,364,479/- (Previous Year Rs. 93,194,315/-).
b) Guarantees to bank against lines of credit sanctioned to wholly owned overseas subsidiaries Rs.876,643,900/- (Previous Year Rs.1,068,132,300/-).
c) Guarantees on behalf of wholly owned overseas subsidiaries Rs. 508,119,500/- (Previous Year Rs. 514,810,500/-).
d) Guarantees given on behalf of NIITian Welfare Trust for loans availed by the Trust Nil (Previous Year Rs. 75,000,000/-).
e) Claims against the Company not acknowledged as debts Rs. 270,115,497/- (Previous Year Rs. 6,230,000/-) including vendor claims Rs. 263,885,497 (Previous Year Nil).

3. Estimated amount of contracts remaining to be executed on capital account (net of advances) not provided for Rs. 599,263,721/- (Previous Year Rs. 167,250,207/-).

4. During the year, the Company established a branch in the USA and acquired certain assets aggregating to Rs. 225 lacs (including fixed assets and deferred tax assets of Rs. 168 lacs and 15 Lacs respectively) and liabilities aggregating to 212 Lacs from its wholly owned subsidiary (NIIT Technologies Inc. USA) and started providing onsite services to the wholly owned subsidiary.

5. Micro and Small scale business entities :
There are no micro and small scale enterprises, to which the Company owes dues, as at 31 March 2008. 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 company.

6. 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) 6.50% Non Convertible Debentures are secured by way of a mortgage on freehold land of the Company and a first pari passu charge by way of hypothecation of movable assets/ properties, subject to charges created on general assets of the Company in favour of the Company's banker(s) for securing borrowings of the Company for working capital requirements.

c) Vehicle loans from banks are secured by way of hypothecation of the vehicles financed.

7. Interest received are gross of tax deducted at source of Rs. 1,522,302/- (Previous Year Rs. 5,328,163/-).

8. Expenses during the year are net of recoveries towards common services from domestic subsidiaries amounting to Rs. 2,469,813/- (Previous Year Rs. 1,978,398/-).

9. The Company's domestic subsidiary NIIT GIS Limited has declared dividend of which Rs. 381,539,568/- (Previous Year Rs. Nil) 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, no dividend distribution tax is payable by the Company, since the dividend receivable by the Company from its subsidiary is equivalent to the dividend proposed by the Company for the current year.

10. The profit on sale of short term investments include Rs. 45 Lacs (previous year Rs. Nil) profit on sale of units of mutual funds held as investment for a period of more than 12 months.

SCHEDULE '18': Notes to Accounts for the year ended 31st March 2008 (Contd.)

11. EARNINGS IN FOREIGN CURRENCY

	2007-08 (Rs.)	2006-07 (Rs.)
Software Services	4,034,006,906	2,656,516,226
Interest (Net of Taxes)	1,447,139	7,639,670
Other income	23,550,240	18,752,647

12. CIF VALUE OF IMPORTS

	2007-08 (Rs.)	2006-07 (Rs.)
Capital goods	58,964,681	29,924,522

13. EXPENDITURE IN FOREIGN CURRENCY (Net of Taxes)

	2007-08 (Rs.)	2006-07 (Rs.)
Development and Bought out	41,402,247	23,569,473
Travel	112,295,156	47,103,490
Professional fees	1,756,546	2,845,607
Branch office Expenses	857,136,651	-
Others	11,269,741	7,107,521

14. PAYMENT TO AUDITORS (Excluding Service Tax)

	2007-08 (Rs.)	2006-07 (Rs.)
Statutory Audit fees	3,800,000	3,800,000
Certification and Other Services	2,515,000	2,520,000
Tax audit fees	419,000	419,000
Reimbursement of expenses	463,794	475,688

15. 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:

	2007-08 Value (Rs.)	2006-07 Value (Rs.)
Opening Stock	-	-
Purchases	38,675,294	41,065,773
Sales	43,590,424	48,567,618
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 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 4,403,553,334/- (Previous Year Rs. 2,923,081,197/-).

SCHEDULE '18': Notes to Accounts for the year ended 31st March 2008 (Contd.)

16. 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
15. ROOM Solutions Limited, United Kingdom
16. SofTec GmbH, Germany (w.e.f 29th February 2008)
17. NIIT Technologies Limited, Canada (w.e.f 7 th Nov. 2007)

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

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 Novelties Pvt. Ltd., India

d) **Joint Venture:**

- Adecco NIIT Technologies Private Limited, India

SCHEDULE '18': Notes to Accounts for the year ended 31st March 2008 (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
Purchase of Fixed Assets (Note 2)	26,912,276 (-)	1,269,798 (15,632,018)	- (-)	- (-)	- (-)	28,182,074 (15,632,018)
Purchase of Goods (Note 3)	1,090,500 (3,877,501)	- (-)	- (-)	- (46,840)	- (-)	1,090,500 (3,924,341)
Sale of Fixed Assets (Note 4)	- (-)	301,999 (3,605,115)	- (-)	- (-)	- (-)	301,999 (3,605,115)
Rendering of Services (Note 5)	3,927,677,695 (2,551,617,635)	18,884,314 (84,180)	- (-)	- (-)	4,061,393 (-)	3,950,623,402 (2,551,701,815)
Receiving of Services (Note 6)	1,580,815 (2,088,026)	44,207,244 (28,025,053)	- (-)	- (1,551,336)	- (-)	45,788,059 (31,664,415)
Recovery of Expenses by the Company (Including those from Overseas Subsidiaries)(Note 7)	109,260,313 (91,833,655)	23,455,077 (39,528,478)	- (-)	- (-)	2,396,248 (433,555)	135,111,638 (131,795,688)
Recovery of Expenses from the Company (Note 8)	163,196,779 (2,779,712)	15,287,354 (12,161,152)	- (-)	- (-)	26,172 (-)	178,510,305 (14,940,864)
Finance:						
Investments made (Note 9)	166,223,065 (250,000,000)	- (-)	- (-)	- (-)	24,900,100 (99,900)	191,123,165 (250,099,900)
Loans Given (Note 10)	25,759,819 (207,600,000)	- (-)	- (-)	- (-)	- (-)	25,759,819 (207,600,000)
Loans Given Received back (Note11)	24,322,500 (158,600,000)	- (-)	- (-)	- (-)	- (-)	24,322,500 (158,600,000)
Loans Taken repaid back (Note12)	- (20,000,000)	- (-)	- (-)	- (-)	- (-)	- (20,000,000)
Interest received (Note 13)	1,447,139 (17,328,261)	- (-)	- (-)	- (-)	- (-)	1,447,139 (17,328,261)
Interest Paid (Note14)	- (682,740)	- (-)	- (-)	- (-)	- (-)	- (682,740)
Remuneration (Note 15)	- (-)	- (-)	26,523,001 (24,718,129)	- (-)	- (-)	26,523,001 (24,718,129)
Other Income (Note 16)	28,226,531 (28,708,383)	- (-)	- (-)	- (-)	3,949,509 (-)	32,176,040 (28,708,383)
Other Expenses (Note 17)	- (-)	10,513,426 (-)	- (-)	514,555 (-)	- (-)	11,027,981 (-)
Dividend paid to Scantech Evaluation Services Ltd	- (-)	62,805,080 (57,973,920)	- (-)	- (-)	- (-)	62,805,080 (57,973,920)
Dividend Receivable from NIIT GIS Ltd.	381,539,568 (-)	- (-)	- (-)	- (-)	(-)	381,539,568 (-)

SCHEDULE '18': Notes to Accounts for the year ended 31st March 2008 (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.100.57Lacs (Previous year Nil)
   NIIT Technologies Inc Rs.168.55Lacs (Previous year Nil)
   NIIT Limited Rs.1.50Lacs (Previous year Rs. 23.46 Lacs)
   NIIT Middle East Rs.11.19Lacs (Previous year Nil)
   NIIT Multimedia Limited Nil (Previous year Rs.132.86 Lacs)
3. Includes transactions in purchase of goods for the year mainly with;
   NIIT GIS Ltd Rs.10.90Lacs (Previous year Rs.38.78 Lacs)
4. Includes transactions in Sale of Fixed Assets for the year with;
   NIIT Limited Rs.3.02 Lacs (Previous year Rs.36.05 Lacs)
5. Includes transactions in Rendering of Services for the year mainly with;
   NIIT Technologies Ltd, UK Rs.9, 570.17 Lacs (Previous year Rs.9,482.47 Lacs)
   NIIT Technologies Inc USA Rs.21,133.21 Lacs (Previous year Rs.9,834.58 Lacs) and includes revenue from revision in rates based on an independent transfer pricing study.
   NIIT Limited Rs.188.84 Lacs (Previous year Rs. 0.75 Lacs)

6 Includes transactions in Receiving of Services for the year mainly with;
   NIIT (Thailand) Ltd Rs.15.80 Lacs (Previous year Nil)
   NIIT Limited Rs.51.71 Lacs (Previous year Rs.119.81 Lacs)
   NIIT Middle East Rs.390.36 Lacs (Previous year Rs.160.44 Lacs)

7 Includes transactions in recovery of expenses by the Company for the year mainly with;
   NIIT Technologies Ltd, UK Rs.279.68 Lacs (Previous year Rs.300.94 Lacs)
   NIIT Technologies Inc USA Rs.477.26 Lacs (Previous year Rs.269.21 Lacs)
   NIIT Limited Rs.189.45Lacs (Previous year Rs.395.28 Lacs)
   NIIT Middle East Rs.41.85 Lacs (Previous year Nil)

8 Includes transactions in recovery of expenses from the Company for the year mainly with;
   NIIT Technologies Inc USA Rs.1,462.21 Lacs (Previous year Rs.1.95 Lacs)
   NIIT Smart Serve Limited Rs.58.49 Lacs (Previous year Rs.25.84 Lacs)
   NIIT USA Inc Rs. 80.65 Lacs (Previous year Nil)
   NIIT Limited Rs. 72.21 Lacs (Previous year Rs. 121.38 Lacs)

9 Includes transactions in Investments made for the year mainly with;
   NIIT Smart Serve Limited Nil (Previous year Rs.2,500 Lacs)
   SofTec GmbH Rs.1642.54 Lacs (Previous year Nil)

10 Transactions in Loans Given for the year with;
   NIIT Smart Serve Limited Nil (Previous year Rs.490.00 Lacs)
   NIIT Technologies Ltd, UK Nil (Previous year Rs.1,586.00 Lacs)
   SofTec GmbH Rs.257.60 Lacs (Previous year Nil)

11 Transactions in loans given received back for the year with;
   NIIT Technologies Ltd, UK Nil (Previous year 1,586.00 Lacs)
   NIIT Technologies AG, Germany Rs. 243.23 Lacs (Previous year Nil)

12 Transactions in loans taken repaid back for the year with;
   NIIT GIS Limited Nil (Previous year Rs. 200 Lacs)

13 Transactions in interest received for in the year with;
   NIIT Smart Serve Limited Nil (Previous year Rs.96.89 Lacs)
   NIIT Technologies AG, Germany Rs.12.81 Lacs (Previous year Rs.18.31 Lacs)
   NIIT Technologies Ltd, UK Nil (Previous year Rs.58.09 Lacs)
   SofTec GmbH Rs.1.66 Lacs (Previous year Nil)

14 Transactions in interest paid for the year with;
   NIIT GIS Limited Nil (Previous year Rs. 6.83 Lacs)

15 Remuneration of :
   Mr R S Pawar – Rs.110.52 Lacs (Previous year Rs.100.45 Lacs)

SCHEDULE '18': Notes to Accounts for the year ended 31st March 2008 (Contd.)

