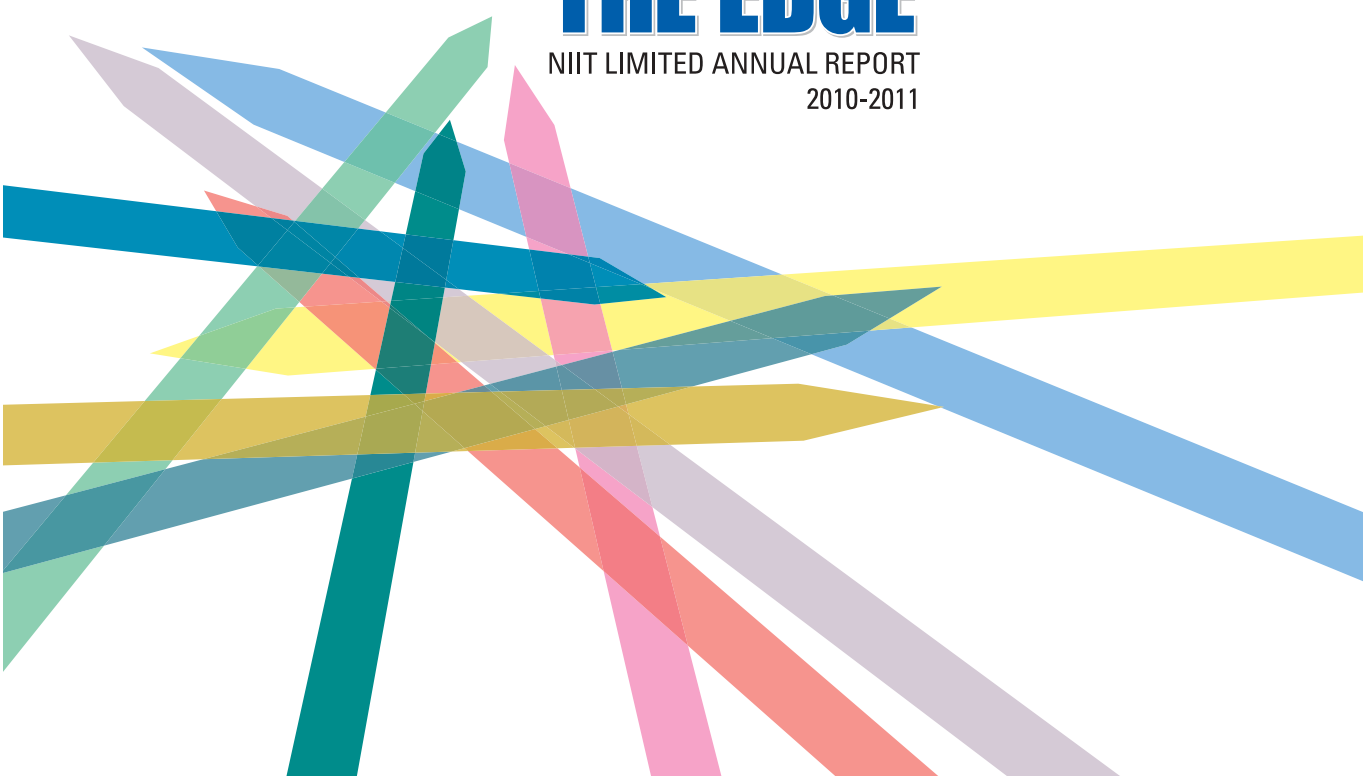


**NIIT**

# **SHARPENING THE EDGE**

NIIT LIMITED ANNUAL REPORT  
2010-2011





# 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



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## CORPORATE INFORMATION

### Board of Directors

Rajendra S. Pawar  
*Chairman and Managing Director*

Vijay K. Thadani  
*Chief Executive Officer &  
Whole-time Director*

P. Rajendran  
*Chief Operating Officer &  
Whole-time Director*

Subroto Bhattacharya  
*Director*

Surendra Singh  
*Director*

Sanjay Khosla  
*Director*

Madhabi Puri Buch  
*Director*

**Company Secretary**  
Rajesh Arora

**Group Chief Financial Officer**  
Ashok Arora

**Chief Financial Officer**  
Jitender Mahajan

**Auditors**  
Price Waterhouse

**Banks**  
ICICI Bank  
Indian Overseas Bank  
Standard Chartered Bank  
Citibank NA  
BNP Paribas  
Wachovia Bank of Georgia  
Bank of the West

**Registered Office**  
B-234 Okhla Phase - I  
New Delhi 110 020, India  
Email (Investor Services): [investors@niit.com](mailto:investors@niit.com)  
Tel : +91-11-41407000  
Fax : +91-11-26817344

**Corporate Office**  
85, Sector 32, Institutional  
Gurgaon 122 001, India  
Email: [niit.webmaster@niit.com](mailto:niit.webmaster@niit.com)  
Tel : +91-124-4293000  
Fax : +91-124-4293333

**Registrar and Share Transfer Agent**  
Alankit Assignments Ltd.  
Unit - NIIT Limited  
Alankit House  
2E/21, Jhandewalan Extn.  
New Delhi-110055, India  
Tel : +91-11-23541234, 42541234  
Fax : +91-11-42541967

**Website**  
[www.niit.com](http://www.niit.com)

## FINANCIAL HISTORY

### REVENUES & PROFITABILITY (Rs. Mn)

| For the Fiscal period ended               | 31-Mar-07 | 31-Mar-08 | 31-Mar-09 | 31-Mar-10 | 31-Mar-11 |
|---|-----------|-----------|-----------|-----------|-----------|
| Global Revenues (NIIT & its subsidiaries) | 7,951     | 10,068    | 11,486    | 11,993    | 12,483    |
| REVENUES OF NIIT LTD.                     | 4,008     | 4,975     | 5,795     | 6,448     | 6,698     |
| Operating Expenses                        | 3,325     | 4,112     | 4,649     | 5,286     | 5,491     |
| Interest & Finance Expenses               | 50        | 74        | 108       | 171       | 212       |
| Depreciation                              | 314       | 358       | 402       | 542       | 577       |
| Profit Before Tax                         | 319       | 431       | 635       | 448       | 553       |
| Profit After Tax                          | 329       | 328       | 472       | 312       | 497       |
| Equity Dividends                          | 143       | 214       | 214       | 231       | 248       |
| Earnings Per Share (Rs.) * - Basic        | 16.97     | 2.02      | 2.86      | 1.89      | 3.01      |
| Operating Margin (%)                      | 17.0      | 17.3      | 19.8      | 18.0      | 18.0      |
| Profit Before Tax / Revenues (%)          | 8.0       | 8.7       | 11.0      | 7.0       | 8.3       |
| Return on Capital Employed (%)            | 8.5       | 9.0       | 9.9       | 7.5       | 10.7      |

### ASSETS & LIABILITIES (Rs. Mn)

| As At   | 31-Mar-07    | 31-Mar-08    | 31-Mar-09    | 31-Mar-10    | 31-Mar-11    |
|---|--------------|--------------|--------------|--------------|--------------|
| Sources of Funds                                |              |              |              |              |              |
| Equity Capital                                  | 198          | 329          | 330          | 330          | 330          |
| Reserves & Surplus                              | 2,896        | 3,308        | 3,518        | 3,610        | 3,833        |
| Loan Funds                                      | 1,340        | 813          | 1,987        | 2,506        | 2,497        |
| Deferred Tax Liability                          | -            | -            | -            | 1            | -            |
| <b>Total</b>                                    | <b>4,434</b> | <b>4,450</b> | <b>5,835</b> | <b>6,447</b> | <b>6,660</b> |
| Applications of Funds                           |              |              |              |              |              |
| Gross Block (includes Capital Work in Progress) | 2,630        | 2,870        | 3,584        | 3,977        | 4,622        |
| Net Block (includes Capital Work in Progress)   | 1,158        | 1,208        | 1,952        | 1,900        | 2,024        |
| Investments                                     | 1,702        | 1,785        | 1,848        | 2,012        | 2,031        |
| Deferred Tax Assets                             | 77           | 95           | 62           | -            | 27           |
| Current Assets                                  | 2,846        | 2,991        | 4,074        | 4,459        | 5,038        |
| Current Liabilities                             | 1,349        | 1,629        | 2,102        | 1,924        | 2,459        |
| Net Current Assets                              | 1,497        | 1,362        | 1,972        | 2,535        | 2,579        |
| <b>Total</b>                                    | <b>4,434</b> | <b>4,450</b> | <b>5,835</b> | <b>6,447</b> | <b>6,660</b> |
| Debt-Equity Ratio                               | 0.43         | 0.22         | 0.52         | 0.64         | 0.60         |
| Current Ratio                                   | 2.11         | 1.84         | 1.94         | 2.32         | 2.05         |
| Fixed Asset Turnover                            | 1.52         | 1.73         | 1.62         | 1.62         | 1.45         |
| Receivable Days                                 | 144          | 100          | 119          | 127          | 149          |
| Dividend per share (Rs.)                        | 6.50**       | 1.3          | 1.3          | 1.4          | 1.5          |
| Book value per share (Rs.) *                    | 157          | 22           | 23           | 24           | 25           |
| Share Price on Closing date (BSE) (Rs.)         | 665          | 98           | 20           | 58           | 58           |
| Market Capitalisation (Rs. Mn)*                 | 13,138       | 16,141       | 3,341        | 9,518        | 9,600        |

**Notes:** \* Based on Equity outstanding as on Balance Sheet date

\*\* Based on the Face value of Rs. 10 per share

## CONSOLIDATED FINANCIAL HISTORY

### CONSOLIDATED REVENUES & PROFITABILITY (Rs. Mn)

| For the Fiscal period ended  | 31-Mar-07 | 31-Mar-08 | 31-Mar-09 | 31-Mar-10 | 31-Mar-11 |
|--|-----------|-----------|-----------|-----------|-----------|
| REVENUES OF NIIT CONSOLIDATED                                      | 7,951     | 10,068    | 11,486    | 11,993    | 12,483    |
| Operating Expenses   | 7,177     | 9,033     | 10,300    | 10,425    | 10,890    |
| EBITDA   | 774       | 1,036     | 1,186     | 1,569     | 1,593     |
| Net other income(-)/expense(+)                                     | 55        | 104       | 45        | 329       | 323       |
| Depreciation   | 473       | 529       | 647       | 751       | 854       |
| Profit Before Tax ,Exceptional items and Share of Associate profit | 246       | 402       | 493       | 488       | 415       |
| Exceptional items  | -         | -         | -         | -         | 142       |
| Profit after Tax before share of Associates' profit                | 242       | 422       | 389       | 380       | 469       |
| Profit attributable to Equity shareholders                         | 573       | 756       | 698       | 702       | 922       |
| Equity Dividends   | 143       | 214       | 214       | 231       | 248       |
| Earnings Per Share (Rs.) * - Basic                                 | 29.5      | 4.7       | 4.2       | 4.3       | 5.6       |
| Operating Margin (%)   | 9.7       | 10.3      | 10.3      | 13.1      | 12.8      |
| Profit Before Tax / Revenues (%)                                   | 3.1       | 4.0       | 4.3       | 4.1       | 3.3       |
| Return on Capital Employed (%)                                     | 15.3      | 15.9      | 15.4      | 14        | 15.3      |