Mr Arvind Thakur – Rs.146.73 Lacs (Previous year Rs.139.93 Lacs)
Mr Vijay K Thadani – Rs.7.96 Lacs (Previous year Rs.6.80 Lacs)

16 Includes transactions in other income for the year mainly with;
NIIT Smart Serve Ltd Rs.40.75 Lacs (Previous year Rs.54.30 Lacs)
NIIT GIS Limited Rs.35.26 Lacs (Previous year Rs.46.28 Lacs)
NIIT Technologies Inc USA Rs.71.20 Lacs (Previous Rs.69.59 Lacs)
NIIT Technologies Ltd, UK Rs.50.32 Lacs (Previous year Rs.46.84 Lacs)

17 Includes transactions in other expenses for the year mainly with;
NIIT Ltd Rs.105.13 Lacs (Previous year Nil)

D. Details of balances with related parties:

	Receivables As at 31.03.2008 (Rs.)	Payables As at 31.03.2008 (Rs.)	Receivables As at 31.03.2007 (Rs.)	Payables As at 31.03.2007 (Rs.)
Subsidiaries	1,385,595,817	31,928,794	804,876,793	2,473,755
Associates	3,675,410	3,783,524	-	977,209
Key Managerial Personnel	-	11,780,000	-	16,445,200
Joint Venture	-	-	433,555	-

17. Employee Benefits

a) Expenditure in respect of defined contribution post retirement benefit plans viz. Provident Fund, Superannuation Fund and Overseas plan amounted to Rs. 52,038,302/- (previous year Rs. 38,421,586/-).

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 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.

- **Gratuity:**
Disclosures as per actuarial report of independent actuary:

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

Amount (Rs.)

Description	2007-08	2006-07
Present value of obligation as at the beginning of the year	**48,543,734**	**33,961,373**
Interest cost	3,883,499	2,547,103
Current service cost	9,234,405	7,147,373
Benefits paid	(3,408,663)	(4,835,697)
Actuarial (gain)/loss on obligations	2,964,261	9,723,582
Present value of obligation as at the end of the year	**61,217,236**	**48,543,734**

Change in Plan Assets:

Description	2007-08	2006-07
Plan assets at beginning at fair value	**32,167,489**	**28,985,327**
Expected return on plan assets	2,975,493	2,608,679
Contributions	23,943,437	5,575,185
Benefits paid	(3,408,663)	(4,835,697)
Actuarial gain/(loss) on plan assets	236,518	(166,005)
Plan assets at year end at fair value	**55,914,274**	**32,167,489**

SCHEDULE '18': Notes to Accounts for the year ended 31st March 2008 (Contd.)

Amount of the obligation recognized in the Balance Sheet:

Description	2007-08	2006-07
Present value of the defined benefit obligation at the end of the year	61,217,235	48,543,734
Fair value of plan assets at the end of the year	55,914,274	32,167,489
Liability recognized in the Balance sheet	**5,302,961**	**16,376,245**

Amount of gratuity expense recognised in the Profit and loss account:

Description	2007-08	2006-07
Current service cost	9,234,405	7,147,373
Interest cost	3,883,499	2,547,103
Expected return on plan assets	(2,975,493)	(2,608,679)
Actuarial (gain)/ loss recognized during the year	2,727,743	9,889,587
Total	**12,870,154**	**16,975,384**

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:

	2007-08	2006-07
Discounting Rate	8.00%	7.50%
Expected Rate of return on plan assets	9.25%	9.00%

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.

18. 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 it's interest in the joint venture, based on financial statements of the joint venture is as follows:-

As at 31 March 2008	Amount in Rs. Lacs
I. **Assets**	
- Fixed Assets(Net)	24
- Current Assets, Loan and Advances	206
- Profit and Loss Account	105
II. **Liabilities**	
- Current Liabilities and provisions	85
III. **Income**	
- Revenue from Operation	180
- Other Income	18
IV. **Expenses**	
- Operating Exps	294
- Depreciation	5
- Taxes	2
V. **Profit/(Loss) after Tax**	(103)

19. Pursuant to the implementation of Accounting Standard 11 "The Effects of changes in Foreign Exchange Rates", as prescribed by Companies (Accounting Standard) Rules 2006, in relation to foreign currency liabilities attributable to acquisition of fixed assets, the Company has recognized an exchange gain of Rs. 105.60 Lacs for the period ended March 31, 2008 with corresponding impact on the profit before taxes for the year of Rs. 80.82 Lacs

20. 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.

SCHEDULE '18': Notes to Accounts for the year ended 31st March 2008 (Contd.)

The secondary segment information as per Accounting Standard 17 "Segment Reporting" in relation to the geographies is as follows:

(Rs. Lacs)

Particulars	Revenue from Customers by location of customers		Carrying amount of segment assets by location of the assets		Additions to fixed assets	
	31.03.2008	31.03.2007	31.03.2008	31.03.2007	31.03.2008	31.03.2007
India	4,271	3,439	53,229	39,845	4,030	2,412
America	21,175	9,835	-	-	-	-
Europe	17,414	14,299	-	-	-	-
Asia Pacific (including Australia)	1,611	2,143	-	-	-	-
Total	**44,471**	**29,716**	**53,229**	**39,845**	**4,030**	**2,412**

21. Income Tax

a) **Current Income Tax -**

(i) 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.

(ii) As regard Indian income tax, the Company avails deduction under the provisions of Section 10B of the Income Tax Act, 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 1,180 Lacs after adjusting relief in relation to income taxes payable in United States to the extent of Rs.56 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. 901 Lacs, is expected to be recovered in future years and the same has been recognized as MAT credit entitlement in these accounts.

(iii) The current tax charge includes tax payable under the US income tax regulation of 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 1.04.2007	Transferred from NIIT Technologies Inc. USA (Refer Note 4 above)	Charged/ (Credited) during the year	As at 31.03.2008
Deferred Tax Liabilities				
a) Tax impact of difference between carrying amount of fixed assets in the financial statements and as per the income tax calculation.	101	36	84	221
b) Tax impact of expenses not charged in the financial statements but claimed as deduction under income tax	84	-	(1)	83
c) Tax impact of Gains credited in the financial statements but not offered for tax under income tax	-	-	6	6
Total (A)	**185**	**36**	**89**	**310**
Deferred Tax Assets				
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	127	-	6	121
- Provision for Compensated Absences, Bonus and Gratuity	63	51	(137)	251
- Other Expenses	44	-	10	34
Total (B)	**234**	**51**	**(121)**	**406**
Deferred Tax Assets / (Liability) (B – A)	49	15	(32)	96
Add: Deferred Tax Asset related to fair value loss on derivative instruments not charged in the financial statements but taken to the Balance Sheet. (Refer Note 27)	-	-	-	148
Net Deferred Tax Assets / (Liability)				**244**

SCHEDULE '18': Notes to Accounts for the year ended 31st March 2008 (Contd.)

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.

22. EARNING PER SHARE:

	2007-08	2006-07
Profit attributable to Equity shareholders (Rs.) -(A)	1,431,063,512	1,106,752,194
Weighted Average number of Equity shares Outstanding during the year – (B)	58,680,226	58,284,007
Add: Effect of potential dilutive shares(stock options)- (Refer Note 26 below)	84,829	318,351
Weighted average shares outstanding considered for determining dilutive earning per share - (C)	58,765,055	58,602,358
Nominal Value of Equity Shares (Rs.)	10	10
Basic Earnings per share (Rs) (A/B)	24.39	18.99
Diluted Earnings per share (Rs) (A/C)	24.35	18.89
EARNING PER SHARE {had fair value method been employed for accounting for Employee Stock Option (Refer Note 26 below)}		
Profit attributable to Equity shareholders (Rs.) -(D)	1,399,614,276	1,104,622,866
Basic Earnings per share (Rs) (D/B)	23.85	18.95
Diluted Earnings per share (Rs) (D/C)	23.82	18.85

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 2008 (Contd.)

23. 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.)
Liquid Scheme of Mutual Fund									
Prudential I ICICI Mutual Fund	-	-	8,945,617	100,000,000	8,945,617	103,328,883	-	-	-
SBI Mutual Fund	-	-	2,374,713	40,614,000	2,374,713	40,898,491	-	-	-
J.M. Financial Mutual Fund	-	-	10,231,600	110,000,000	6,550,325	70,316,603	3,681,275	40,000,000	41,704,062
Kotak Mahindra Mutual Fund	-	-	14,805,826	232,782,997	14,805,826	234,113,243	-	-	-
Birla Sunlife Mutual Fund	10,625,327	126,552,502	19,885,676	249,035,303	30,511,003	379,939,139	-	-	-
Franklin Templeton Mutual Fund	-	-	299,721	360,000,000	299,721	361,262,287	-	-	-
Principal Mutual Fund	-	-	6,841,503	90,000,000	6,841,503	90,427,325	-	-	-
Standard Chartered Mutual Fund	93,092	93,154,226	9,600,431	372,766,863	9,614,560	381,776,236	78,962	90,000,000	91,446,689
DSP Merrill Lynch Mutual Fund	-	-	170,901	176,315,080	130,946	135,936,761	39,955	41,315,080	41,462,610
HSBC Mutual Fund	9,299,783	93,105,346	40,157,819	493,435,356	49,457,603	591,216,777	-	-	-
Fixed Maturity Plan/Interval plan									
DSP Merrill Lynch Mutual Fund	60,479	60,478,865	2,125,347	61,285,541	2,185,825	123,079,486	-	-	-
Birla Sun life Mutual Fund	3,007,461	30,074,615	33,637,495	336,374,946	24,847,584	253,917,216	11,797,372	117,973,720	119,914,387
Prudential ICICI Mutual Fund	7,068,948	70,689,500	12,210,913	124,430,279	7,138,153	71,621,226	12,141,708	123,738,229	131,058,810
SBI Mutual Fund	8,019,703	80,197,480	4,000,000	40,000,000	12,019,703	120,811,027	-	-	-
JM Financial Mutual	5,068,516	50,685,168	-	-	5,068,516	50,685,168	-	-	-
Reliance Mutual Fund Monthly plan	5,028,626	50,286,263	8,364,758	90,000,000	5,028,626	54,810,015	8,364,758	90,000,000	91,467,791
Reliance Mutual Fund Quarterly plan	5,000,000	50,000,000	5,040,600	50,406,000	5,000,000	50,000,000	5,040,600	50,406,000	54,553,406
Kotak Mahindra Mutual Fund	9,027,354	90,273,535	20,490,170	204,901,704	24,242,373	247,192,027	5,275,151	52,751,509	55,128,492
Deutsche Mutual Fund	4,000,000	40,000,000	-	-	4,000,000	40,000,000	-	-	-
ABN Amro Mutual Fund	-	-	9,592,418	100,000,000	9,592,418	102,242,707	-	-	-
TOTAL	**66,299,289**	**835,497,500**	**208,775,508**	**3,232,348,069**	**228,655,015**	**3,503,574,617**	**46,419,781**	**606,184,538**	**626,736,247**
Previous Year Figures	**10,364,282**	**203,019,200**	**276,725,367**	**2,974,986,538**	**220,790,360**	**2,353,480,920**	**66,299,289**	**835,497,500**	**-**

Profit from sale of the above units of Rs. 41,913,585/- (Previous Year Rs. 10,972,681/-) and Dividend income Rs.4,831,782/- (Previous Year Rs. 16, 674,318/-) from above mutual funds are included in Other Income in Schedule 13.