### ASSETS & LIABILITIES (Rs. Mn)

| As At              | 31-Mar-07    | 31-Mar-08    | 31-Mar-09    | 31-Mar-10    | 31-Mar-11    |
|--------------------|--------------|--------------|--------------|--------------|--------------|
| Sources of Funds   |              |              |              |              |              |
| Equity Capital     | 198          | 329          | 330          | 330          | 330          |
| Reserves & Surplus | 2,947        | 3,691        | 4,445        | 4,713        | 5,235        |
| Minority interest  | 4            | 15           | 6            | 22           | 30           |
| Loan Funds         | 2,698        | 2,057        | 3,481        | 4,046        | 3,658        |
| <b>Total</b>       | <b>5,847</b> | <b>6,092</b> | <b>8,262</b> | <b>9,110</b> | <b>9,253</b> |

|   |              |              |              |              |              |
|---|--------------|--------------|--------------|--------------|--------------|
| Application s of Funds                          |              |              |              |              |              |
| Gross Block (includes Capital Work in Progress) | 5,835        | 6,290        | 8,459        | 8,585        | 9,393        |
| Net Block (includes Capital Work in Progress)   | 3,846        | 3,981        | 5,730        | 5,364        | 5,422        |
| Investments                                     | 611          | 892          | 1,066        | 1,274        | 1,641        |
| Deferred Tax Assets                             | 81           | 250          | 344          | 298          | 307          |
| Current Assets                                  | 4,511        | 4,578        | 5,688        | 6,380        | 7,104        |
| Current Liabilities                             | 3,203        | 3,611        | 4,568        | 4,207        | 5,221        |
| Net Current Assets                              | 1,308        | 967          | 1,121        | 2,174        | 1,883        |
| Miscellaneous Expenditure                       | 1            | 1            | 1            | 1            | -            |
| <b>Total</b>                                    | <b>5,847</b> | <b>6,092</b> | <b>8,262</b> | <b>9,110</b> | <b>9,253</b> |

|   |        |        |       |       |       |
|---|--------|--------|-------|-------|-------|
| Debt-Equity Ratio                       | 0.86   | 0.51   | 0.73  | 0.80  | 0.66  |
| Current Ratio                           | 1.41   | 1.27   | 1.25  | 1.52  | 1.36  |
| Fixed Asset Turnover                    | 1.36   | 1.60   | 1.36  | 1.40  | 1.33  |
| Receivable Days                         | 101    | 74     | 92    | 104   | 114   |
| Dividend per share (Rs.)                | 6.5**  | 1.30   | 1.30  | 1.40  | 1.50  |
| Book value per share (Rs.) *            | 159    | 24     | 29    | 31    | 34    |
| Share Price on Closing date (BSE) (Rs.) | 665    | 98     | 20    | 58    | 58    |
| Market Capitalization (Rs. Mn)*         | 13,138 | 16,141 | 3,341 | 9,518 | 9,600 |

**Notes:** \* Based on Equity outstanding as on Balance Sheet date

\*\* Based on the Face value of Rs. 10 per share



## NIIT at a Glance

### Global Learning Solutions for Individuals, Enterprises, Schools and Colleges

- o Presence in 40 countries worldwide
- o Largest Learning Content Development facility in the world
- **For Individuals**  
Instructor-led Training, Computer-based Training and e-Learning programmes:
  - ❖ GNIIT for IT careers
  - ❖ 'NIIT Edgeineers', a range of specialized programmes to provide cutting-edge career for engineering graduates and IT professionals
  - ❖ NIIT GlobalNet+, specialized programmes on Networking and Infrastructure Management
  - ❖ Degrees in alliance with Universities
  - ❖ SWIFT for Internet and IT literacy
  - ❖ Bioinformatics and Educational Technology programmes
  - ❖ Executive Management Programmes for working professionals, from premier business schools through NIIT Imperia, Centre for Advanced Learning
  - ❖ Training programs for financial services sector from NIIT Institute of Finance, Banking & Insurance (IFBI)
  - ❖ NIIT Uniqua, Centre for Process Excellence, addresses the increasing demand for skilled workers in the business and technology services industry by providing training programs in relevant areas. This is a part of NIIT Institute of Process Excellence, a NIIT-Genpact venture
  - ❖ Facilitate scholarship programs through Bhavishya Jyoti Scholarship initiative
  - ❖ National IT Aptitude Test, India's largest and most widely recognized IT Aptitude Test
  - ❖ www.training.com, an e-Learning initiative to provide convenient, personalized and affordable training to students and working professionals
  - ❖ Industry linked joint programs in IT and Management Sciences with IGNOU-world's largest Open University
- **For Corporations**  
Learning Solutions for Enterprise:
  - ❖ Instructor-led and e-Learning Training in IT and Soft Skills
  - ❖ Advisory Services
  - ❖ Custom Content Development
  - ❖ Application and Process Rollout Training
  - ❖ Learner Management Systems
  - ❖ Learner Support Services
  - ❖ A suite of catalogue products from Element K
  - ❖ Assessment and Testing services from NIIT Litmus
  - ❖ English language testing and assessment services through ETS
  - ❖ English language training from Evolv
  - ❖ Managed Training Services

## NIIT at a Glance (Contd.)

- **For Colleges and Universities**

- ❖ In-campus Learning Delivery through Synchronous Learning
- ❖ Curriculum Design
- ❖ Learner and Faculty Support Services

- **For Government and Private Schools**

NIIT has provided computer-based learning to over 14,000 government and private schools across the country cumulatively impacting lives of more than 9 million kids. NIIT further strengthened its leadership position in the Govt. sector by getting new orders for IT education and IT enabled education projects as well as extension and repeat orders from governments of Assam and Maharashtra. Some of the highlights of school learning solutions by NIIT are:

- ❖ NIIT NGuru is a holistic School Learning Solution that comprises of Interactive Classrooms (an end to end Teaching Learning solution for classrooms that uses elements of interactivity, automation and web links library); Math lab (State-of-the-art Mathematics Laboratory for schools which comes with Geometer's Sketchpad Software, Multiple Teaching and Learning Aids like Technology Applications, Videos, Manipulative, Measuring Instruments and Theme Based Ambience); IT Wizard (equips the students with core computer knowledge and IT skills); Quick School (an Education Resource Planning solution for school management) and Mobile Science Lab (the first of its kind portable computerized Science Laboratory which enables students to correlate scientific concepts taught in the class to real life).

- **Hole-in-the-Wall Education Ltd. (HiWEL)**

- ❖ Minimally Invasive Education kiosks to provide free and unsupervised access to computers for children belonging to economically and socially marginalized sections of the society.

- **NIIT Yuva Star, Career Development Centre**

- ❖ To bridge the Education-Employability gap and create talent pool in urban slums, NIIT announced NIIT Yuva Star, Career Development Centre. 20 centers are now operating in Delhi - NCR and Jaipur and have impacted over 7000 slum youth already.

- **NIIT District Learning Centre**

- ❖ In line with its commitment to harness talent pool from semi-urban India, NIIT has two fully functional District Learning Centres at Chhindwara and Barkuhi in MP. These centers have impacted over 1500 students already with placements in companies like Infosys, NIIT Technologies and Hindustan Levers.

- **Alliances with global IT majors**

- ❖ Cisco, IBM, Intel, Microsoft, Oracle, SAP, Sun Microsystems, SAS, Tally, Thomson Prometric, Pearson VUE & Zend

## NIIT at a Glance (Contd.)

- Global operations in
  - ❖ Africa – Botswana, Ghana, Libya, Liberia, Nigeria, Senegal, South Africa, Sudan, Zimbabwe, Egypt
  - ❖ Americas – Canada, Cuba, El Salvador, Honduras, Jamaica, Mexico, Nicaragua, Peru, USA
  - ❖ Asia – Afghanistan, Bangladesh, Bhutan, Brunei, Cambodia, China, India, Indonesia, Iran, Laos, Malaysia, Maldives, Nepal, Oman, Qatar, Sri Lanka, Thailand, Vietnam
  - ❖ Europe – Kazakhstan, UK, Norway
- Awards and Acknowledgements (FY 2010-2011)
  - ❖ NIIT won 'Top IT Training Company Award 2010' for the 18th year in succession by Cybermedia publications. *(NIIT has been receiving this coveted award by India's leading IT publication, Dataquest, for the past 17 years in recognition of its talent development initiatives across the world)*
  - ❖ NIIT won the 'Best Education Company to Work with' title at the Indian Education Awards 2011. *(Indian Education Awards are the most prestigious awards that recognize and felicitate Achievers and Innovators who contribute significantly towards the development of Education in India)*
  - ❖ NIIT featured in Aon Hewitt's Top 25 list of 'Best Employers in India-2011'
  - ❖ NIIT received 'Franchisor of the Year: IT' by Franchise Plus, India's leading business opportunity magazine. *(NIIT was awarded for its path-breaking work in developing and demonstrating the best business model in the field of Education: Information Technology)*
  - ❖ NIIT's association with Grandmaster Viswanathan Anand was recognized as the Top Brand Ambassador Engagement at the Indian PR and Corporate Communication Awards (IPRCCA) 2011, instituted by Exchange4Media
  - ❖ NIIT HiWEL won the prestigious MacArthur Digital Media and Learning Award. *(This was an effort by MacArthur Foundation and HASTAC to find and inspire the most novel uses of new media in support of learning, NIIT HiWEL was awarded for innovative use of internet and digital technology to transform learning and knowledge creation)*
  - ❖ NIIT won Microsoft's 'Learning Solutions Partner of the Year' for the third consecutive year. *(This award marked a Hat-Trick by NIIT for being the 'Best Learning Solutions Partner' in India)*
  - ❖ NIIT Vietnam bagged the ICT GOLD MEDAL for the 5th consecutive time and ICT TOP 5 for the year 2010
  - ❖ NIIT USA won ASTD 2010 Award for Excellence in Workplace Learning and Performance
  - ❖ Element K was ranked among TrainingIndustry.com's Top 20 IT Training Companies. *(The 'Top 20' list recognizes the leading IT training companies based on the breadth of IT training and delivery methods offered, as well as industry leadership and innovation)*
  - ❖ NIIT USA won the Brandon Hall Silver for excellence in E-Learning Awards
  - ❖ NIIT USA earned Gold for Excellence in Content for KFC Virtual World at Chief Learning Officer – Learning in Practice Awards, 2010
  - ❖ NIIT USA earned the Markie Sales Impact Award 2010 for Excellence in Marketing
  - ❖ NIIT USA was ranked among the Top 20 Companies in the Training Outsourcing Industry - 2010 and 2011 *(NIIT has featured in this ranking since 2008)*

## NIIT at a Glance (Contd.)

- ❖ Element K won Silver in Brandon Hall for Excellence in Learning Technology
- ❖ NIIT USA was ranked amongst Top 10 Training & Learning Business Process Outsourcing Vendor in Black Book of Outsourcing
- ❖ NIIT USA won CLO Gold Excellence Award from Chief Learning Officer magazine
- ❖ NIIT Cognitive Arts won bronze Brandon Hall Learning Award
- ❖ NIIT was associated with the Govt. of Gujarat to set a new World Record of 20,480 Simultaneous Chess Players at Ahmedabad on December 24, 2010. This unique initiative by the Government of Gujarat, Gujarat State Chess Association and NIIT aimed to popularize the game of Chess in the State.



Image courtesy: Indian Express Archives

An overview of the GMDC ground where 20,480 Simultaneous Chess Players made their moves to set a new World Record at Ahmedabad on December 24, 2010

## DIRECTORS' REPORT

Dear NIIT Shareowner,

Your Directors take pleasure in presenting the 28<sup>th</sup> Annual Report along with the audited statement of accounts for the financial year ended March 31, 2011.

### Financial Highlights

The highlights of your Company's financial results for the financial year April 1, 2010 to March 31, 2011 are as follows:

(Rs. Mn.)

| Particulars   | NIIT Limited - Group<br>(Consolidated) |         | NIIT Limited<br>(Stand alone) |         |
|---|--|---------|-------------------------------|---------|
|   | 2010-11                                | 2009-10 | 2010-11                       | 2009-10 |
| Net Sales (Income from operations)                                | 12,483                                 | 11,993  | 6,480                         | 6,252   |
| Other Income  | 29                                     | 43      | 218                           | 196     |
| Total Income  | 12,512                                 | 12,036  | 6,698                         | 6,448   |
| Total Expenditure   | 11,243                                 | 10,782  | 5,704                         | 5,442   |
| Profit before depreciation and taxes                              | 1,269                                  | 1,254   | 994                           | 1,006   |
| Depreciation and Amortisation                                     | 854                                    | 751     | 577                           | 542     |
| Exceptional Items (Net)   | 142                                    | (15)    | 136                           | (15)    |
| Net tax provision   | 88                                     | 108     | 56                            | 137     |
| Net profit before share of Associates' Profit & Minority Interest | 469                                    | 380     | 497                           | 312     |
| Share of Associates' Profit and Minority Interest                 | 453                                    | 322     | -                             | -       |
| Net Profit  | 922                                    | 702     | 497                           | 312     |
| Basic EPS (Rs.)   | 5.58                                   | 4.25    | 3.01                          | 1.89    |
| Diluted EPS (Rs.)   | 5.58                                   | 4.25    | 3.01                          | 1.89    |

During the year, your Company's consolidated income from operations has increased to Rs. 12,483 million as against Rs. 11,993 million in the previous year, registering a growth of 4% over the previous year, while Net Profit (after Associates' Profit) is Rs. 922 million as against Rs. 702 million in the previous year, registering a growth of 31% over the previous year.

The income from operations for the year under review for the Company on a standalone basis increased to Rs. 6,480 million as compared to Rs. 6,252 million in the previous year, thereby registering a growth of approx. 4% on yearly basis and Net Profit increased to Rs 497 million from Rs. 312 million in the current year registering a growth of 59% over the previous year.

### Business Operations

The financial year 2010-11 saw a progression in economic trends from cautious optimism at the beginning of the year leading into full scale recoveries and rapid growth in many emerging economies. In this environment, your Company started the year with the

theme of "Sharpening the Edge" with specific focus on improving the return on capital employed and quality of balance sheet while re-engineering the Company's businesses for higher growth.

During the financial year under review, the Individual Learning Solutions launched new initiatives to build a robust order book. These initiatives included new products to address changing preferences, focus on higher end segment with new offerings, integration of various offerings under 'One NIIT' and new delivery models.

In the Schools Learning Solutions, your Company focused on the non-government schools increasing the size of the sales force significantly, putting a new leadership team in place, revamping ICR content which was launched towards year end.

In the Corporate Learning Solutions, your Company achieved steadily rising sales, collection and profitability in the backdrop of a sluggish global economy. This was accomplished through aggressive sales activity and robust delivery performance across North America, Europe and India.

### Future Plans

The positive macro economic trends of accelerating GDP growth, increased government spending and strong corporate hiring plans coupled with encouraging lead indicators lay the foundation for your Company's growth.

Your Company has specialized in delivering "Excellence at Scale" based on its core competencies of Pedagogy, Technology and Partnerships. The Company will focus its energy on Leveraging "One NIIT" for reach & customer choice, focus on IP & Annuity-based revenue for scale and profitability as well as addressing new opportunities with new business models at new price points.

### Dividend

In view of the Company's profitable performance, your Directors are pleased to recommend, for approval of the Members at the ensuing Annual General Meeting, a dividend of Rs. 1.50 per equity share of Rs. 2 each.

### Transfer to Reserves

In accordance with statutory provisions, your Company has transferred a sum of Rs. 49.74 million to the General Reserve.

### Awards and Accreditation

During the year under review, your Company received many recognitions at the international and national levels. Some of them are:

- NIIT has been awarded 'Franchisor of the Year in Education: Information Technology' in 2010 by

## DIRECTORS' REPORT (Contd.)

- Franchise Plus Magazine;
- NIIT ranked amongst 'the top 25 Best Employers in India 2011' by Aon Hewitt;
  - NIIT has been honoured as the 'Best Education Company to work with' by Franchise India;
  - Element K (subsidiary of NIIT) wins the Brandon Hall Silver Excellence Award for blended learning;
  - NIIT, USA (subsidiary of NIIT) accepted Honors for Learning and Talent Management Solution at Bersin Impact 2010 Conference;
  - NIIT, USA (subsidiary of NIIT) ranks amongst Top 10 Training & Learning Business Process Outsourcing Vendor in – Black Book of Outsourcing;
  - HIWEL (subsidiary of NIIT) wins the prestigious MacArthur Digital Media and Learning Award;
  - NIIT has been honoured as the - 'Most influential IT Training brand in China', on the eve of 60 years of People's Republic of China (PRC) celebrations;
  - NIIT, USA (subsidiary of NIIT) featured in Training magazine's Annual 'Top 125' List;
  - NIIT, USA (subsidiary of NIIT) received the CLO Gold award for Virtual World Education, for the customized training solution put together for KFC in the USA;
  - NIIT MindChampion Viswanathan Anand became the World Chess Champion for the 4th time. NIIT's association with World Chess Champion, Viswanathan Anand, including contractual extensions, is the longest running Brand Ambassador contract in the history of Indian sport;
  - NIIT was conferred ICT Gold Medal-Vietnam for 5th year in a row;
  - NIIT associated with Government of Gujarat in setting a New Guinness World Record of 20,480 chess players playing simultaneously at Ahmedabad on December 24, 2010.

### Subsidiary Companies

During the year under review, Wuxi NIIT Information Technology Consulting Limited, an overseas step down subsidiary of your Company has incorporated a wholly-owned subsidiary by the name of 'Su Zhou NIIT Information Technology Consulting Limited' in Su Zhou, China. Subsequent to the end of financial year, NIIT Antilles NV, Netherlands Antilles, overseas wholly owned subsidiary company has incorporated a overseas step down subsidiary by the name of 'NIIT West Africa Limited' in Nigeria.

Your Company has disinvested its entire stake in non-operating wholly owned subsidiary company 'Neo Multimedia Limited' (formerly known as NIIT Multimedia Limited). During the year under review, PCEC NIIT

Institute of Information Technology, step down subsidiary of your company has been liquidated and therefore, ceased to be a subsidiary company.

As per the provisions of Section 212 of the Companies Act, 1956 ('the Act'), your Company is required to attach the Directors' Report, Balance Sheet, Profit and Loss Account and other information of the subsidiary companies to its Balance Sheet. However, the Ministry of Corporate Affairs vide its General Circular No. 2/2011 dated February 8, 2011, has granted a general exemption under Section 212(8) of the Act to all the companies from annexing the annual accounts and other statements of subsidiary companies with the Annual Report of the holding company subject to certain conditions. As the Company complies with all the specified conditions of the abovementioned Circular, it is not required to attach the audited accounts and other documents of the subsidiary companies to the Annual Report of your Company for the financial year 2010-11.

A statement of the Company's interest in the subsidiaries and a summary of the financials of the subsidiaries are given along with the consolidated accounts. The annual accounts of the subsidiaries, along with the related information, will be made available to the Members seeking such information at any point of time. The annual accounts of the subsidiaries are also available for inspection for any Member/ Investor, during the business hours, at the Registered Office of the Company and the same can be accessed from the website of the Company i.e. [www.niit.com](http://www.niit.com).

### Consolidated Financial Statements

In compliance with Clause 32 of the Listing Agreement, the consolidated financial statements are prepared in accordance with the Accounting Standards notified under Section 211(3C) of the Act read with the Companies (Accounting Standards) Rules, 2006. The consolidated financial statements together with Auditors' Report thereon form part of the Annual Report.

### Corporate Governance

Your Company's philosophy on Corporate Governance envisages the attainment of the highest levels of transparency, accountability and equity in all facets of its operations as well as in all interactions with its Stakeholders including Shareholders, NIITians, Lenders and Regulatory Authorities. In order to enhance customer satisfaction and stakeholder value, your Company continues to benchmark its Corporate Governance practices with the best in the world in line with international norms.

Your Company has complied with all the requirements relating to Corporate Governance as stipulated in Clause 49 of the Listing Agreement. The report of the Directors on Corporate Governance is given as a



## DIRECTORS' REPORT (Contd.)

separate section titled 'Corporate Governance Report', which forms part of the Annual Report. The Auditors' Certificate confirming the compliance to the conditions of the Corporate Governance stipulated in Clause 49 of the Listing Agreement is annexed to the Corporate Governance Report.

### Management Discussion and Analysis Report

As required by Clause 49 of the Listing Agreement, the Management Discussion and Analysis Report is annexed and forms part of the Directors' Report.

### Directors

During the year under review, Ms. Madhabi Puri Buch was inducted as an additional Director on the Board of the Company. According to the provisions of Section 260 of the Act, she would hold office, as such, till the conclusion of ensuing Annual General Meeting of the Company. Ms. Madhabi Puri Buch is a graduate in Mathematics from St. Stephens College, Delhi University and an MBA from IIM-Ahmedabad.

The Company has received a notice in writing from the member under Section 257 of the Act proposing Ms. Madhabi Puri Buch appointment as Director of the Company. She has conveyed her willingness to be appointed as Director of the Company and is not disqualified for being appointed as a Director pursuant to the provisions of Section 274(1)(g) of the Act. Necessary resolution with regard to her appointment will be placed at the ensuing Annual General Meeting.

In accordance with the provisions of the Act, and Articles 64, 65 and 66 of the Articles of Association of your Company, Mr. P. Rajendran and Mr. Vijay K. Thadani, Directors of your Company, retire by rotation and due for election at the ensuing Annual General Meeting, however they being eligible, offer themselves for re-appointment.

The Board recommends the above appointment/reappointments pursuant to applicable provisions of the Act. The resolutions seeking your approval on these items along with the terms and conditions are included in the Notice convening the Annual General Meeting together with a brief resume of the Directors being appointed/re-appointed.

### Directors' Responsibility Statement

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

- 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;
- 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, 2011 and of the profit of the Company for that year;

- That they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- 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, Exports, Foreign Exchange Earnings and Outgo and other information forming part of the Directors' Report in terms of Section 217(1)(e) of the Act, and the Rules made thereunder**

#### a) Conservation of energy

Although the operations of the Company are not energy intensive, the management has been highly conscious of criticality of conservation of energy at all the operational levels and efforts are made in this direction on a continuous basis. Adequate measures have been taken to reduce energy consumption whenever possible by using energy efficient equipments. The requirement of disclosure of particulars with respect to conservation of energy as prescribed in Section 217(1)(e) of the Act read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, are not applicable to the Company and hence are not provided.

#### b) Technology absorption

Your Company believes that in addition to progressive thought, it is imperative to invest in research and development to ascertain future exposure and prepare for challenges. In its endeavor to obtain and deliver the best, your Company has entered into alliances / tie-ups with major global players in the I.T. education industry to harness and tap the latest and the best of technology in its field, upgrade itself in line with the latest technology in the world and deploy / absorb technology wherever feasible, relevant and appropriate.

#### c) Research and Development

The Company believes that technological obsolescence is a reality. Only progressive research and development will help us to measure up to future challenges and opportunities. We invest in

## DIRECTORS' REPORT (Contd.)

and encourage continuous innovation. During the year under review, expenditure on research and development is not significant in relation to the nature and size of operations of your Company.

### d) Foreign exchange earnings and outgo

#### i) Activities relating to exports, initiatives taken to increase exports, development of new export markets for products and services and export plans

The Company exports customized learning content to its overseas clients to meet their varying learning needs. The Company develops content in a multitude of subjects for widely varied audience.

The Company will continue to strengthen its presence in China, South Africa, Nigeria, Malaysia, Vietnam, Bhutan, Norway, etc. and will also focus on new territories including Maldives and Columbia, with a view to increase exports. The Company will put impetus on potential geographies for expansion of its business outside India.

#### ii) Total foreign exchange earned and used

The details of foreign exchange earnings and outgo are mentioned in Notes Nos. 11, 12, 13 and 14 contained in the Notes to Accounts (Schedule No. 20) forming part of the Balance Sheet and Profit and Loss Account for the financial year ended March 31, 2011.

### Public Deposits

In terms of the provisions of Section 58A of the Act read with the Companies (Acceptance of Deposits Rules), 1975, your Company has not accepted any fixed deposits from public and, as such, no amount of principal or interest was outstanding on the date of the Balance Sheet.

### Particulars of Employees

Particulars of employees as required under Section 217(2A) of the Act, read with the Companies (Particulars of Employees) Rules, 1975 are given in **Annexure-I** and forms part of this report.

### Auditors and Auditors' Report

M/s. Price Waterhouse, Chartered Accountants (registration number FRN 301112E), the Statutory Auditors of your Company, holds office until the conclusion of the ensuing Annual General Meeting and are eligible for reappointment.

The Company has received a letter from them to the effect that their reappointment, if made, would be within the limits prescribed under Section 224 (1B) of the Act and that they are not disqualified for re-appointment within the meaning of Section 226 of the Act.