SCHEDULE '18': Notes to Accounts for the year ended 31st March 2008 (Contd.)

24. MANAGERIAL REMUNERATION:

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

	2007-08	2006-07
Profit before taxation as per P&L Account	**1,492,303,280**	**1,138,662,502**
Add: Net Increase/(Decrease) in Provision for Doubtful Debt	333,843	(34,045,758)
Add: Depreciation as per Books of Accounts	229,709,556	217,801,451
Less: Depreciation as per Sec. 350 of the Companies Act, 1956	200,270,095	193,483,867
Net Profit under Section 349 of the Companies Act, 1956	**1,522,076,584**	**1,128,934,328**
Add: Directors Remuneration	27,726,147	26,038,129
Net Profit under Section 198 of the Companies Act, 1956	**1,549,802,731**	**1,154,972,457**
Max. remuneration allowable under Sec.198 of the Companies Act,1956 restricted to 11% of Net Profit	170,478,300	127,046,970
Max. Commission allowable to Non-Executive directors under Sec.309 of the Companies Act,1956 restricted to 1% of Net Profit	15,498,027	11,549,725

Directors' remuneration:

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

Executive Directors' Remuneration:	**2007-08 (Rs)**	**2006-07 (Rs)**
Salary and Allowances	9,601,000	5,988,000
Performance Linked Bonus	11,200,000	15,865,200
Contribution to provident and other funds	4,328,598	1,387,886
Value of Perquisites	596,549	797,043
Sub Total (A)	**25,726,147**	**24,038,129**
Non executive Directors' Remuneration:		
Commission to Non Executive Directors (B)	2,000,000	2,000,000
Total Director's Remuneration (A + B)	**27,726,147**	**26,038,129**
Non Executive Directors' Sitting Fees	1,240,000	900,000
Other Expenses	53,983	-

25. LEASES

All operating leases entered into by Company are cancelable on giving a notice of 1 to 3 months. Aggregate expenditure in respect of operating lease amounts to Rs. 208,098,109/- (Previous year Rs. 116,111,817/-).

26. 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 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.

SCHEDULE '18': Notes to Accounts for the year ended 31st March 2008 (Contd.)

The Company granted option in three tranches. The details of which are as follows:

Description	Tranche 1		Tranche II		Tranche III [Note (b)]
	2007-08	2006-07	2007-08	2006-07	2007-08
Date of Grant	August 02, 2005		August 11, 2005		June 20,2007
Date of Vesting	August 02, 2006		August 11, 2006		June 20,2008
Live grants at beginning /during the year (Nos)	106,800	609,850	-	70,600	280,000
Forfeited/lapsed till vesting period (Nos)	-	54,600	-	54,600	41,250
Options Vested (Nos)	-	555,250	-	16,000	Nil
Options forfeited post vesting (Nos)-Pre Bonus	3,700	13,200	-	-	Nil
Options Exercised (Nos)-Pre Bonus	18,400	435,250	-	16,000	Nil
Vested Options Post Bonus	127,050	-	-	-	-
Options forfeited post vesting (Nos)-Post Bonus	750	-	-	-	-
Options Exercised (Nos)-Post Bonus	20,000	-	-	-	-
Exercisable/outstanding at the end of the Year (Nos)- Post Bonus [Note (a)]	106,300	106,800	-	-	358,125
Exercise Price - Pre Bonus - Post Bonus	 Rs 115.00 Rs. 76.67	 Rs 115.00 -	 Rs 150.85 -	 Rs 150.85 -	 Rs. 523.50 Rs. 349.00
Remaining Contractual Life	488 days	853 days	-	-	1462 Days
Fair Value of the Options based on Black and Scholes model (as per Independent valuer's report) [Note (c)]	Rs 59.20	Rs 59.20	Rs 41.18	Rs 41.18	Rs. 168.11
Intrinsic Value of option [Note (c)]	Rs 34.50	Rs 34.50	-	-	-

Notes:

a) During the year, the Company has issued bonus shares in the ratio of 1:2 i.e. one additional equity share for every two equity shares on the record date.

b) During the year, the Compensation/Remuneration Committee at its meeting held on June 20, 2007 has approved issue of 280,000 options (Grant-III) out of the options under ESOP 2005, to Senior Managerial Personnel of the Company/Subsidiaries.

c) The fair value and the intrinsic values are based on pre bonus issue valuations.

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 & II) and 51.13% (Grant III) 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 Grant I ,II & III).

f) Risk less interest rate has been assumed at 7% (For Grant I & II) and 7.93 % (Grant III) based on long term government bonds of ten year residual maturity.

SCHEDULE '18': Notes to Accounts for the year ended 31st March 2008 (Contd.)

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

Description	Tranche 1		Tranche II		Tranche III [Note (b) above]
	2007-08	2006-07	2007-08	2006-07	2007-08
Expense accounted for during the period based on intrinsic value of the options	-	4,092,891	-	-	-
Additional expense had the Company recorded the ESOP Expense based on fair Value of the options [Net of amount attributable to the Employees of the subsidiaries (Rs. Nil) Previous Year Tranche 1- Rs 797,232 Tranche 2- Rs (388,107) Transferable to subsidiaries]	-	2,930,273	-	(800,945)	31,449,236

For impact on Basic and Dilutive Earning Per Share, had fair value of the option been used for determining Employee Stock Option Plan expense, refer note 22 above.

27. a) During the year, the Company reviewed its risk management policy and hedging strategies in respect of highly probable forecast transactions and firm commitments w.e.f. 18th January, 2008. The Company has designated certain foreign currency derivative instruments which meet the hedging criteria, as cash flow hedges.

The derivative instruments held by the Company as on 31st March, 2008 taken to hedge its exposures included:

- Forward exchange contracts of USD 237 million having a fair value loss of Rs.1,280 Lacs. In relation to the above, fair value loss of Rs.1,453 Lacs (Net of deferred taxes of Rs.148 Lacs) post designation as cash flow hedges and considered effective has been included in the hedging reserve under shareholders' Funds and the balance gain has been recognized in the profit and loss account.
- Euro-US Dollar and GBP-US Dollar derivative options to sell maximum of Euro 18.50 million and GBP 20.60 million respectively, fair value loss on these options of Rs.997 Lacs has been recognized in the profit and loss account. The Company has considered these derivative options appropriate from an economic perspective.

b) The company was amortizing premium or discount arising on all forward exchange contracts over the life of the contract and was simultaneously recognizing the exchange differences on such contracts in the profit and loss account as per the accounting policy stated in Note 1(vii) above. However, with effect from January 18, 2008, the Company revised its accounting policy on derivative instruments explained in Note 1(viii) above and further detailed in (a) above. The aforesaid revision resulted in recognition of fair value loss (net of deferred tax) in hedging reserve under shareholders' equity to the extent of Rs. 1453 Lacs and recognition of additional liability to the extent of Rs. 1,596 Lacs.

28. 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.	048753	State Code	55
Balance Sheet Date	31-03-2008		

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

Plublic Issue	NIL		
Bonus Issue	195595	Right Issue	NIL
ESOP Issue	384	Private Placement	NIL

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

Total Liabilities	4043983	Total Assets	4043983

SOURCES OF FUNDS

Paid up Capital	586984	Reserve & Surplus	3287937
Secured Loans	166617	Unsecured Loan	NIL
Employee Stock Option Outstanding	2445		

APPLICATION OF FUNDS

Net Fixed Assets	1243104	Investments	1928806
Net Current Assets	847645	Deferred Tax Asset	24428
Accumulated Losses	NIL		

PERFORMANCE OF COMPANY (AMOUNT IN Rs. THOUSANDS)

Turnover	4956638	Total Expenditure	3464335
Profit/(Loss) before Tax	1492303	Profit/(Loss) after Tax	1431064
Earning per share (in Rs.)	24.39	Dividend (%) - Equity	65%

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

1. Item Code	N/A
Product Description	SOFTWARE SOLUTIONS
2. Item Code	N/A
Product Description	
3. Item Code	N/A
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 : Gurgaon
Date : June 11, 2008

Statement pursuant to exemption received under Section 212(8) of the Companies Act, 1956 relating to subsidiary companies as on March 31, 2008