The notes on Accounts referred to in the Auditors' Report are self explanatory and do not require any further comments.

### Human Resources and Employees' Stock Option Scheme

NIITians are the key resource for your Company. Your Company has been able to create and continuously improve a favorable work environment that encourages novelty and meritocracy at all levels.

Employees' relations remained cordial at all the Company's locations. The Directors take this opportunity to record their appreciation for the outstanding contribution of all NIITians.

During the financial year 2005-06, your Company had launched NIIT Employee Stock Option Plan 2005 (ESOP-2005) with the objective of attracting and motivating employees by rewarding performance and retaining the best talent. The aim was to develop a sense of ownership among the employees within the organisation and to align your Company's stock option scheme with the best practices in the Industry. During the year under review, the Compensation/Remuneration Committee has granted 156,060 Stock Options (Grant VII) of Rs. 2 each at market price to the eligible employees under ESOP 2005. As per the provisions of SEBI (Employees Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999, the particulars of the options granted, vested, exercised and allotted under the ESOP-2005 are appended as **Annexure-II** and form part of this report.

Further, none of the employees was granted options equal to or exceeding 1% of the issued capital of the Company.

### Acknowledgements

Your Directors take this opportunity to thank all investors, clients, licensees, technology partners, vendors, financial institutions, banks, regulatory and governmental authorities, media and stock exchanges for their continued support during the year under review. We place on record our appreciation of the contribution made by our employees at all levels. Our consistent growth was made possible by their hard work, solidarity, cooperation and support.

For and on behalf of the Board

**Rajendra S. Pawar**  
Chairman &  
Managing Director

Place : New Delhi  
Dated : May 10, 2011

DIN - 00042516



### Annexure - I

Information as per Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 and forming part of the Directors' Report for the year ended March 31, 2011

A. Employed throughout the year and in receipt of remuneration not less than Rs. 60,00,000 for the year

| Name                 | Age (Years) | Qualification(s)  | Experience (Years) | Designation   | Nature of Duties                     | Gross Remuneration (Rs.) | Date of Joining | Previous Employment and Designation                        |
|----------------------|-------------|-------------------|--------------------|---|--------------------------------------|--------------------------|-----------------|--|
| Amitabh Lahiri       | 53          | B.E.              | 29                 | Executive Vice President - Global Delivery & Operations | Head - Global Delivery & Operations  | 6,772,661                | 6-Jul-07        | Genpact, Consultant - Six Sigma Practice                   |
| Dr. Smarajit Dey     | 54          | B.E., M.E., Ph.D. | 32                 | President - Strategic Initiatives                       | IBU Head                             | 6,586,745                | 1-Apr-07        | NIIT Institute of Information Technology, Professor & Dean |
| L. Balasubramanian   | 57          | B.Sc.             | 37                 | President - NIIT Skills Initiatives                     | IBU Head                             | 6,866,905                | 30-Nov-88       | DCM Data Products, Regional Systems Engineering Manager    |
| Mohit Hira           | 48          | BA                | 25                 | President - Individual Learning Marketing               | Head - Individual Learning Marketing | 6,833,292                | 4-Nov-08        | Times Internet, Director                                   |
| P. Rajendran         | 58          | B.E.              | 37                 | Chief Operating Officer & Whole-time Director           | COO                                  | 10,837,613               | 1-Sep-82        | Keltron Limited, Resident Manager                          |
| Raghavan Govindan    | 54          | B.Sc., MMS        | 31                 | President - Individual Learning Solutions               | IBU Head                             | 13,766,210               | 1-Jun-05        | Ingram Micro India, Managing Director                      |
| Rajendra Singh Pawar | 60          | B. Tech.          | 39                 | Chairman & Managing Director                            | CMD                                  | 10,043,379               | 2-Dec-81        | HCL Ltd, Planning Manager                                  |
| Udai Singh           | 43          | B.E., M.E.        | 22                 | Executive Vice President - SLT                          | Head - SLT                           | 6,429,464                | 23-Mar-05       | NIIT Online Learning Limited, Whole-time Director & COO    |
| Vijay Kumar Thadani  | 60          | B. Tech.          | 39                 | Chief Executive Officer & Whole-time Director           | CEO                                  | 16,319,836               | 2-Dec-81        | Keltron Limited, Branch Manager                            |

B. Employed for part of the year and in receipt of remuneration not less than Rs. 5,00,000 per month

| Name          | Age (Years) | Qualification(s) | Experience (Years) | Designation                         | Nature of Duties         | Gross Remuneration (Rs.) | Date of Joining | Previous Employment and Designation                         |
|---------------|-------------|------------------|--------------------|-------------------------------------|--------------------------|--------------------------|-----------------|---|
| Hemant Sethi* | 48          | B.E.             | 27                 | President-School Learning Solutions | IBU Head                 | 2,455,730                | 14-Feb-11       | Bharti Airtel Limited, Vice President - Enterprise Services |
| Placid Sam    | 50          | B.E., MBA        | 24                 | Senior Vice President - EPL         | Business Unit Head - EPL | 4,300,050                | 16-Mar-09       | Subhiksha India Limited, Chief Operating Officer            |
| Sanjay Bahl   | 48          | B.E.             | 27                 | President-Skill Building Solutions  | IBU Head                 | 996,112                  | 10-Feb-11       | Sistema Shyam Tele Services Limited, COO                    |

\* Mr. Sethi left the Company on June 30, 2010 and re-joined on February 14, 2011.

#### NOTES :

- 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.
- The gross remuneration of employees does not include provision for gratuity and provision for leave encashment.
- None of the above employees are related to any Director of the Company.
- None of the employees holds 2% or more of the paid-up equity share capital of the Company.
- The nature of Employment in all above cases is contractual and other terms of appointment are as per appointment letter.

### Annexure - II

Information relating to NIIT ESOP-2005 under SEBI (Employee Stock Option Scheme & Employee Stock Purchase Scheme) Guidelines, 1999 (as on March 31, 2011)

|                     |  |
|---------------------|--|
| (a) Options granted | <p>Grant I – 555,350*</p> <p>Grant II – 46,200*</p> <p>Grant III – 115,000*</p> <p>Grant IV – 1,282,050**</p> <p>Grant V – 5,597,410**</p> <p>Grant VI – 543,720**</p> <p>Grant VII – 156,060**</p> <p>*The options were granted prior to the issuance of bonus shares and the split in the face value of the share from Rs. 10 per share to Rs. 2 per share</p> <p>** The options were granted on shares of face value of Rs. 2 per share</p> |
|---------------------|--|

**DIRECTORS' REPORT (Contd.)**

|   |  |                    |  |
|---|--|--------------------|--|
| (b) Pricing formula   | At a price not less than the then existing face value of the share of the Company: |                    |  |
|   | Grant Price Rs.  | Market Price Rs. # |  |
| Grant I *   | 180.00   | 235.15             |  |
| Grant II **   | 237.00   | 237.00             |  |
| Grant III **  | 912.15   | 912.15             |  |
| Grant IV **   | 88.70  | 88.70              |  |
| Grant V **  | 72.20  | 72.20              |  |
| Grant VI **   | 69.20  | 69.20              |  |
| Grant VII **  | 67.65  | 67.65              |  |
|   | # Closing price on the National Stock Exchange of India Limited                    |                    |  |
|   | * at approx 23.45% discount to market price  |                    |  |
|   | ** at market price   |                    |  |
| (c) Options vested  | No. of shares  |                    |  |
|   | Pre bonus & split  | Post bonus & split |  |
| Grant I   | 519,050  | -                  |  |
| Grant II  | 26,350   | -                  |  |
| Grant III   | -  | 456,581            |  |
| Grant IV  | -  | 1,237,050          |  |
| Grant V   | -  | 1,677,546          |  |
| Grant VI  | -  | 135,770            |  |
| Grant VII   | -  | -                  |  |
| Total   | 545,400  | 3,506,947          |  |
| (d) Options exercised   | No. of shares  |                    |  |
|   | Pre bonus & split  | Post bonus & split |  |
| Grant I   | 413,357  | 453,002            |  |
| Grant II  | 21,800   | 34,125             |  |
| Grant III   | -  | -                  |  |
| Grant IV  | -  | -                  |  |
| Grant V   | -  | -                  |  |
| Grant VI  | -  | -                  |  |
| Grant VII   | -  | -                  |  |
| Total   | 435,157  | 487,127            |  |
| (e) The total number of shares arising as a result of exercise of option        | No. of shares  |                    |  |
|   | Pre bonus & split  | Post bonus & split |  |
| Grant I   | 413,357  | 453,002            |  |
| Grant II  | 21,800   | 34,125             |  |
| Grant III   | -  | -                  |  |
| Grant IV  | -  | -                  |  |
| Grant V   | -  | -                  |  |
| Grant VI  | -  | -                  |  |
| Grant VII   | -  | -                  |  |
| Total   | 435,157  | 487,127            |  |
| (f) Options lapsed (includes options not vested based on performance parameter) | No. of shares  |                    |  |
|   | Pre bonus & split  | Post bonus & split |  |
| Grant I   | 40,300   | 309,696            |  |
| Grant II  | 19,850   | -                  |  |
| Grant III   | -  | 453,374            |  |
| Grant IV  | -  | 201,000            |  |
| Grant V   | -  | 850,923            |  |
| Grant VI  | -  | 149,030            |  |
| Grant VII   | -  | 69,000             |  |
| Total   | 60,150   | 2,033,023          |  |
| (g) Variation of terms of options   | Nil  |                    |  |
| (h) Money realized by exercise of options                                       | Rs. 91,521,258   |                    |  |

**DIRECTORS' REPORT (Contd.)**

|   |  |                                 |                                  |                                   |                                 |                                |                                 |                                  |
|---|--|---------------------------------|----------------------------------|-----------------------------------|---------------------------------|--------------------------------|---------------------------------|----------------------------------|
| (i) Total number of options in force  | 6,718,413 (post bonus and split)   |                                 |                                  |                                   |                                 |                                |                                 |                                  |
| (j) Employee wise details of options granted to:  |  |                                 |                                  |                                   |                                 |                                |                                 |                                  |
| (i) senior managerial personnel   | Summary ^ of options granted to senior managerial personnel* are as under:<br>No. of employees covered : 34<br>No. of options granted to such personnel;<br>238,450 (Pre Bonus and Split)<br>1,141,875 (Post Bonus and Split)<br>^ Only summary given because of sensitive nature of information<br>*includes directors (excluding promoter directors) and employees who are one level below the Board of Directors. |                                 |                                  |                                   |                                 |                                |                                 |                                  |
| (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 options 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. 3.01   |                                 |                                  |                                   |                                 |                                |                                 |                                  |
| (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. 1 (vii) and 16 contained in the Notes to Accounts (Schedule No. 20) forming part of the Balance Sheet and Profit and Loss Account for the financial year ended on March 31, 2011.   |                                 |                                  |                                   |                                 |                                |                                 |                                  |
| (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  |  | <b>Grant I*</b><br><b>(Rs.)</b> | <b>Grant II*</b><br><b>(Rs.)</b> | <b>Grant III*</b><br><b>(Rs.)</b> | <b>Grant IV</b><br><b>(Rs.)</b> | <b>Grant V</b><br><b>(Rs.)</b> | <b>Grant VI</b><br><b>(Rs.)</b> | <b>Grant VII</b><br><b>(Rs.)</b> |
|   | Weighted average exercise price  | 24.00                           | 31.60                            | 121.62                            | 88.70                           | 72.20                          | 69.20                           | 67.65                            |
|   | Weighted average fair value  | 13.15                           | 9.63                             | 37.23                             | 32.09                           | 32.71                          | 32.71                           | 31.57                            |
| Note: *the prices are adjusted for the bonus and split  |  |                                 |                                  |                                   |                                 |                                |                                 |                                  |
| (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:  |  |                                 |                                  |                                   |                                 |                                |                                 |                                  |
|   | <b>Grant I</b>   | <b>Grant II</b>                 | <b>Grant III</b>                 | <b>Grant IV</b>                   | <b>Grant V</b>                  | <b>Grant VI</b>                | <b>Grant VII</b>                |                                  |
| (i) risk-free interest rate   | 7%   | 7%                              | 7.93%                            | 9.24%                             | 6.89%                           | 6.50%                          | 7.55%                           |                                  |
| (ii) expected life  | 2.5 years  | 2.5 years                       | 2.5 years                        | 2.5 years                         | 3.5 years                       | 3.5 years                      | 3.5 years                       |                                  |
| (iii) expected volatility   | 14%  | 14%                             | 45.47%                           | 51.81%                            | 66.48%                          | 66.23%                         | 63.20%                          |                                  |
| (iv) expected dividends   | Not considered   | Not considered                  | 2.79%                            | 2.04%                             | 1.76%                           | 1.76%                          | 1.76%                           |                                  |
| (v) the price of the underlying share in market at the time of option grant   | Rs. 235.15   | Rs. 237.00                      | Rs. 912.15                       | Rs. 88.70                         | Rs. 72.20                       | Rs. 69.20                      | Rs. 67.65                       |                                  |

## MANAGEMENT DISCUSSION AND ANALYSIS

### Environment

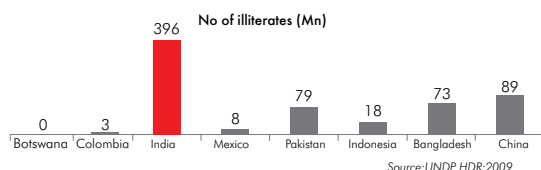
The financial year 2010-11 saw a progression in economic trends from cautious optimism at the beginning of the year leading into full scale recoveries and rapid growth in many emerging economies by the year end.

- Stronger Indian economy but with rising interest rates aimed at controlling inflation, and volatile capital flows
- Ended the year with strong hiring by employers across industries. Strongest hiring intentions since 2005 with Net Employment Outlook at 51 percent up 13 percentage points YoY (Source: Manpower Employment Outlook Survey)
- Fresher IT recruitments expected to cross 200,000 next fiscal year
- Banking Industry continued its hiring spree for operations and sales; uncertainty persisted in the Insurance sector due to regulatory changes
- Education and skill development remained a top agenda with the Government, with greater private sector participation
- Corporate sector business confidence improved. US markets showed recovery in terms of training spends; Outsourcing activity grew faster in Europe

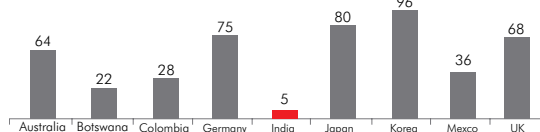
Employment witnessed a strong up-cycle among rapidly developing economies such as India and China with hiring pressures mounting. However hardening energy prices, rising interest rates and sticky inflation indicated ongoing volatility and uncertainty in the future outlook. In this environment, the education and training sector remained a key determinant of economic growth and recovery, both for India and rest of the world and therefore a top priority for governments at policy levels.

It also became clear that for India to reap the benefits of its demographic dividend, the following challenges would need to be rapidly addressed:

- Low enrolments and high drop-out rates in school education
- Largest uneducated and untrained population



### Percentage with Formal Vocational Training



Source: UNDP HDR:2009

In this environment, NIIT strengthened its position by building strong credentials as

- One of the largest providers of vocational and professional skills worldwide across various service sectors. Acknowledged market leader in India
- Leading player in the school education segment in India. Positioned to take strong advantage of the emerging environment
- One of the largest providers of corporate training in the world.

Given the above credentials, NIIT is uniquely positioned to take advantage of both the long term trend towards improvement of education and skill levels as well as increasing outsourcing in India and overseas.

### Company Performance

NIIT started the year with the theme of "Sharpening the edge" with specific focus on improving the return on capital employed and quality of balance sheet while re-engineering the Company's businesses for higher growth.

The Company's performance for the year 2010-11 is reflected in the chart below:

| Rs. Millions   | FY'11  | FY'10  | Change |
|--|--------|--------|--------|
| System wide Revenues   | 19,072 | 17,964 | 6%     |
| Net Revenues   | 12,483 | 11,993 | 4%     |
| EBITDA (earnings before interest, taxes depreciation and amortization)   | 1,593  | 1,569  | 2%     |
| Depreciation and Amortization  | 854    | 751    | 14%    |
| Profit before tax (after exceptional items)                              | 557    | 488    | 14%    |
| Operational PAT  | 469    | 380    | 23%    |
| Share of profits from associates / attributable to minority shareholders | 453    | 322    | 41%    |
| Profit after tax   | 922    | 702    | 31%    |
| Basic EPS (Rs.)  | 5.6    | 4.3    | 31%    |

Previous year data not regrouped

The Company saw an improvement in its net revenues and profitability during the year with:

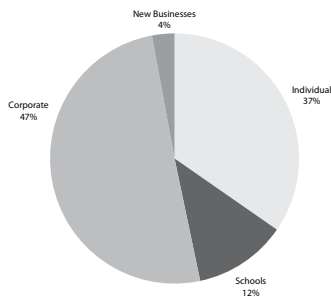
- Net Revenues at Rs. 12,483 million
- EBITDA at Rs. 1,593 million and
- Net profit of Rs. 922 million

## MANAGEMENT DISCUSSION AND ANALYSIS (Contd.)

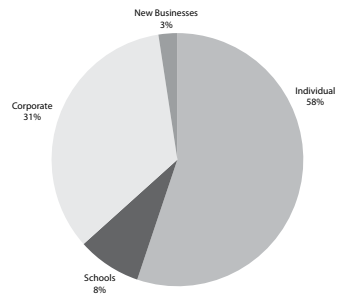
Due to the re-engineering of businesses as well as initiatives in strengthening the balance sheet, there were one-time and exceptional entries which are explained in the analysis made subsequently in this document.

and training in business processes, and soft skills to address the increasing demand for skilled workers in the business & technology services industry.

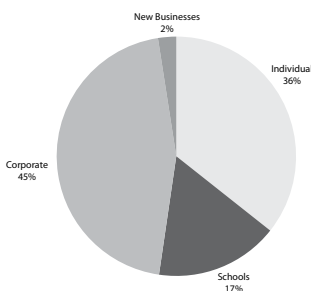
**FY'11-Net Revenues**



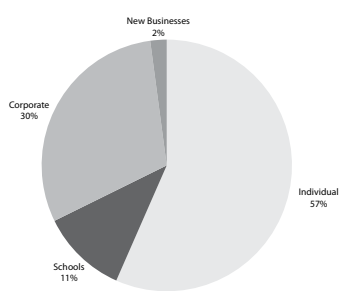
**FY'11-Systemwide Revenues**



**FY'10-Net revenues**



**FY'10-Systemwide Revenues**



During FY'11, NIIT offered the following learning solutions:

### ➤ Individual

- **IT Training:** the Company provided instructor led (supplemented by e-learning, satellite based and vlabs- the cloud based laboratories) IT training to individuals interested in pursuing a career in IT or upgrading their IT skills. These programmes, in many cases conducted through partnerships with technology companies, were provided across India, China and other emerging economies.

### • New Businesses:

**Finance & Management Training:** the Company offered training programmes to individuals in banking, insurance, finance and management. These programmes were offered through innovative business models involving partnerships with leading banks, insurance companies as well as leading management institutes.

**BPO Training:** the Company offered knowledge

➤ **Schools:** the Company catered to the requirements of Government and private schools for multimedia education across all subjects, IT education and teachers training.

➤ **Corporate:** the Company provided end to end solutions, from development to deployment of training curriculum to the Corporate sector. Product offerings included Learning Products both Online and through printed books, Managed Training Services and Custom projects.

## Business Overview

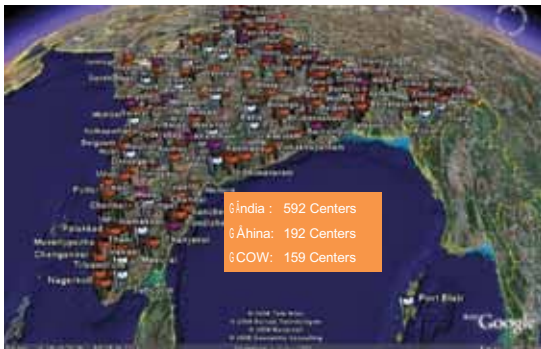
### Individual Learning Solutions

NIIT's offerings for Individuals include IT, BFSI, Management, BPO and English & Professional life skills for a variety of sectors. For this, NIIT leverages its global presence across India, China and other



## MANAGEMENT DISCUSSION AND ANALYSIS (Contd.)

developing countries for reaching out to the students as well its partnership with large technology companies in USA and Europe to provide the requisite solutions. During the year, the Company initiated the “One NIIT” approach for all ILS verticals; sharing capacity across its various brands viz IT, IFBI, Imperia and Uniqua to enhance reach and increase efficiency.



Given the economic slowdown in FY'10, the Individual business started the year with a lower order book. However during the year, the business launched new initiatives to build a robust order book as under:

- New products to address changing preferences
- New delivery model: embedding VSAT based delivery across centers and online portal to expand reach and increase efficiency
- NIIT Inside: Separate team with focus on College delivery
- Higher end segment: New products (ERP, business analytics etc)
- Launched 'One NIIT': Integrating IT, FMT and New Businesses product offerings
- Stronger placement push

The impact of all these initiatives was very positive with year-on-year enrolments growth of 6 percent and placements growth of 31 percent in IT Training.

The IT Training business provides technical and professional skills to ensure employability as well as technology upgrade skills for working professionals. Revenue growth of 10 percent was led by 99 Day Diploma, Infrastructure Management solutions and Edgineers curriculum, with a significant uptake in SAP enrolments during the second half of the financial year. The enrolments for career courses grew by 10 percent during the year.

### ➤ India

As part of the growth strategy, the Company focused on the following initiatives during FY'11:

1. Launched a full slate of new products and programs, many of which cater to changing preferences for shorter duration programs:



- 'Advanced Online Advertising' program, in association with Google, for the advertising and marketing professionals
- Salesforce.com – training for Salesforce.com CRM Management
- Zend Technologies – training to learn PHP and Zend Framework
- Tally Solutions – training programs to master Tally. ERP 9
- Cloud Computing – Entry Level Programs for Working Professionals on Microsoft – Azure Platform
- IGNOU - 'Finishing School Program' in IT and professional skills
- Android (Google) World – Awareness and Programming Courses
- Certified Oracle 10g courses on Database Administrator / Oracle Certified Professional / Oracle Certified Associate
- New Fun & Gaming/School Project programs under “Cool Programs”
- “Click India Click” - Social Media Awareness Programme
- Customized GNIIT Programs for Engineers

2. National IT Aptitude Test – The Company conducted the National IT Aptitude Test for the seventh consecutive year. The test was simultaneously conducted across 27 states in India.

## MANAGEMENT DISCUSSION AND ANALYSIS (Contd.)

3. Initiated change in delivery model enabling VSAT based delivery across centers
4. Created a separate team with focus on 'In college delivery'



The closing order book was Rs. 1,106 million, of which nearly two-thirds is executable during FY'12.

### ➤ China & Other Emerging Economies

During FY'11, the Company continued to focus on select high potential geographies. To this end, the Company expanded its China operations by bringing 2 new Government-assisted NIIT centres live in Suzhou & Jiaxing. NIIT brought together technology leaders in the first-ever Technology Partner Conclave in Ghana. The conclave, held as a part of NIIT's 10th anniversary celebrations in Ghana, saw global IT leaders such as Microsoft & Oracle sharing this platform to educate youth in the latest technologies and industry trends. NIIT signed a MoU with leading Universities of Indonesia to enhance employability of 100,000 learners over next 5 years. The Company organized the 11th NIIT Nigeria IT Scholarship 2010 to reward meritorious students. These 100% Scholarships commemorate the 50th Year of Nigeria's Independence. In partnership with IGNOU, NIIT launched BSc (IT) in key international geographies.