Name of the Company	Currency	Share Capital	Reserves #	Total Assets	Total Liabilities	Details of Investment (except in case of investment in subsidiaries)	Turnover*	Profit before taxation	Provision for taxation	Profit after taxation	Proposed Dividend
NIIT SMARTSERVE LTD	INR	500,000,000	(364,244,951)	500,826,168	500,826,168	-	530,864,356	(37,095,220)	1,550,682	(38,645,902)	-
NIIT GIS LTD	INR	10,000,700	436,138,596	1,069,268,318	1,069,268,318	705,261,293**	447,229,887	205,542,417	4,237,221	201,305,196	428,696,144
NIIT SMARTSERVE LTD., UK	GBP	10,000	47,732	160,472	160,472	-	320,926	29,149	6,772	22,377	-
	INR	796,000	3,799,467	12,773,571	12,773,571	-	26,121,451	2,372,554	551,200	1,821,354	-
NIIT TECHNOLOGIES LTD. UK	GBP	3,276,427	1,811,093	18,542,944	18,542,944	-	23,928,911	1,000,372	144,198	856,174	-
	INR	260,803,589	144,163,003	1,476,018,342	1,476,018,342	-	1,947,669,782	81,424,279	11,736,852	69,687,427	-
ROOM SOLUTIONS LIMITED UK	GBP	12,557	2,256,813	7,622,317	7,622,317	-	13,471,547	(245,175)	(39,298)	(205,877)	-
	INR	999,537	179,642,315	606,736,433	606,736,433	-	1,096,503,097	(19,955,774)	(3,198,621)	(16,757,153)	-
NIIT TECHNOLOGIES B.V., NETHERLANDS	EURO	18,151	431,453	1,805,534	1,805,534	-	6,200,889	136,094	33,024	103,070	-
	INR	1,144,275	27,199,660	113,824,474	113,824,474	-	353,733,692	7,763,570	1,883,875	5,879,694	-
NIIT TECHNOLOGIES N.V., BELGIUM	EUR O	61,973	1,095,583	2,077,134	2,077,134	-	7,270,720	259,284	80,715	178,569	-
	INR	3,906,902	69,067,743	130,946,682	130,946,682	-	414,762,888	14,791,022	4,604,439	10,186,583	-
NIIT TECHNOLOGIES INC., USA	USD	2,837,887	8,243,657	22,480,978	22,480,978	3***	72,354,660	4,199,014	1,507,970	2,691,044	-
	INR @	123,377,137	319,276,399	898,005,048	898,005,048	120	2,919,114,926	171,208,800	60,056,108	111,152,692	-
NIIT TECHNOLOGIES PTE LTD., SINGAPORE	SGD	2,989,375	3,576,376	8,192,364	8,192,364	-	8,821,137	(796,247)	(148,349)	(647,898)	-
	INR	86,413,773	103,382,194	236,816,420	236,816,420	-	241,082,777	(21,761,530)	(4,054,397)	(17,707,133)	-
NIIT TECHNOLOGIES LTD., THAILAND	THB	15,000,000	51,113,119	144,742,740	144,742,740	-	250,356,311	17,243,023	(3,340,300)	20,583,323	-
	INR	19,195,050	65,407,925	185,222,942	185,222,942	-	326,147,512	22,463,061	(4,351,520)	26,814,581	-
NIIT TECHNOLOGIES PTY LTD., AUSTRALIA	AUD	1,002	182,786	1,777,948	1,777,948	-	6,745,520	219,053	75,896	143,157	-
	INR	36,691	6,693,298	65,105,291	65,105,291	-	235,784,480	7,656,830	2,652,886	5,003,943	-
NIIT TECHNOLOGIES CO. LTD., JAPAN	JPY	408,870,475	(286,482,356)	133,835,393	133,835,393	-	321,387,244	37,451,730	844,208	36,607,522	-
	INR @	164,469,253	(115,238,302)	53,835,647	53,835,647	-	114,042,078	13,289,492	339,585	12,949,907	-
NIIT TECHNOLOGIES GmbH, GERMANY	EURO	537,900	200,653	2,416,655	2,416,655	-	5,857,648	293,114	38,949	254,165	-
	INR	33,910,292	12,649,566	152,350,765	152,350,765	-	334,153,289	16,720,876	2,221,871	14,499,006	-
NIIT TECHNOLOGIES AG., SWITZERLAND	CHF	250,000	(168,652)	1,046,181	1,046,181	-	2,797,319	286,516	1,075	285,441	-
	INR	10,029,763	(6,766,158)	41,971,788	41,971,788	-	97,135,900	9,949,165	37,329	9,911,836	-
NIIT TECHNOLOGIES GmbH, AUSTRIA	EURO	35,000	(122,282)	43,521	43,521	-	102,764	29,508	1,844	27,664	-
	INR	2,206,470	(7,708,884)	2,743,656	2,743,656	-	5,862,255	1,683,317	105,208	1,578,109	-
Softec GmbH, Germany	EURO	150,000	(28,011)	1,168,443	1,168,443	-	121,084	(15,919)	-	(15,919)	-
	INR	9,456,300	(1,765,869)	73,660,984	73,660,984	-	6,907,324	(908,110)	-	(908,110)	-
NIIT Technologies Ltd., CANADA	CAD	49,101	(4,640)	49,071	49,071	-	-	(4,640)	-	(4,640)	-
	INR	1,917,385	(181,194)	1,916,212	1,916,212	-	-	(181,936)	-	(181,936)	-

* Excludes other income

** Investments in Mutual Funds

*** 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 for Conversion in INR:

Revenue items at average exchange rate prevailing during the year and for 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:	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:	Currency	Exchange Rate at Balance Sheet date	Average Exchange Rate for the year:
1 - THB	1.28 INR	1.30 INR	1 - USD	39.90 INR	40.46 INR	1 - EURO	63.04 INR	57.04 INR	1 - JPY	0.40 INR	0.35 INR	1 - CAD	39.05 INR	39.21 INR
1 - AUD	36.62 INR	34.95 INR	1 - SGD	28.90 INR	27.33 INR	1 - CHF	40.12 INR	34.72 INR	1 - GBP	79.60 INR	81.39 INR			

@ 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, 2008 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 NIIT Technologies Group's 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 NIIT Technologies Group's 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. 28,278 Lacs and total liabilities of Rs. 12,488 Lacs as at 31st March, 2008 and total revenue of Rs. 55,701 Lacs and total expenses of Rs. 37,284 Lacs and total cash flows of Rs. 4,433.22 Lacs (net) for the year ended on that date considered in the consolidated financial statements. Further, we did not audit the financial statements of SofTec GmbH, Germany as on 29 February 2008 (date of acquisition) reflecting net assets of Rs. 80.30 Lacs considered for the purpose of determining goodwill and recording net assets on the date of acquisition (refer note 7 on Schedule 20 to the Consolidated Financial Statement). 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, 2008;

   (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 No. F – 86994
For and on behalf of
Price Waterhouse
Chartered Accountants

Place : Gurgaon
Date : June 11, 2008

CONSOLIDATED BALANCE SHEET as at 31st March 2008

	Schedule/(Note Reference)		As at 31st March 2008 (Rs.)		As at 31st March 2007 (Rs.)
SOURCES OF FUNDS					
SHAREHOLDERS' FUNDS					
Share Capital	1	586,983,950		391,005,300	
Share Application Money- Employees Stock Option		-		242,230	
Employees Stock Option Outstanding	2	2,444,900		3,684,600	
Reserves and Surplus	3A	3,699,043,693		3,139,419,768	
Cumulative Translation Reserve	3B	124,662,795	4,413,135,338	168,114,063	3,702,465,961
MINORITY INTEREST	4		49,495,722		149,316,775
LOAN FUNDS					
Secured Loans	5A		624,000,497		694,739,654
Unsecured Loans	5B		22,842,934		98,458,417
			5,109,474,491		**4,644,980,807**
APPLICATION OF FUNDS					
FIXED ASSETS	6				
Gross Block		4,358,575,581		3,770,243,913	
Less: Depreciation and Amortisation		2,499,417,245		2,277,025,733	
Net Block			1,859,158,336		1,493,218,180
Capital work-in-progress (including Capital Advances)			518,315,440		37,004,485
INVESTMENTS	7		1,311,445,950		1,444,273,807
DEFERRED TAX ASSETS - [NET]	20(9)(b)		67,396,291		80,139,968
CURRENT ASSETS, LOANS AND ADVANCES					
Inventories		5,639,735		2,917,294	
Sundry Debtors	8	2,178,325,218		1,860,557,969	
Cash and Bank Balances	9	660,290,315		943,543,084	
Other Current Assets	10	93,425,919		146,542,254	
Loans & Advances	11	710,034,363		427,702,245	
		3,647,715,550		3,381,262,846	
Less : CURRENT LIABILITIES AND PROVISIONS					
Current Liabilities	12	1,565,889,795		1,269,511,168	
Provisions	13	728,667,281		521,407,311	
		2,294,557,076		1,790,918,479	
Net Current Assets			1,353,158,474		1,590,344,367
			5,109,474,491		**4,644,980,807**
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

Rajendra S Pawar
Chairman & Managing Director

Arvind Thakur
CEO & Joint Managing Director

Ashok Arora
Group Chief Financial Officer

K T S Anand
Chief Financial Officer

Surender Varma
Company Secretary & Legal Counsel

Place : Gurgaon
Date : June 11, 2008

CONSOLIDATED PROFIT AND LOSS ACCOUNT for the year ended 31st March 2008

	Schedule/(Note Reference)		Year ended 31st March 2008 (Rs.)		Year ended 31st March 2007 (Rs.)
INCOME					
Revenue from Operations	14		9,415,125,534		8,858,620,412
Other Income	15		146,050,288		148,591,785
			9,561,175,822		**9,007,212,197**
EXPENDITURE					
Personnel	16		5,405,089,698		4,746,089,541
Development and bought out	17		679,639,146		854,243,706
Administration, Finance and Others	18		1,450,447,328		1,342,817,120
Marketing	19		128,030,801		113,842,410
Depreciation and Amortisation	6		388,785,411		434,658,912
			8,051,992,384		**7,491,651,689**
Profit before Tax			1,509,183,438		1,515,560,508
Tax Expense	20(9)				
- Current			208,173,697		177,741,517
- MAT Credit			(109,528,633)		-
- Deferred Charge/ (Credit)			22,487,664		(6,920,833)
- Fringe Benefit Tax			16,406,330		14,494,732
- Share in Joint Venture	20(6)(b)		161,227		-
Profit after Tax before Minority interest			1,371,483,153		1,330,245,092
Net Profit attributable to Minority			18,877,582		37,803,609
Net profit attributable to Equity shareholders after minority interest			1,352,605,571		1,292,441,483
Balance brought forward from previous year		2,055,361,623		1,177,758,961	
Less :- Adjustment on adoption of Accounting Standard 15- Employee Benefits (Revised 2005)		-	2,055,361,623	30,566,779	1,147,192,182
Balance available for appropriation			**3,407,967,194**		**2,439,633,665**
APPROPRIATION					
Dividend Paid (relating to Previous Year)			109,525		-
Corporate Dividend Tax on above			18,614		-
Proposed Dividend on Equity Shares			381,539,568		254,153,445
Corporate Dividend Tax	20 (17)		64,842,650		43,193,378
Transferred from Debenture Redemption Reserve			(17,500,000)		(23,750,000)
Transferred to General Reserve			185,975,965		110,675,219
Balance carried to Balance Sheet			2,792,980,872		2,055,361,623
			3,407,967,194		**2,439,633,665**
Basic Earning per Share	20(10)		23.05		22.17
Diluted Earning per Share	20(10)		23.02		22.05
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 & Managing Director