### Financials of ILS - IT Training

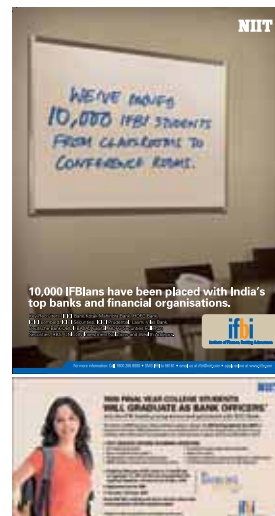
| Rs. Millions         | FY'11  | FY'10  | Change   |
|----------------------|--------|--------|----------|
| System wide Revenues | 11,153 | 10,163 | 10%      |
| Net Revenues         | 4,681  | 4,275  | 10%      |
| EBITDA               | 1,061  | 987    | 7%       |
| OM%                  | 23%    | 23%    | (43) bps |

The revenue growth was affected by lower order book at the beginning of the year while the margins for the year were adversely impacted due to expenses on implementing new delivery models (One NIIT etc.) but

have positioned ILS for higher growth and improvement in margins in the future.

### New Businesses

The Company further consolidated its leadership position in Financial Services training through the Institute of Finance, Banking and Insurance (IFBI), continuing to grow at a vigorous pace throughout the year. To capture the full extent of the rebound in the banking sector, IFBI further broad-based its partner list by adding 14 new institutions. IFBI also entered into a strategic alliance with International Certifications in Securities and Investments (CISI).



NIIT Imperia continued to establish its unique model of Executive Management Education that combines programs offered by world-class management institutes with the geographical reach made possible by NIIT's Synchronous Learning Technology. During the year it launched the first batch of the Executive MBA in collaboration with Indira Gandhi National Open University (IGNOU). Pioneering courses in Digital marketing in an alliance with Google, and in IFRS with KPMG were well received.

UNIQUA offers the industry's most comprehensive training curriculum for existing and prospective employees of business services and technology companies. During FY'11 Uniqua continued to reach out across India through the extended NIIT Centre network. Fresh Hire Training and Professional Skills Training as services were provided to Top BPO organizations through training contracts.





## MANAGEMENT DISCUSSION AND ANALYSIS (Contd.)

### Financials of New Businesses

| Rs. Millions         | FY'11 | FY'10 | Change       |
|----------------------|-------|-------|--------------|
| System wide Revenues | 602   | 379   | 59%          |
| Net Revenues         | 485   | 296   | 64%          |
| EBITDA               | (108) | (152) | + 44 million |

During FY'11, the New businesses recorded an order intake of Rs. 529 million. At the end of the year, the Order book stood at Rs. 107 million with 100 percent executable over the next 12 months.

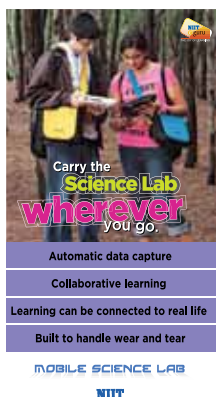
### School Learning Solutions

The School Learning Solutions business provides solutions and services for IT training and for technology enabled learning & teaching for schools as well as teachers training and Hole in the Wall Learning Station solutions.

In Government schools, the Company adopted an extremely selective approach to Sarva Shiksha Abhiyan and ICT @school tenders floated by the State governments as it sought to balance growth and capital intensity in this business. Receivables were followed up aggressively, with traction being gained toward the end of the financial year.



For Non-government schools, the Company offers a comprehensive suite of technology enabled products and solutions under the NIIT nGuru solution. In addition to its legacy IT Wizard product, the nGuru suite provides a holistic education delivery solution to address key needs of Students, Teachers, School management and Parents, in line with NCERT's National Curriculum framework. The nGuru suite is comprised of 'Interactive Classrooms' for teachers, 'Math lab' and 'IT Wizard' for students, 'Quick School' an Education Resource Planning solution for school management.

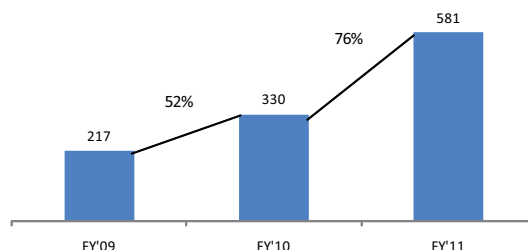


During the year, the Company focused its attention on Non-government schools, increasing the size of the sales force significantly, putting a new leadership team

in place, revamping ICR content which was launched towards the year end. This resulted in a healthier order book and steady growth in Non-Government revenues. In the year, the Company added 581 Non-government Schools. In addition, the Company entered into an alliance with Fourier Systems, a worldwide leader in science education to launch the Mobile Science Lab for schools - an innovative learning solution which integrates the Science Lab into the classroom. The Company launched NIIT MindChampions' Academy to popularize Chess in schools across India as a joint initiative by NIIT & World Chess Champion, Viswanathan Anand.



### Non-GSA School additions



NIIT's Hole-in-the-Wall Education (HiWEL) initiated set up of over 100 Play Ground Learning Stations during the year. HiWEL has developed innovative and a cost effective approach in using technology to empower disadvantaged groups through the provision of free and unrestricted computer access to children and community members in open unsupervised settings. HiWEL was awarded HASTAC/ MacArthur Digital Media Learning Award 2010 and Honorable Commendation of Wenhui Award for Educational Innovation 2010 by the National Commission of the People's Republic of China for UNESCO.





## MANAGEMENT DISCUSSION AND ANALYSIS (Contd.)

### Financials for School Learning Solutions

| Rs. Millions | FY'11 | FY'10 | Change    |
|--------------|-------|-------|-----------|
| Net Revenues | 1,481 | 2,000 | -26%      |
| EBITDA       | 169   | 296   | -43%      |
| OM%          | 11%   | 15%   | (336) bps |

During FY'11, the Company recorded an order intake of Rs. 2,567 million. At the end of the year, the Order book for this business stood at Rs. 4,402 million. Of this, 30 percent is executable during FY'12.

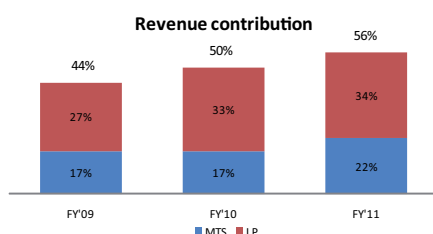
### Corporate Learning Solutions

During FY'11, the Corporate Learning Solutions business achieved steadily rising sales, collections and profitability in the backdrop of a sluggish global economy. This was accomplished through aggressive sales activity and robust delivery performance across North America, Europe and India. During the year, the Company took the following steps:



Most comprehensive and global, training outsourcing capability

- Focus on higher margin IP based and large annuity based businesses
  - Learning Products (LP): Invested in sales force and product development
  - Managed Training Services (MTS): sharpened the value proposition of the offering; added 5 new large accounts in FY11 to the existing Philips engagement
- FY11 saw a significant improvement in business volume and profitability



- Share of LP and MTS increased from 52 percent of CLS revenues in Q1 FY11 to 58 percent in Q4 FY11
- Margin growth in FY11 restricted by exchange and by transition costs

|                            |   |
|----------------------------|---|
| Learning Products - Online | <ul style="list-style-type: none"> <li>• 5800+ titles; 50,000+ topics</li> <li>• 4 Mn+ learners on Khub</li> <li>• SAAS model</li> </ul>  |
| Print & Publishing         | <ul style="list-style-type: none"> <li>• Largest print library</li> <li>• Over 8000 titles</li> <li>• Print on demand</li> </ul>  |
| Managed Training Services  | <ul style="list-style-type: none"> <li>• Recurring revenues, long term partnerships</li> <li>• Multi year, multi geography relationships</li> <li>• Opportunities in India growth sectors</li> </ul>  |
| Custom Projects            | <ul style="list-style-type: none"> <li>• 150+ customers; 49 in Fortune 500</li> <li>• Continue to maintain leadership position in content development</li> <li>• Establish 'curriculum-led' development model to increase order size and value</li> </ul> |

### Financials for Corporate Learning Solutions

| Rs. Millions | FY'11 | FY'10 | Change |
|--------------|-------|-------|--------|
| Net Revenues | 5,835 | 5,422 | 8%     |
| EBITDA       | 471   | 437   | 8%     |
| OM%          | 8%    | 8%    | 1 bps  |

During the year, the business clocked an order intake of USD 138 million. The closing order book stood at USD 98 million. Of this, 59 percent is executable during FY'12. Annuity contracts in LP and MTS will provide accelerated revenue growth with improving margins in future.

### Recognitions

- NIIT won 'Top IT Training Company Award 2010' for the 18th year in succession by Dataquest. NIIT has been receiving this coveted award successively for the past 17 years in recognition of its talent development initiatives across the world.
- NIIT received Franchisor of the Year: IT by Franchise Plus, India's leading business opportunity magazine. The company has received the coveted award for its path breaking work in developing and demonstrating the best business model in the field of Education: Information Technology.
- Element K won the Brandon Hall Silver Excellence Award for blended learning in the Best Results of a Learning Program category. The learning program developed by NIIT enabled Diageo employees to learn about information systems in an immersive, flexible and experience based environment.
- NIIT (USA) ranked amongst Top 10 Training & Learning Business Process Outsourcing Vendor in

## MANAGEMENT DISCUSSION AND ANALYSIS (Contd.)

– Black Book of Outsourcing. Black book identifies the best companies for outsourcing projects, which is key to helping companies maximize their training spend and achieve the strategic business impact they seek.

- NIIT HiWEL won the prestigious Mac Arthur Digital Media and Learning Award for innovative use of internet and digital technology to transform learning and knowledge creation.
- NIIT USA was named in the 2010 Top 20 IT Training Companies list by TrainingIndustry.com for IT solutions which enable organizations to reduce costs and deliver value by positively accelerating business drivers through effective learning and training programs
- NIIT USA won the CLO Gold Excellence Award from Chief Learning Officer (CLO) magazine. The awards felicitated NIIT for its accomplishments in the Excellence in Content category.
- NIIT won Microsoft's "Learning Solutions Partner of the Year" for the third consecutive year. This award marks a Hat-Trick by NIIT for being the "Best Learning Solutions Partner" in India, a unique feat, as there is no other Learning Partner to achieve this credential. NIIT has skilled and certified close to 100,000 students in the last 3 years on Microsoft Technologies.
- NIIT Vietnam bagged the ICT GOLD MEDAL, consecutively for the 5th time and ICT TOP 5 for the year 2010
- NIIT Cognitive Arts Won the Bronze Brandon Hall Learning Award
- NIIT won the 'Best Education Company to Work with' award at the Indian Education Awards 2011, organized by Franchise India.



## Consolidated Financial review of the Company

The financial summary for FY'11 is as follows:

| Rs. Millions  | FY'11  | FY'10  | Change   |
|---|--------|--------|----------|
| Revenues  | 12,483 | 11,993 | 4%       |
| Operating Expenses  | 10,890 | 10,425 | 4%       |
| - Personnel Cost  | 3,348  | 3,016  | 11%      |
| - Development, Production & Execution costs                               | 4,795  | 4,804  | 0%       |
| - Administration & Others (excl finance costs)                            | 1,747  | 1,649  | 6%       |
| - Marketing   | 1,000  | 955    | 5%       |
| EBITDA  | 1,593  | 1,569  | 2%       |
| OM%   | 13%    | 13%    | (32) bps |
| Net Other Income (incl exceptional items)                                 | (181)  | (330)  |          |
| Depreciation & Amortization   | 854    | 751    | 14%      |
| Profit before taxes   | 557    | 488    | 14%      |
| Taxes   | 89     | 108    | -18%     |
| Share of Associate profits/ profits attributable to Minority shareholders | 453    | 322    | 41%      |
| Profit after tax attributable to equity holders                           | 922    | 702    | 31%      |
| Basic EPS (Rs.)   | 5.6    | 4.3    | 31%      |

Previous year data not regrouped

## Revenues

The Company recorded a 4 percent increase in the revenues to Rs. 12,483 million. This growth was muted on account of the one-time pass through revenues recognized in FY'10 as well as the appreciation of the INR viz. the USD. On a like to like basis, without currency impact and the one-time pass through revenues, the revenue growth was 12 percent.

## Net other income

The net other income in FY'11 reflects

- the net interest expenses for the Company,
- Dividend and capital gain income on mutual fund investments
- Foreign exchange gains / (losses)
- Miscellaneous income

The net interest & financial expense for FY'11 stood at Rs.337 million compared to Rs. 333 million for FY'10. During the year, the Company recorded a net foreign exchange loss of Rs. 12 million compared to Rs. 40 million booked in FY'10.

## Exceptional Items

Exceptional items for FY'11 reflect

- A one-time income from the sale of stake in a subsidiary viz. Neo Multimedia Limited (erstwhile NIIT Multimedia Limited) of Rs. 214 million.

## MANAGEMENT DISCUSSION AND ANALYSIS (Contd.)

- Rs. 71.5 million of Corpus given to The NIIT University. This corpus has been given in accordance with the approvals received from the shareholders.

### Expenses

On an overall basis, the operating expenses increased 4 percent YoY as compared to a 4 percent revenue growth due to:

- The salary reductions achieved in FY'10 were rolled back in salary in FY'11. This in addition to the impact of annual increments and 672 additional people joining NIIT during the year pushed the personnel costs up by 11 percent.
- Development, production and execution expenses for FY'11 were flat in comparison with FY'10.
- Marketing costs increased by 5 percent as the Company ramped up its marketing campaign to increase market share.
- Administration and other costs were well managed by volume reduction but still resulted in a 6 percent increase on account of inflation, increase in premise costs as well as higher business related travel.
- The increase in depreciation was primarily attributable to the capitalization of a number of capital work in progress projects which got completed during the year.

### Detailed Analysis of Consolidated Balance Sheet as on March 31, 2011

| Particulars                 | Rs. Million    |              |                |              |
|-----------------------------|----------------|--------------|----------------|--------------|
|                             | March 31, 2011 |              | March 31, 2010 |              |
| <b>Sources of Funds</b>     |                |              |                |              |
| Share Capital               | 330            |              | 330            |              |
| Minority Interest           | 30             |              | 21             |              |
| Reserves and Surplus        | 5,235          |              | 4,713          |              |
| <b>Net Worth</b>            |                | <b>5,595</b> |                | <b>5,064</b> |
| Secured Loans               | 2,650          |              | 2,535          |              |
| Unsecured Loans             | 1,009          |              | 1,510          |              |
| Loan funds                  |                | 3,658        |                | 4,046        |
| <b>Total</b>                |                | <b>9,253</b> |                | <b>9,110</b> |
| <b>Application of Funds</b> |                |              |                |              |
| <b>Fixed Assets</b>         |                |              |                |              |
| Gross Block                 | 8,771          |              | 8,137          |              |
| Depreciation                | 3,971          |              | 3,221          |              |
| <b>Net Block</b>            |                | <b>4,800</b> |                | <b>4,916</b> |
| Capital Work in Progress    |                | 622          |                | 448          |
| Investment                  |                | 1,641        |                | 1,274        |
| Net Current Assets          |                | 1,883        |                | 2,173        |
| Deferred Tax Assets         |                | 307          |                | 298          |
| Miscellaneous Expenditure   |                | -            |                | 1            |
| <b>Total</b>                |                | <b>9,253</b> |                | <b>9,110</b> |

### Share Capital

During the year, there was no change in the share capital of the Company.

### Reserves and Surplus

For the purposes of consolidation, while converting the financial statements of foreign subsidiaries into the Group Currency (INR), the Company followed the Indian Accounting Standard - AS 11 "The Effects of changes in Foreign Exchange rates" for translation of balances of non-Indian subsidiaries. Assets and liabilities of non-Indian subsidiaries are translated at the year-end exchange rate. Income and Expenditure items are translated at predetermined rates that approximate the exchange rate prevailing on the date of the transaction. The resultant translation adjustment is reflected as a separate component of Shareholders' funds as "Currency Translation Reserve."

### Loan Funds

During FY'11, the Company raised Rs. 1,100 million of fresh debt in India (Rs. 500 million as a long term loan as well as Rs. 600 million as short term funds) as well as USD 15 million for overseas operations. The debt was raised to fund the cash flow requirements and reduce the cost of borrowings of the Company. During the year, the Company repaid USD 7 million and GBP 9.4 million of the foreign currency loans, unsecured debentures of Rs. 600 million as well as other unsecured debt of Rs. 506 million

NIIT's focus on releasing capital deployed in non operational assets and from low return businesses resulted in reduction of debt from Rs. 4,046 million as of March 31, 2010 to Rs. 3,658 million in March 2011. The outstanding included:

|   |                   |
|---|-------------------|
| Secured Non Convertible debentures:                 | Rs. 1,000 million |
| Rupee Term Loan:                                    | Rs. 500 million   |
| Foreign currency loans:                             | Rs. 1,132 million |
| Working capital debt:                               | Rs. 18 million    |
| Unsecured Short term debt                           | Rs. 600 million   |
| Unsecured Working capital debt in India & Overseas: | Rs. 278 million   |
| Deferred lease obligations and other loans:         | Rs. 130 million   |

### Fixed Assets

As of the beginning of the year, the Net block stood at Rs. 4,916 million. During the year, the Company invested Rs. 897 million in fixed assets including capi-

## MANAGEMENT DISCUSSION AND ANALYSIS (Contd.)

talization of the opening capital work in progress. The addition was for the following:

|                                   |                 |
|-----------------------------------|-----------------|
| New initiatives & products:       | Rs. 484 million |
| Capacity expansion & upgradation: | Rs. 94 million  |
| Normal capital expenditure:       | Rs. 319 million |

In addition, the Capital work in progress stood at Rs. 622 million as of March'11. The Net block stood at Rs. 4,800 million on March 31, 2011.

### Investments

At the year end, the investments stood at Rs. 1,641 million which included the holding value of:

|  |                   |
|--|-------------------|
| NIIT Technologies Limited:                   | Rs. 1,531 million |
| Investments in debt schemes of mutual funds: | Rs. 110 million   |

### Net Current Assets

The elements of net current assets were as follows:

#### ➤ Inventories

Inventories mainly included training material including educational software used by the Company for imparting IT-ITES education. Over the year, the value of the inventory held by the Company increased from Rs. 126 million to Rs. 153 million.

#### ➤ Trade Receivables

The total receivables of the Company were at Rs. 3,898 million up from Rs. 3,403 million as on March 31, 2010, representing 114 days sales outstanding. Post the year end, the Company has received an amount of Rs. 247 million from a State Government against the outstanding trade receivables. Consequently, the days sales outstanding would reduce to 107 as compared to 104 days in March 2010. This increase is attributable to a higher level of invoicing in Element K as well as longer collection cycles in some corporate and government collections.

#### ➤ Cash and Bank

The cash and bank balances as on March 31, 2011 stood at Rs. 526 million compared to Rs. 616 million as on March 31, 2010. Including mutual fund investments, the cash balance of the Company stood at Rs. 603 million as compared to Rs. 620 million as of March 31, 2010. During the year the Company:

- generated Rs. 1,315 million from operations,
- utilized Rs. 505 million for investment activities including net investment in mutual funds amounting to Rs. 105 million, and

- Utilized Rs. 917 million in financing activities of paying interest and dividend as well as repaying debt.

#### ➤ Other Current Assets

Other current assets included interest receivable, unbilled revenues as well as receivables pertaining to the sale of stake in Neo Multimedia Limited. The balance as of March 31, 2011 stood at Rs. 1,174 million, as compared to Rs. 698 million in the previous year. Subsequent to the year end, substantial amount against the receivable pertaining to the stake sale has been realized.

#### ➤ Loans and Advances

Loans and advances included advances to suppliers, deferred expenses, rent advances, security deposits given for premises as well as advance tax paid. During the year, the company received back the loans advanced to The NIIT Institute of Information Technology as well as NIIT Education Society totaling to Rs. 444 million. Consequently, at the year end, the total loans and advances stood at Rs. 1,353 million compared to Rs. 1,538 million as on March 31, 2010.

#### ➤ Current Liabilities

Current liabilities increased from Rs. 3,785 million in FY'10 to Rs. 4,772 million in FY'11. This increase is primarily attributable to the increase in deferred revenues in Element K as well as advances from customers and sundry creditors. Current liabilities consists of sundry creditors including capital creditors, advances from customers, security deposits, deferred revenues and other liabilities.

#### ➤ Provisions

The total provisions increased from Rs. 422 million to Rs. 449 million. The outstanding amount included Rs.288 million for the proposed dividend of Rs. 1.50 per equity share of Rs. 2 and the dividend distribution tax thereon; compensated absences provision of Rs. 152 million and gratuity provision of Rs. 9 million.

### Accounting Policies

The Company has 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, 2011 and of the profit or loss of the Company for that year.

## MANAGEMENT DISCUSSION AND ANALYSIS (Contd.)

### Related Party Transactions

Related Party transactions are defined as transactions of the Company of a material nature with Promoters, Directors or the Management, their subsidiaries or other related parties who may have a potential conflict with the interest of the Company at large. There were no material transactions during the year under review that were prejudicial to the interests of the Company.

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

### Revenue Recognition Policy

The significant Accounting policies and practices followed by NIIT Limited are disclosed in Note 1 of Schedule "20" (Notes to Accounts) of the Accounts for the year.

### Reserves

NIIT Limited reserves did not reflect any reserves on account of revaluation of assets.

### Update on SEZ

During the year, the Company was granted approval for setting up a SEZ unit in IT/ITES SEZ of Gurgaon Infospace Ltd., Sector-21, Village Dundahera, Gurgaon ("SEZ") vide approval letter dated December 21, 2010. Based on the approval, the Company is in the process of setting up its unit in the SEZ which would be servicing new customers and new contracts from its existing global customer base.

While the necessary infrastructure for making the unit operational is being set up, the SEZ unit has started recruiting new employees for the unit since the beginning of the month of March. The employees who have joined the unit are going through the necessary trainings etc.

The SEZ unit of the Company is expected to be operational during the first quarter of financial year 2011-12.

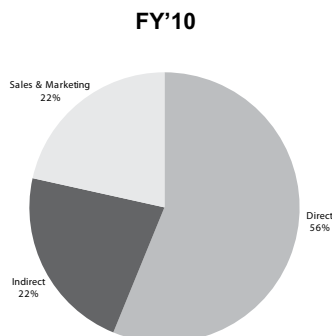
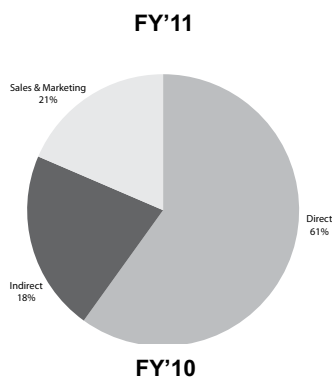
### Human resources

The Company has been built on the foundations of people being the key drivers to growth of the organisation. People are at the core of its Vision, which espouses mutual positive regard, career building and providing opportunities for learning, thinking,

innovation and growth. The Company offers an environment where all-round development is as much of a goal as realization of career ambitions.

During FY'11, the Company continued to focus on improving people productivity, through training and development of its people.

During FY'11, the Company increased its headcount by 672. As of the year end, the headcount stood at 4,157 with 61 percent in direct roles, 22 percent in sales and marketing and the balance in indirect roles.