Arvind Thakur
CEO & Joint Managing Director

Ashok Arora
Group Chief Financial Officer

K T S Anand
Chief Financial Officer

Surender Varma
Company Secretary & Legal Counsel

Place : Gurgaon
Date : June 11, 2008

CONSOLIDATED CASH FLOW STATEMENT for the year ended 31st March 2008

		Year ended 31st March 2008 (Rs.)		Year ended 31st March 2007 (Rs.)
A. Cash flow from operating activities:				
Net Profit Before Tax		1,509,183,438		1,515,560,508
Adjustments for:				
- Depreciation and Amortisation	388,785,411		434,658,912	
- Interest Expense	50,890,072		37,869,126	
- Interest Income	(40,098,519)		(36,866,676)	
(Profit)/ Loss on Fixed Assets sold/scrapped	(14,515,692)		3,965,398	
- Unrealized Exchange (gain) / loss	67,537,863		(21,002,683)	
- Miscellaneous Expenditure written off	-		40,322	
- Provision for Bad & Doubtful Debts	6,044,673		30,704,648	
- Dividend Income from current Investment	(5,539,547)		(16,674,318)	
- Profit on sale of Investments	(80,616,146)		(38,251,466)	
Employee Stock Option Plan Expenses	-		5,206,433	
		372,488,115		399,649,696
Operating profit before working capital changes		**1,881,671,553**		**1,915,210,204**
Add/(Less): (Increase)/Decrease in working capital :				
- (Increase)/Decrease in Sundry Debtors	(289,316,521)		(510,586,431)	
- (Increase)/Decrease in Other Receivables	(130,469,787)		304,758,616	
- (Increase)/Decrease in Inventories	(2,722,438)		3,194,327	
- Increase/(Decrease) in Trade and Other Payables	29,547,370	(392,961,376)	73,491,262	(129,142,226)
- Income Tax Paid (Including Tax deducted at Source)		(314,252,440)		(170,321,457)
Net cash from operating activities		**1,174,457,737**		**1,615,746,521**
B. Cash flow from Investing activities:				
Purchase of fixed assets		(957,570,978)		(406,977,116)
Proceeds from Sale of fixed assets		29,309,726		25,822,651
Paid for Acquisition of Room Solutions Ltd, UK		(307,474,168)		(657,115,263)
Paid for Acquisition of SofTec GmbH		(164,253,565)		-
Short term investments with mutual funds				
- Purchases during the year	(3,844,108,436)		(3,498,970,377)	
- Sales during the year	4,057,552,440	213,444,004	2,742,364,859	(756,605,518)
Loan to NIITian Walfare Trust Received Back		100,000,000		-
Interest Received		42,243,936		35,965,711
Dividend Received		5,539,547		16,674,318
Net cash used in investing activities		**(1,038,761,498)**		**(1,742,235,217)**

CONSOLIDATED CASH FLOW STATEMENT for the year ended 31st March 2008 (Contd.)

			Year ended 31st March 2008 (Rs.)		Year ended 31st March 2007 (Rs.)
C.	**Cash flow from financing activities:**				
	6.5% Non Convertible Debentures repaid		(100,000,000)		(150,000,000)
	Term Loans				
	- Received during the year	167,334,187		520,388,822	
	- Repaid during the year	(112,900,378)	54,433,809	(95,817,359)	424,571,463
	Short Term Loan from Bank Paid		(2,805,074)		-
	Proceeds from issue of Share capital (Including Share Premium)		3,407,066		52,709,581
	Interest Paid		(53,239,376)		(46,405,063)
	Dividend paid (Including corporate dividend tax)		(296,492,489)		(263,560,062)
	Net cash (used)/from in financing activities		**(394,696,064)**		**17,315,919**
	Net (Decrease) in Cash & Cash Equivalents (A+B+C)		**(258,999,825)**		**(109,172,777)**
	Adjustment on account of Exchange Rate		(24,298,061)		20,386,335
	Cash and cash equivalents as at the beginning of the year	Refer-Schedule-9	943,543,084		923,750,208
	Cash acquired on Acquisitions		45,117		108,579,318
	Total cash and cash equivalents at the close of the year	**Refer-Schedule-9**	**660,290,315**		**943,543,084**

NOTES :

1 The above Cash flow statement has been prepared under the indirect method setout in AS-3 notified under Companies Act.
2 Figures in paranthesis indicate cash outgo.
3 Cash and cash equivalents include fixed deposits held as margin money Rs. 25,228,873 (Previous Year Rs. 30,365,253).
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

Arvind Thakur
CEO & Joint Managing Director

Ashok Arora
Group Chief Financial Officer

K T S Anand
Chief Financial Officer

Surender Varma
Company Secretary & Legal Counsel

Place : Gurgaon
Date : June 11, 2008

SCHEDULES annexed to and forming part of the Consolidated Balance Sheet as at 31st March 2008

Schedule No.		As at 31st March 2008 (Rs.)		As At 31st March 2007 (Rs.)
1 SHARE CAPITAL				
Authorised				
75,000,000 Equity Shares (Previous Year 45,000,000 equity shares) of Rs. 10/- each		750,000,000		450,000,000
		750,000,000		**450,000,000**
Issued, Subscribed and Paid up				
58,698,395 Equity Shares (Previous Year 39,100,530 Equity Shares) of Rs.10 each (Refer note below)		586,983,950		391,005,300
Note: Out of above 19,559,465 equity shares were issued as fully paid bonus shares during the year, by capitalisation of balances in share premium and general reserve aggregating to Rs. 195,594,650.				
		586,983,950		**391,005,300**
2 EMPLOYEES STOCK OPTION OUTSTANDING [Refer Note 1(viii)(c) and 14 on Schedule 20]				
As per Last Balance Sheet		3,684,600		13,949,692
Less: Utilized for issue of equity shares		1,094,800		9,809,692
Less: Employee Stock Option lapsed post vesting		144,900		455,400
		2,444,900		**3,684,600**
3A RESERVES AND SURPLUS				
Capital Redemption Reserve				
As per last Balance Sheet		16,570,603		16,570,603
Share Premium				
As per Last Balance Sheet	76,566,027		13,595,052	
Add: Addition during the year	4,360,141		62,970,975	
Less: Utilized for issue of Bonus Shares	(79,132,828)	1,793,340	-	76,566,027
Debenture Redemption Reserve				
As per last Balance Sheet	55,000,000		78,750,000	
Less: Transferred to Profit and Loss account	(17,500,000)	37,500,000	(23,750,000)	55,000,000
General Reserve (Note 1)				
As per last Balance Sheet	935,921,515		903,194,658	
Less : Adjustment on adoption of Accounting Standard 15- Employee Benefits- (Revised 2005)	-		(78,403,762)	
Add: Employee Stock Option lapsed post vesting	144,900		455,400	
Add: Balance Transferred from Profit and Loss Account	185,975,965		110,675,219	
Less: Utilized for issue of Bonus Shares	(116,461,822)	1,005,580,558	-	935,921,515
Hedging Reserve (Debit) (Created during the year, Net of deferred tax Rs. 148 lacs) **[Refer note 1(x) and 5 on Schedule 20]**		(155,381,680)		-
Profit & Loss Account (Net of share of loss in joint venture Rs. 10,529,889)		2,792,980,872		2,055,361,623
Note 1 : 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.				
		3,699,043,693		**3,139,419,768**

NIIT technologies

SCHEDULES annexed to and forming part of the Consolidated Balance Sheet as at 31st March 2008 (Contd.)

Schedule No.			As at 31st March 2008 (Rs.)		As At 31st March 2007 (Rs.)
3B	**CUMULATIVE TRANSLATION RESERVE [Refer Note 1(ix) on Schedule 20]**				
	As per last Balance Sheet		168,114,063		119,568,436
	Increase/(decrease) during the year		(43,451,268)		48,545,627
			124,662,795		**168,114,063**
4	**MINORITY INTEREST [Refer Note 1(i) and 7(a) on Schedule 20]**				
	As per last Balance Sheet		149,316,775		63,312,863
	Less: Adjustment attributable to Minority on adoption of Accounting Standard 15- Employee Benefits (Revised 2005)		-		(310,784)
	Add : 49% Minority Interest in Room Solutions Ltd, UK on the date of acquisition		-		102,194,991
	Less : 24% Interest in Room Solutions Ltd, UK acquired from Minority		-		(57,431,678)
	Less : 25% Interest in Room Solutions Ltd, UK acquired from Minority		(61,608,766)		-
	Add/(Less): Translation Adjustment		(1,919,033)		3,747,774
	Add : Minority share in the results for the year		18,877,582		37,803,609
	Less : Minority Share in dividend declared by subsidiary		(47,156,576)		-
	Less : Minority Share of Corporate Dividend Tax on dividend declared by subsidiary		(8,014,260)		-
			49,495,722		**149,316,775**
5A	**SECURED LOANS [Refer Note 4 on Schedule 20]**				
	Loan from Banks				
	- Term loan	456,557,099		426,276,000	
	- Vehicle Loan	17,443,398	474,000,497	18,463,654	444,739,654
	6.5% Non - Convertible Debentures (Note 1)		150,000,000		250,000,000
	Note: 1 6.5% Non-convertible Debentures are redeemable on 26th May 2008				
			624,000,497		**694,739,654**
5B	**UNSECURED LOANS [Refer Note 4 on Schedule 20]**				
	Short-Term Loans and Advances				
	- From bank		8,220,630		-
	- From others		14,622,304		98,458,417
			22,842,934		**98,458,417**

NIIT technologies

SCHEDULES annexed to and forming part of the Consolidated Balance Sheet as at 31st March 2008 (Contd.)

6. FIXED ASSETS
[Refer Note 1 (ii), (iii), (iv), (xi), (xii), 3, 4 and 12 on Schedule 20]

Figures in Rupees

Description of Assets	GROSS BLOCK						DEPRECIATION / AMORTISATION						NET BLOCK	
	As at 01.04.2007	Acquired - SofTec GmbH (Note1)	Additions during the Year	Sales / Adj. during the Year	Translation Adjustment	As at 31.03.2008	As at 01.04.2007	Acquired- SofTec GmbH (Note1)	For the Year	Sales / Adj. during the Year	Translation Adjustment	As at 31.03.2008	As at 31.03.2008	As at 31.03.2007
Tangible														
Land - Freehold	167,165	-	-	-	-	167,165	-	-	-	-	-	-	167,165	167,165
Land - Leasehold	138,390,619	-	-	-	-	138,390,619	1,382,458	-	1,541,239	-	-	2,923,697	135,466,922	137,008,161
Buildings	13,031,627	-	-	10,931,627	-	2,100,000	2,098,138	-	141,576	1,915,007	-	324,707	1,775,293	10,933,489
Plant & Machinery														
Computers & Peripherals :														
-Own	830,921,617	-	119,552,148	24,345,134	(17,108,629)	909,020,002	562,093,750	-	131,549,216	23,500,244	(10,922,111)	659,220,611	249,799,391	268,827,867
-Finance Lease	2,282,618	-	721,441	-	(118,785)	2,885,274	618,414	-	854,453	-	(54,871)	1,417,996	1,467,278	1,664,204
Others	212,933,836	-	13,030,632	1,716,298	(320,140)	223,928,030	84,372,678		12,909,778	1,690,418	(304,791)	95,287,247	128,640,783	128,561,158
Furniture & Fixtures	149,562,413	17,190,012	24,778,178	4,461,897	(2,719,698)	184,349,008	109,596,610	15,460,861	12,967,382	4,384,014	(2,410,651)	131,230,188	53,118,820	39,965,803
Leasehold Improvements	155,633,305	841,911	103,254,658	8,092,969	(1,044,663)	250,592,242	81,196,136	387,076	42,906,397	8,025,976	(764,843)	115,698,789	134,893,453	74,437,169
Vehicles	43,431,285	-	9,220,465	9,307,998	(151,358)	43,192,394	9,675,755	-	5,323,999	4,546,230	(118,283)	10,335,241	32,857,153	33,755,530
Sub Total (a)	**1,546,354,485**	**18,031,923**	**270,557,522**	**58,855,923**	**(21,463,273)**	**1,754,624,734**	**851,033,939**	**15,847,937**	**208,194,040**	**44,061,889**	**(14,575,550)**	**1,016,438,476**	**738,186,258**	**695,320,546**
Intangible														
Acquired Software	1,329,553,226	1,998,587	215,096,062	9,589,905	(22,898,752)	1,514,159,218	1,162,126,225	1,542,859	154,636,750	9,589,905	(19,536,503)	1,289,179,426	224,979,792	167,427,001
Patents	23,152	-	7,234,740	-	338,856	7,596,748	14,278	-	1,099	-	-	15,377	7,581,371	8,874
Goodwill (Refer Note 2 below)	894,313,050	-	327,081,640	86,845,951	(55,328,149)	1,079,220,590	263,851,291	-	25,392,030	86,845,951	(9,174,895)	193,222,474	885,998,116	630,461,759
Sub Total (b)	**2,223,889,428**	**1,998,587**	**549,412,442**	**96,435,856**	**(77,888,045)**	**2,600,976,556**	**1,425,991,794**	**1,542,859**	**180,029,879**	**96,435,856**	**(28,711,398)**	**1,482,417,277**	**1,118,559,279**	**797,897,634**
Share in Joint Venture Sub Total (c) (Refer Note 6(b) on Schedule 20)	-	-	2,974,291	-	-	2,974,291	-	-	561,492	-	-	561,492	2,412,799	-
Total (a +b+c)	**3,770,243,913**	**20,030,510**	**822,944,255**	**155,291,779**	**(99,351,318)**	**4,358,575,581**	**2,277,025,733**	**17,390,796**	**388,785,411**	**140,497,745**	**(43,286,948)**	**2,499,417,245**	**1,859,158,336**	**1,493,218,180**
Previous Year	**2,699,649,994**	**253,298,525**	**970,380,203**	**221,749,021**	**68,664,212**	**3,770,243,913**	**1,780,631,662**	**211,071,573**	**434,658,912**	**191,960,972**	**42,624,558**	**2,277,025,733**		
Capital Work in Progress (Including Capital Advances)													518,315,440	37,004,485
													2,377,473,776	1,530,222,665

Notes:

1. Previous year figure relates to acquisition of Room Solution Limited UK.
2. Gross block of goodwill includes, Goodwill on consolidation Rs. 1,062,928,926 (Previous year Rs. 781,936,363), Net block Rs. 885,998,116 (Previous year Rs. 629,090,783).

SCHEDULES annexed to and forming part of the Consolidated Balance Sheet as at 31st March 2008 (Contd.)

Schedule No.		As at 31st March 2008 (Rs.)	As At 31st March 2007 (Rs.)
7	**INVESTMENTS**		
	[Refer Note 1(v) on Schedule 20]		
	Trade, Long Term		
	199,145 Common shares in Relativity Technologies Inc., USA	40	44
	953,265 Common Shares in Computer Logic Inc., USA	40	43
	500,000 Preference Shares and 189,655 Common Shares in Co kinetic Systems Inc., USA	40	44
	Non - Trade Short Term		
	In mutual funds, debts and money market securities (Fair value based on repurchase price as on March 31, 2008 Rs.1,343,787,934 (Previous Year Rs 1,465,286,890)	1,311,445,830	1,444,273,676
		1,311,445,950	**1,444,273,807**
8	**SUNDRY DEBTORS (Unsecured)**		
	Debts outstanding for a period exceeding six months :		
	- Considered good	69,006,459	25,848,973
	- Considered doubtful	74,346,929	69,280,878
	Other debts :		
	- Considered good	2,097,750,612	1,834,708,996
		2,241,104,000	1,929,838,847
	Less : Provision for doubtful debts	(74,346,929)	(69,280,878)
	Share in Joint Venture (Refer Note 6(b) on Schedule 20)	11,568,147	-
		2,178,325,218	**1,860,557,969**
9	**CASH AND BANK BALANCES**		
	Cash and Cheques in Hand	48,838,523	40,138,139
	Balances with Banks in :		
	- Current Accounts	416,403,520	559,210,706
	- Dividend Account	3,510,454	2,527,981
	- Fixed Deposit Accounts [Includes Rs. 25,228,873 (Previous Year Rs. 30,365,253) pledged as margin money]	161,878,033	177,534,845
	- Call Money accounts	22,696,296	164,044,303
	- Exchange Earners Foreign Currency Account	29,627	87,110
	Share in Joint Venture (Refer Note 6(b) on Schedule 20)	6,933,862	-
		660,290,315	**943,543,084**
10	**OTHER CURRENT ASSETS**		
	(Unsecured, Considered good)		
	Interest receivable	3,251,617	5,397,034
	Unbilled Revenue	90,174,302	141,145,220
		93,425,919	**146,542,254**

SCHEDULES annexed to and forming part of the Consolidated Balance Sheet as at 31st March 2008 (Contd.)

Schedule No.			As at 31st March 2008 (Rs.)		As At 31st March 2007 (Rs.)
11	**LOANS & ADVANCES (Unsecured, considered good except where otherwise stated)**				
	[Refer Note 1(xiii) and 9 on Schedule 20]				
	Loan to NIITian Welfare Trust		-		100,000,000
	Advances recoverable in cash or in kind or for value to be received		180,763,732		85,739,066
	Security Deposits	193,496,552		131,531,729	
	Less -Provision for Doubtful deposits	(1,459,716)	192,036,836	(1,459,716)	130,072,013
	Prepaid Expenses		156,697,401		128,675,252
	MAT Credit Entitlement		109,528,633		-
	Advance Income Tax	343,014,797		166,353,274	
	Less: Provision for Income Tax	(274,686,900)	68,327,897	(182,741,246)	(16,387,972)
	Advance Fringe Benefit Tax	40,315,754		22,897,641	
	Less: Provision for Fringe Benefit Tax	(39,700,085)	615,669	(23,293,755)	(396,114)
	Share in Joint Venture (Refer Note 6(b) on Schedule 20)		2,064,195		-
			710,034,363		**427,702,245**
12	**CURRENT LIABILITIES**				
	Sundry Creditors		802,697,069		733,868,937
	Advances from Customers		54,983,429		59,449,943
	Liabilities under Finance Lease **[Refer Note 13(b) on Schedule 20]**		1,541,210		2,426,908
	Unclaimed Dividend *		3,510,454		2,527,980
	Unearned Revenue		149,985,062		220,871,667
	Interest accrued but not due		8,099,924		10,449,228
	Other Liabilities		299,784,790		239,916,505
	Derivative Instruments Fair Value Liability **[Refer Note 1(x) and 5 on Schedule 20]**		237,729,542		-
	Share in Joint Venture (Refer Note 6(b) on Schedule 20)		7,558,315		-
	*There are no amounts due for payment to the investor protection fund under section 205C of the Companies Act,1956				
			1,565,889,795		**1,269,511,168**
13	**PROVISIONS [Refer Note 1(viii), 15 and 17 on Schedule 20]**				
	Proposed Dividend		428,696,144		254,153,445
	Tax on Proposed Dividend		72,856,910		43,193,378
	Gratuity		4,783,856		16,743,039
	Compensated absences		221,379,793		207,317,449
	Share in Joint Venture (Refer Note 6(b) on Schedule 20)		950,578		-
			728,667,281		**521,407,311**

SCHEDULES annexed to and forming part of the Consolidated Profit and Loss Account for the year ended 31st March 2008

Schedule No.		Year ended 31st March 2008 (Rs.)	Year ended 31st March 2007 (Rs.)
14	**REVENUE FROM OPERATIONS [Refer Note 1 (vii) and 12 on Schedule 20]**		
	Revenue from operations	9,404,220,509	8,858,620,412
	Share in Joint Venture (Refer Note 6(b) on Schedule 20)	10,905,025	-
		9,415,125,534	**8,858,620,412**
15	**OTHER INCOME [Refer Note 1(vii) on Schedule 20]**		
	Income from Dividend	5,539,547	16,674,318
	Profit on sale of short term Investment	80,616,146	38,251,466
	Gain on exchange fluctuations (Net) *	8,389,821	33,742,978
	Others	50,011,711	59,923,023
	Share in Joint Venture (Refer Note 6(b) on Schedule 20)	1,493,063	-
	*Net of unrealised fair value loss (net) on derivative instruments of Rs. 67,537,863.		
		146,050,288	**148,591,785**
16	**PERSONNEL [Refer Note 1(viii), 14 and 15 on Schedule 20]**		
	Salaries and Benefits *	4,900,964,823	4,311,165,572
	Contribution to retirement benefit funds	338,120,715	301,399,944
	Welfare and other expenses	153,310,557	133,524,025
	Share in Joint Venture (Refer Note 6(b) on Schedule 20)	12,693,603	-
	* Includes expenditure of Rs. Nil (Previous Year Rs. 5,206,433) in respect of Employee Stock Option Plan		
		5,405,089,698	**4,746,089,541**
17	**DEVELOPMENT AND BOUGHT OUT**		
	Bought out Items	204,027,647	220,426,153
	Professional Charges	330,478,986	499,192,789
	Equipment Hiring	6,360,047	11,214,656
	Software Duplication Charges	83,892,039	91,178,457
	Others	52,478,282	32,231,651
	Share in Joint Venture (Refer Note 6(b) on Schedule 20)	2,402,145	-
		679,639,146	**854,243,706**

SCHEDULES annexed to and forming part of the Consolidated Profit and Loss Account for the year ended 31st March 2008

Schedule No.			Year ended 31st March 2008 (Rs.)		Year ended 31st March 2007 (Rs.)
18	**ADMINISTRATION, FINANCE AND OTHERS [Refer Note 8 on Schedule 20]**				
	Rent		335,515,290		263,714,013
	Rates and Taxes		15,048,677		37,667,041
	Electricity and Water		93,777,677		81,965,563
	Communication		136,962,216		140,153,040
	Legal and Professional		194,546,895		206,055,742
	Travelling and Conveyance		429,356,660		344,505,487
	Interest paid :				
	- Fixed Loans	50,890,072		37,869,126	
	Less : Interest Received on :				
	- Deposits	37,176,177		30,855,295	
	- Loans	2,921,672		6,005,120	
	- Others	670		6,261	
		40,098,519	10,791,553	36,866,676	1,002,450
	Bank, Discounting and Other Financial Charges		8,229,424		17,631,207
	Bad debt and provision for doubtful debt		6,044,673		30,704,648
	Lease Rentals		5,139,150		4,829,432
	Insurance Premium		35,668,462		42,663,093
	Repairs and Maintenance				
	- Plant and Machinery	82,682,267		72,129,512	
	- Buildings	2,919,484		8,329,023	
	- Others	29,944,502		24,627,102	
			115,546,253		105,085,637
	Sundry Expenses		57,239,962		66,799,445
	Miscellaneous expenditure written off		-		40,322
	Share in Joint Venture (Refer Note 6(b) on Schedule 20)		6,580,436		-
			1,450,447,328		**1,342,817,120**
19	**MARKETING**				
	Advertisement and Publicity		63,901,112		63,566,027
	Others		63,600,614		50,276,383
	Share in Joint Venture (Refer Note 6(b) on Schedule 20)		529,075		-
			128,030,801		**113,842,410**

SCHEDULE '20': Notes to Consolidated Accounts for the year ended 31st March 2008

1. STATEMENT ON SIGNIFICANT ACCOUNTING POLICIES

These consolidated financial statements are prepared on an accrual basis and under historical cost convention and in accordance with the accounting standards specified in Companies (Accounting Standard Rules), 2006. Disclosures are given to the extent practicable in accordance with aforesaid accounting standards and 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**

Fixed Assets are stated at acquisition cost.

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	90 years
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.

vii) **Revenue Recognition**

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, foreseeable losses on the completion of the contracts, if any are also provided for.

SCHEDULE '20': Notes to Consolidated Accounts for the year ended 31st March 2008 (Contd.)

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.

Annual Maintenance Contracts

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

Dividend

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

viii) **Employee Benefits**

a) **Retirement Benefits:**

- **Provident Fund (India based employees):**

  The Group makes defined contribution to Regional Provident Fund Commissioner w.e.f. 1 October 2005 in respect of Provident Fund. The Group does not have any further obligation in this respect. For the period upto 30th 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 Limited for eligible employees. 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 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 absence is provided both for encashable leave and those expected to be availed based on actuarial valuation for which it 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 Transaction / Translation**

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.

With regard to foreign exchange forward contracts taken to hedge its exposure to movements in foreign exchange rates, the premium or discounts arising at the inception of the forward contract is amortized as income or expense

SCHEDULE '20': Notes to Consolidated Accounts for the year ended 31st March 2008 (Contd.)

over the life of the contract and the exchange difference on such a contract is recognized in the statement of profit and loss in the reporting period in which the exchange rate changes except to the extent to which the accounting policy on hedge accounting as detailed in note(x) below and further explained in note 5 below applies.

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, 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 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 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.

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.1,375.38 Lacs, includes Share in Joint Venture Rs. 4.20 Lacs (Previous Year Rs.1,295.54 Lacs, includes Share in Joint Venture Rs. Nil).

SCHEDULE '20': Notes to Consolidated Accounts for the year ended 31st March 2008 (Contd.)

b) Guarantees issued to banker outstanding at the end of accounting year Rs.8,766.44 Lacs (Previous Year Rs.10,681.32 Lacs).

c) Guarantees given on behalf of NIITian Welfare Trust for loans availed by the Trust Rs.Nil (Previous year Rs.750 Lacs).

d) Corporate guarantees outstanding at year end, Rs. 5,081.20 Lacs (Previous year Rs. 5,148.10 Lacs).

e) Claims against the Group not acknowledged as debts Rs. 2,701.15 Lacs (Previous Year Rs. 62.30 Lacs) including vendor claims Rs. 2,638.85 Lacs (Previous Year Nil).

f) Sales tax 'C' forms outstanding Rs. 21.38 Lacs (Previous year Rs. Nil).

3 Estimated amount of contracts remaining to be executed on capital account not provided for (net of advances) Rs 5,995.92 Lacs, includes share in joint venture Rs. 2.83 Lacs (Previous Year Rs 2,071.26 Lacs, includes share in joint venture Rs. Nil).

4 a) Working Capital Limits of the Parent Company 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) 6.50% Non Convertible Debentures are secured by way of a mortgage on freehold land and a first pari passu charge by way of hypothecation of movable assets/ properties, subject to charges created on general assets of the Parent Company in favour of its banker(s) for securing their working capital requirements.

c) Vehicle Loans from Banks are secured by way of hypothecation of the vehicles financed.

d) 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.

e) The secured and unsecured loans of the group are repayable as follows:-

Amount in Rs.

	31.03.2008	**31.03.2007**
Within the next 1 year	379,117,945	311,641,902
In the next 2 to 5 years	267,725,486	481,556,170

5 a) During the year, the Group reviewed its risk management policy and hedging strategies in respect of highly probable forecast transactions and firm commitments w.e.f. 18th January, 2008. The Group has designated certain foreign currency derivative instruments which meet the hedging criteria, as cash flow hedges.

The derivative instruments held by the Group as on 31st March, 2008 taken to hedge its exposures included:

- Forward exchange contracts of USD 239 million and GBP 3.5 million having a fair value loss of Rs.1,381 Lacs. In relation to the above, fair value loss of Rs.1,554 Lacs (Net of deferred taxes of Rs.148 Lacs) post designation as cash flow hedges and considered effective has been included in the hedging reserve under shareholders' Funds and the balance gain has been recognized in the profit and loss account.
- Euro-US Dollar and GBP-US Dollar derivative options to sell maximum of Euro 18.50 million and GBP 20.60 million respectively, fair value loss on these options of Rs.997 Lacs has been recognized in the profit and loss account. The Company has considered these derivative options appropriate from an economic perspective.

b) The Group was amortizing premium or discount arising on all forward exchange contracts over the life of the contract and was simultaneously recognizing the exchange differences on such contracts in the profit and loss account as per the accounting policy stated in Note 1(ix) above. However, with effect from January 18, 2008, the Group revised its accounting policy on derivative instruments explained in Note 1(x) above and further detailed in (a) above. The aforesaid revision resulted in recognition of fair value loss (net of deferred tax) in hedging reserve under shareholders' equity to the extent of Rs. 1,554 Lacs and recognition of additional liability to the extent of Rs. 1,697 Lacs.

SCHEDULE '20': Notes to Consolidated Accounts for the year ended 31st March 2008 (Contd.)

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 31.03.2008	Percentage of ownership interest as at 31.03.2007	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	75	United Kingdom
NIIT Technologies Ltd	100	-	Canada
SofTec GmbH	100	-	Germany

b) The Parent Company also has 50 % interest in a joint venture viz, Adecco NIIT Technologies Private Limited as at 31st March 2008. 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) As on 21st September 2007, 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:

	Rs.
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) The Group also acquired 100 % interest in SofTec GmbH, on 29th February 2008. The goodwill on acquisition has been arrived at as follows:

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

Particulars	Year 2008 (Rs.)	Year 2007 (Rs.)
Audit fees	6,145,360	6,171,000
Certification Services	2,715,000	2,520,000
Tax audit fees	569,000	569,000
Reimbursement of expenses	614,339	837,767

ii) Payment to other auditors amount to Rs.14,786,756 (Previous Year Rs.14,931,036).

SCHEDULE '20': Notes to Consolidated Accounts for the year ended 31st March 2008 (Contd.)

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. 1,095 Lacs is expected to be recovered in future years and the same has been recognized as MAT credit entitlement in these accounts.

b) DEFFERED 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 1.04.2007	Charge/ (Credit) for the year	As at 31.03.2008
Deferred Tax Liabilities			
a) Tax impact of difference between carrying amount of fixed assets in the financial statements and as per the income tax calculation.	100	58	158
b) Tax impact of expenses not charged in the financial statements but claimed as deduction under income tax	84	(1)	83
c) Tax impact of Gains credited in the financial statements but not offered for tax under income tax	-	5	5
d) Others	5	3	8
Total (A)	**189**	**65**	**254**
Deferred Tax Assets:			
a) Tax impact of difference between carrying amount of fixed assets in the financial statements and as per the income tax calculation.	424	(290)	134
b) Tax impact of expenses charged in the financial statements but allowable as deductions in future years under income tax:			
Provision for doubtful debts	128	2	130
Provision for Compensated absences, Bonus and Gratuity	319	146	465
Others	119	(77)	42
c) Carry forward losses/ unabsorbed depreciation.	-	9	9
Total (B)	**990**	**(210)**	**780**
Deferred Tax Asset / (Liability) (B-A)	**801**	**(275)**	**526**
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
Net Deferred Tax Asset / (Liability)	**-**	**-**	**674**

Note:

i) The movement in Deferred tax asset/ liability above includes that on account of currency translation of balances of overseas subsidiaries of 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 31.03.2008	As at 31.03.2007
Deferred Tax Liability (Net)	-	-
Deferred Tax Asset (Net)	674	801

SCHEDULE '20': Notes to Consolidated Accounts for the year ended 31st March 2008 (Contd.)

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.

10 Earnings Per Share

	2007-08	2006-07
Profit attributable to Equity shareholders (Rs.) -(A)	1,352,605,571	1,292,441,483
Weighted Average number of Equity shares Outstanding during the year – (B)	58,680,226	58,284,007
Add: Effect of potential dilutive shares(stock options)- (Refer Note 14 below)	84,829	318,351
Weighted average shares outstanding considered for determining dilutive earning per share - (C)	58,765,055	58,602,358
Nominal Value of Equity Shares (Rs.)	10	10
Basic Earnings per share (Rs) (A/B)	23.05	22.17
Diluted Earnings per share (Rs) (A/C)	23.02	22.05
EARNING PER SHARE {had fair value method been employed for accounting for Employee Stock Option (Refer Note 14 below)}	**2007-08**	**2006-07**
Profit attributable to Equity shareholders (Rs.) -(D)	1,321,156,335	1,289,903,032
Basic Earnings per share (Rs) (D/B)	22.51	22.13
Diluted Earnings per share (Rs) (D/C)	22.48	22.01

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

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 2008 (Contd.)

B. Details of transaction 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)	1,269,798 (15,632,018)	- (-)	- (-)	1,269,798 (15,632,018)
Recovery from NIIT Limited Group - (Note 3)	15,503,475 (37,562,899)	- (-)	- (-)	15,503,475 (37,562,899)
Recovery by NIIT Limited Group – (Note 4)	44,915,034 (42,371,355)	- (-)	- (-)	44,915,034 (42,371,355)
Receiving of Services/Goods (Note 5)	49,152,171 (30,785,077)	- (-)	- (1,598,176)	49,152,171 (32,383,253)
Rendering of Services – (Note 6)	67,285,504 (31,145,270)	- (-)	- (1,049,745)	67,285,504 (32,195,015)
Remuneration (Note 7)	- (-)	26,523,001 (24,718,129)	- (-)	26,523,001 (24,718,129)
Other Income	- (4,814,057)	- (-)	- (-)	- (4,814,057)
Other Expenses(Note 8)	10,513,426 (3,650,755)	- (-)	514,555 (-)	11,027,981 (3,650,755)
Dividend Paid to Scantech Evaluation Services Limited	62,805,080 (57,973,920)	- (-)	- (-)	62,805,080 (57,973,920)
Sale of Fixed assets (Note 9)	301,999 (3,605,115)	- (-)	- (-)	301,999 (3,605,115)

Notes:

1 Figures in Parenthesis represent previous year's figures.

2 Includes transactions for the year with;
- NIIT Limited Rs. 1.50Lacs (Previous Year Rs. 23 Lacs)
- NIIT Multimedia Limited Rs.Nil. (Previous Year Rs.133 Lacs)
- NIIT Middle East EC Rs. 11.20 Lacs. (Previous Year Rs. Nil)

3 Includes transactions for the year mainly with;
- NIIT Limited Rs. 72.44 Lacs (Previous Year Rs. 375.63 Lacs)
- NIIT (USA) Inc Rs. 80.65 Lacs (Previous Year Rs. Nil)

4 Includes transactions for the year mainly with;
- NIIT Limited Rs. 226.72 Lacs (Previous Year Rs. 412.96 Lacs)
- NIIT Middle East Rs. 41.85Lacs (Previous Year Rs. Nil)
- NIIT (USA) Inc Rs. 180.57 Lacs (Previous Year Rs. Nil)

5 Includes transactions for the year mainly with;
- NIIT Limited Rs. 71.10 Lacs (Previous Year Rs. 119.81 Lacs)
- NIIT Malaysia Sdn Bhd Rs. Nil (Previous Year Rs. 1.01 Lacs)
- NIIT China (Sanghai) Ltd Rs. 30.05 Lacs (Previous Year Rs. Nil)
- NIIT Middle East Rs. 390.36Lacs (Previous Year Rs.160.43 Lacs)

6 Includes transactions for the year mainly with;
- NIIT USA Inc, Rs.174.20 Lacs (Previous Year Rs.10.49 Lacs)
- NIIT China (Sanghai) Ltd Rs. Nil (Previous Year Rs. 114.02Lacs)
- NIIT Limited Rs. 272.55 Lacs (Previous Year Rs. 0.75 Lacs)
- NIIT UK Rs. 226.09 Lacs (Previous Year Rs. Nil)

7 Remuneration to Key Managerial Personnel includes those paid to;
- Rajendra S Pawar – Rs. 110.52 Lacs (Previous Year Rs. 100.45 Lacs)
- Arvind Thakur – Rs. 146.73 Lacs (Previous Year Rs. 139.93 Lacs)
- Vijay K Thadani – Rs. 7.96 Lacs (Previous Year Rs. 6.80 Lacs)

8 Includes transactions for the year with
- NIIT Limited Rs. 105.13 Lacs (Previous Year Rs. 36.50 Lacs)

9 Includes transactions for the year with
- NIIT Limited Rs. 3.02 Lacs. (Previous year Rs. 36.05 Lacs.)

SCHEDULE '20': Notes to Consolidated Accounts for the year ended 31st March 2008 (Contd.)

C. Outstanding balances with related parties:

	Receivables as at 31.03.2008 (Rs.)	Payables as at 31.03.2008 (Rs.)	Receivables as at 31.03.2007 (Rs.)	Payables as at 31.03.2007 (Rs.)
Parties of whom the group is an associate and its subsidiaries.	14,279,817	3,180,118	10,802,124	11,213,501
Key Managerial Personnel	-	11,780,000	-	16,445,200

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	
	31.03.2008	31.03.2007	31.03.2008	31.03.2007	31.03.2008	31.03.2007
India	8,622	7,042	39,935	30,800	5,868	2,640
Rest of Asia Pacific (including Australia)	9,176	8,882	4,722	4,706	460	374
Europe	46,617	44,119	21,485	22,154	1,871	6,611
America	29,736	28,544	7,898	6,699	30	78
Total	94,151	88,587	74,040	64,359	8,229	9,703

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, 2008	March 31, 2007	March 31, 2008	March 31, 2007
Amount payable within the next 1 year	127,461,623	81,500,011	10,863,288	15,227,542
Amount payable in the next 2 to 5 years	148,488,129	175,004,322	8,183,841	11,682,030

Aggregate payments during the period under operating leases amount to Rs. 347,014,487 (Previous Year Rs 279,758,101).

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	1,085,540 (1,652,167)	151,221 (205,818)	934,319 (1,446,349)
Amount payable in the next 2 to 5 years	663,281 (1,062,338)	56,390 (81,779)	606,891 (980,559)
Total	**1,748,821 (2,714,505)**	**207,611 (287,597)**	**1,541,210 (2,426,908)**

* 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 Parent Company and its subsidiaries, who are eligible under Securities Exchange Board of India (SEBI) Guidelines (excluding promoters), options of the Parent

SCHEDULE '20': Notes to Consolidated Accounts for the year ended 31st March 2008 (Contd.)

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 three tranches. The details of which are as follows:

Description	**Tranche 1**		**Tranche II**		**Tranche III [Note (b)]**
	2007-08	**2006-07**	**2007-08**	**2006-07**	**2007-08**
Date of Grant	August 02, 2005		August 11, 2005		June 20,2007
Date of Vesting	August 02, 2006		August 11, 2006		June 20,2008
Live grants at beginning /during the year (Nos)	106,800	609,850	-	70,600	280,000
Forfeited/lapsed till vesting period (Nos)	-	54,600	-	54,600	41,250
Options Vested (Nos)	-	555,250	-	16,000	Nil
Options forfeited post vesting (Nos)-Pre Bonus	3,700	13,200	-	-	Nil
Options Exercised (Nos)-Pre Bonus	18,400	435,250	-	16,000	Nil
Vested Options Post Bonus	127,050	-	-	-	-
Options forfeited post vesting (Nos)-Post Bonus	750	-	-	-	-
Options Exercised (Nos)-Post Bonus	20,000	-	-	-	-
Exercisable/outstanding at the end of the Year (Nos)- Post Bonus [Note (a)]	106,300	106,800	-	-	358,125
Exercise Price - Pre Bonus - Post Bonus	 Rs.115.00 Rs. 76.67	 Rs. 115.00 -	 Rs. 150.85 -	 Rs. 150.85 -	 Rs. 523.50 Rs. 349.00
Remaining Contractual Life	488 days	853 days	-	-	1462 Days
Fair Value of the Options based on Black and Scholes model (as per Independent valuer's report) [Note- (c)]	Rs 59.20	Rs 59.20	Rs 41.18	Rs 41.18	Rs. 168.11
Intrinsic Value of option [Note- (c)]	Rs 34.50	Rs 34.50	-	-	-

Notes:

a) During the year, the Parent Company has issued bonus shares in the ratio of 1:2 i.e. one additional equity share for every two equity shares on the record date.

b) During the year, the Compensation/Remuneration Committee at its meeting held on June 20, 2007 has approved issue of 280,000 options (Grant-III) out of the options under ESOP 2005, to Senior Managerial Personnel of the Parent Company/Subsidiaries.

c) The fair value and the intrinsic values are based on pre bonus issue valuations.

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 & II) and 51.13% (Grant III) 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 Grant I ,II & III).

SCHEDULE '20': Notes to Consolidated Accounts for the year ended 31st March 2008 (Contd.)

f) Risk less interest rate has been assumed at 7% (For Grant I & II) and 7.93 % (Grant III) based on long term government bonds of ten year residual maturity.

(ii) Other information as required by the related Guidance Note on employee share based payments issued by the Institute of Chartered Accountants of India regarding employee share based payment is as below:

Description	Tranche 1		Tranche II		Tranche III [Note (b) above]
	2007-08	2006-07	2007-08	2006-07	2007-08
Expense accounted for during the period based on intrinsic value of the options	-	4,092,891	-	-	-
Additional expense had the Group recorded the ESOP Expense based on fair Value of the options [Net of amount attributable to the Employees of the subsidiaries (Rs. Nil) Previous Year Tranche 1- Rs 797,232 Tranche 2- Rs (388,107) Transferable to subsidiaries]	-	2,930,273	-	(800,945)	31,449,236

For impact on Basic and Dilutive Earning Per Share, had fair value of the option been used for determining Employee Stock Option Plan expense, refer note 10 above.

15 Employee Benefits

a) Expenditure on defined contribution post retirement benefit plans viz. Provident Fund, Superannuation Fund and Overseas Plan amounted to Rs. 324,205,911 (Previous year Rs. 282,974,304).

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.

- **Gratuity:**
  Disclosures as per actuarial report of independent actuary:

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

Amount (Rs.)

Description	2007-08	2006-07
Present value of obligation as at the beginning of the year	54,632,680	39,244,344
Interest cost	4,352,290	2,761,836
Current service cost	10,497,143	7,708,875
Benefits paid	(4,066,990)	(5,081,402)
Actuarial (gain)/loss on obligations	1,672,364	9,999,027
Present value of obligation as at the end of the year	67,087,487	54,632,680

Change in Plan Assets:

Amount (Rs.)

Description	2007-08	2006-07
Plan assets at beginning of the year at fair value	37,889,641	34,239,812
Expected return on plan assets	3,495,759	2,838,445
Contributions	24,778,615	6,687,134
Benefits paid	(4,066,990)	(5,081,402)
Actuarial gain/(loss) on plan assets	206,606	(794,348)
Plan assets at year end at fair value	62,303,631	37,889,641

SCHEDULE '20': Notes to Consolidated Accounts for the year ended 31st March 2008 (Contd.)

Amount of the obligation recognized in the Balance Sheet:

Amount (Rs.)

Description	2007-08	2006-07
Present value of the defined benefit obligation at the end of the year	67,087,487	54,632,680
Fair value of plan assets at the end of the year	62,303,631	37,889,641
Liability recognized in the Balance sheet	4,783,856	16,743,039

Amount of gratuity expense recognised in the Profit and loss account:

Amount (Rs.)

Description	2007-08	2006-07
Current service cost	10,497,143	7,708,875
Interest cost	4,352,290	2,761,836
Expected return on plan assets	(3,495,759)	(2,838,445)
Actuarial (gain)/ loss recognized during the year	1,465,758	10,793,375
Total	**12,819,432**	**18,425,641**

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:

	2007-08	2006-07
Discounting Rate	7.5% - 8%	7.5%
Expected Rate of return on plan assets	9 % - 9.25%	8.7 % - 9%

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 Pursuant to the implementation of Accounting Standard 11 "The Effects of changes in Foreign Exchange Rates", as prescribed by Companies (Accounting Standard) Rules 2006, in relation to foreign currency liabilities attributable to acquisition of fixed assets, the Group has recognized an exchange gain of Rs. 105.60 Lacs for the period ended March 31, 2008 with corresponding impact on the profit before taxes for the year of Rs. 80.82 Lacs.

17 a) The Parent company's domestic subsidiary declared a dividend of Rs. 428,696,144 of which Rs. 381,539,568 is receivable by the Parent company, and the balance Rs. 47,156,576 relates to the minority. The corporate dividend tax to the extent of 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 for Rs. 64,842,650 relates to tax payable by the subsidiary attributable to dividend receivable by the Parent company. In terms of sub-section 1A of section 115O of the Indian Income Tax Act, no dividend tax is payable by the Parent company since the dividend receivable by the Parent company from its subsidiary is equal to the dividend proposed by it for the current year.

18 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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