### Future Outlook

The building blocks for NIIT's growth are firmly in place:

- Macro Trends are favorable with:
  - Accelerating GDP growth
  - Increased government spending
  - Increasing profits of the corporate sector
  - Indications of large hiring plans across sectors
  - Increase in employee salaries
- Lead Business indicators are encouraging with:
  - Enrolments growth

## MANAGEMENT DISCUSSION AND ANALYSIS (Contd.)

- Growth in placements
- Strong Order Book
- Competitive wins
- Profitability improvement

➤ NIIT has always specialized in delivering “quality at scale.” The Company's core competencies – acquired over 3 decades of existence, remain integral to its future:

- Pedagogy – Creating Learning materials
- Technology – Distributed Education process management
- Partnerships – Nurturing win-win partner relationships

NIIT's core growth strategies to address the future are:

- Leverage “One NIIT” for reach and customer choice
- Focus on IP and Annuity-based revenue for scale and profitability
- Addressing new opportunities with new business models at new price points

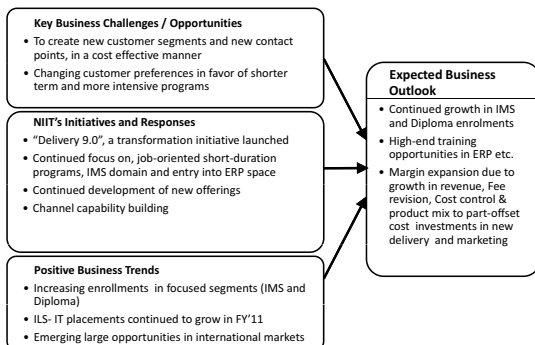
In addition to ongoing cash flow management and profitability improvement, three major transformations are underway to achieve the next level of growth:

- Technology led low-cost delivery
- Aggressive customer acquisition
- Empowered, energized & entrepreneurial NIITians

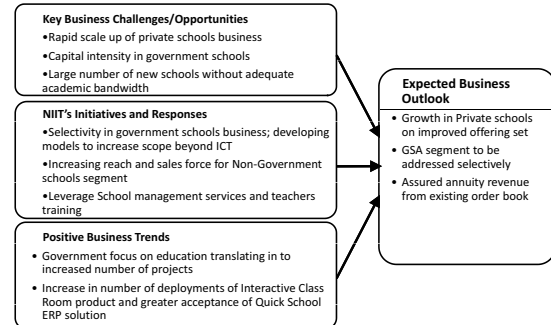
The Company is very well equipped to take a global leadership position in the emerging knowledge economy.

The Company's business specific strategy set includes:

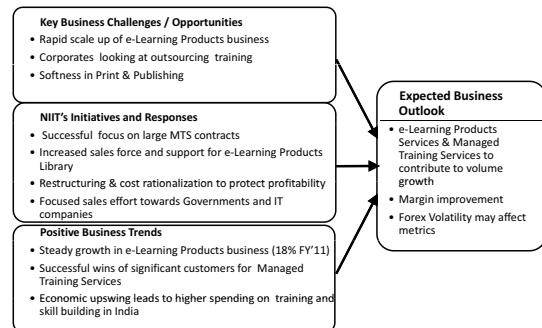
### Individual Learning Solutions



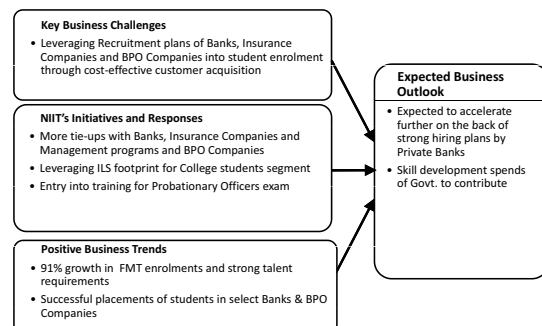
### School Learning Solutions



### Corporate Learning Solutions



### New Businesses



### Risk and Concerns

As a global enterprise, NIIT is exposed to a wide variety of risks across its different lines of businesses. The Company perceives risks as the danger of not achieving its financial, operative and strategic goals. NIIT has a comprehensive risk management structure in place, to enable it to recognize the risks early, so that appropriate mitigation plans can be put in place to counter the same. The risk management mechanism

**MANAGEMENT DISCUSSION AND ANALYSIS (Contd.)**

is an integral part of the Company's core process and involves recording, monitoring and controlling of the internal functions of the enterprise and the associated business risks, via a comprehensive risk reporting system. Through the said mechanism, the Company aims to achieve an optimum balance between risk and reward, with the underlying objective of maximizing value for the shareholder. While the external environment in FY'11 remained challenging, the application of Enterprise Risks Management (ERM) has resulted in real, tangible benefits for the company.

The rapid changes in technology across the globe have necessitated a dynamic change in the Company's business and delivery models. As risk taking is an intrinsic part of business and any opportunities for growth carries with it inherent risks, it has been the constant endeavor of the Company to balance risk appetite in each of its lines of business to ensure that each of the businesses generate high risk adjusted returns. As prioritization of key risks is significant, NIIT has taken upfront initiatives to identify the risks, document them in consultation with the business groups and define the risk matrix framework.

NIIT's risk matrix framework addresses all the significant risks of the businesses as envisaged by the management from time to time based on past experience and existing environment surrounding each business activity, along with a mitigation strategy for the same. The mitigation strategy is simultaneously addressed by the respective business group for each of the identified risks while finalizing strategic and operational parameters of the business. The compliances & assurance of the risk mitigation strategies are addressed by the Internal Audit & Assurance Group.

The major and significant risks identified by the Company with mitigation strategies in place are:

- 1) External Risks - Political, Environment, Macroeconomic, Exchange Fluctuation, Competition, Legal and Technology Obsolescence; and
- 2) Internal Risks - Business Concentration, Investment Process, Human Resource, R&D, Regulatory compliances and Financial Reporting.

The Company is well diversified, both in terms of its service offerings and geographic spread. The judicious mix of revenue from the different business lines, Individual, Schools and Corporates ensure that the Company is well positioned to manage slowdowns in a particular product portfolio or in a specific geography. The Company believes that with the ERM process in

place, it has a robust mechanism for risk management, and the strategies for risk management are reviewed by the Board of Directors at regular intervals.

**Internal Control Systems and its adequacy**

The Company has adopted world class practices for internal controls, based on its extensive global operational experience. It has also implemented one of the leading ERP solutions in its global operations, to integrate various facets of business operations including Human Resource, Finance, Logistics and Sales. This has enabled the Company to control and monitor its worldwide operations online and strengthen the ability of internal controls to function most optimally.

**Disclaimer**

*Statements in this management discussion and analysis describing the Company's views about the industry, objectives, projections, estimates and expectations may be 'forward looking statements' within the meaning of applicable laws and regulations. The Company undertakes no obligations to publicly update or revise any forward-looking statements, whether as a result of new information, future events, or otherwise. Actual results, performances or achievements could differ materially from those expressed or implied in such statements. Readers are cautioned as not to place undue reliance on the forward-looking statements as they speak only as of their dates. The MD&A should be read in conjunction with the Company's financial statements included herein and the notes thereto. Information provided in this MD&A pertains to NIIT Limited and its subsidiaries on a consolidated basis, unless otherwise stated.*



## CORPORATE GOVERNANCE REPORT

Your Company believes that strong companies are built on the foundation of good governance practices. Corporate Governance encompasses the effective management of relationships among constituents of the ecosystem - shareholders, management, staff members, customers, vendors, governments, regulatory authorities and community at large. These relationships can be strengthened through corporate fairness, transparency, empowerment and compliance with the law in letter and spirit. It takes proactive approach and revisits its governance practices from time to time so as to meet business and regulatory needs.

### COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

Your Company's philosophy on Corporate Governance is aimed at optimizing the balance between stakeholders' interests and corporate goals through the efficient conduct of its business and meeting their obligation in a manner that is guided by transparency, accountability and integrity. It has always been believed that an independent Board following international practices, transparent disclosures and empowerment of stakeholders are as necessary as solid financial results for creating and sustaining shareholder's value. Your Company is conscious of its responsibility as a good corporate citizen and is committed to a high standard of Corporate Governance practices.

At NIIT, value creation is a philosophy that is ubiquitous across the organisation. Stakeholders are the focus of Company's growth strategy. The Company has ensured stability and growth in a dynamic environment and in competitive times. This has been the Company's commitment since inception. The fabric of Corporate Governance in the Company is woven with transparency, independence and commitment for creating wealth for its shareholders.

### BOARD OF DIRECTORS

#### Composition

Your Company is managed and guided by a professional Board comprising seven Directors of which four are Independent Directors, constituting more than half of the Board's total strength. The Independent Directors of the Company meet all the criteria mandated by Clause 49 of the Listing Agreement. The Board's role, functions, responsibilities and accountability are clearly defined. In addition to its primary role of monitoring corporate performance, the functions of the Board include:

- Articulating the corporate philosophy and mission;
- Formulating strategic plans;
- Reviewing and approving financial plans and budgets;
- Monitoring corporate performance against strategic plans including overseeing operations;
- Ensuring ethical behaviour and compliance with laws and regulations;
- Reviewing and approving borrowing/lending, investment limits and exposure limits, etc.;
- Keeping shareholders informed about plans, strategies and performance.

The composition of the Board of Directors is in conformity with the stipulation laid down in the code of Corporate Governance recommended by the Securities and Exchange Board of India (SEBI) through Clause 49 of the Listing Agreement of the Stock Exchanges.

#### Composition of the Board and their Director Identification Number (DIN)

| Name of the Director and Designation                                    | Category             | DIN      |
|---|----------------------|----------|
| Mr. Rajendra S. Pawar<br>(Chairman and Managing Director)               | Promoter             | 00042516 |
| Mr. Vijay K. Thadani<br>(Chief Executive Officer & Whole-time Director) | Promoter             | 00042527 |
| Mr. P. Rajendran<br>(Chief Operating Officer & Whole-time Director)     | Executive Director   | 00042531 |
| Mr. Subroto Bhattacharya<br>(Director)                                  | Independent Director | 00009524 |
| Mr. Surendra Singh<br>(Director)  | Independent Director | 00003337 |
| Mr. Sanjay Khosla<br>(Director)   | Independent Director | 00981819 |
| Ms. Madhabi Puri Buch<br>(Additional Director)                          | Independent Director | 00016299 |

Note:

No Director is related to any other Director on the Board in terms of the definition of 'relative' given under the Companies Act, 1956.

**A brief profile and role of each of the Directors is given below:**

#### Mr. Rajendra S. Pawar

**Designation:** Chairman and Managing Director

**Profile:** Mr. Pawar is the Chairman and co-founder of NIIT. A distinguished alumnus of the Indian Institute of Technology Delhi, he is known for promoting industry-academia alliances and has been working closely with the country's well-known educational institutions. An established thought leader in the industry, Mr. Pawar is the current Chairman of the industry body 'National



## CORPORATE GOVERNANCE REPORT (Contd.)

Association of Software and Service Companies' (NASSCOM).

Set up in 1981, NIIT pioneered the computer education market in India, creating a completely new industry segment and taking it to consolidation and maturity. Mr. Pawar has played a leadership role in nurturing NIIT and building it into a leading Global Talent Development Corporation.

Acknowledging his contribution to the IT industry in India, Mr. Pawar has been awarded the country's prestigious civilian honour, Padma Bhushan by the President of India in 2011.

Mr. Pawar is a member on the Prime Minister's National Council on Skill Development; has served on the PM's National Taskforce commissioned to develop India into an IT Superpower; is an advisor to the Human province of China; and was a member of PIAC (Presidential International Advisory Council) of the Government of South Africa for IT.

He is actively involved in India's key Chambers of Commerce and has led several ICT industry initiatives, giving voice to the sector's aspirations and goals. He is currently a member of the International Business Council of the World Economic Forum.

Recognising his pioneering and entrepreneurial work in the education and software sectors, Global Business Intelligence firm, Ernst & Young conferred on Mr. Pawar its prestigious Master Entrepreneur of the Year Award in 1999. His contributions to the IT industry in India have also earned him the IT Man of the Year award instituted by IT industry journal, Dataquest. He serves on the Board of Governors of Indian Institute of Technology (IIT), Delhi, Indian School of Business, Indian Institute of Management, Bangalore and the Scindia School. He is also a member of Planning Commission's task force on skill development.

**Roles and Responsibilities:** Mr. Pawar plays a major role in providing thought leadership and strategic inputs to the Company in addition to helping shape new business and driving the strategic HR program in the Company.

### Mr. Vijay K. Thadani

**Designation:** Chief Executive Officer and Whole-time Director

**Profile:** Mr. Thadani is the CEO and co-founder of NIIT. As CEO of NIIT, Mr. Thadani has built an

organisation that is recognized for its innovative efforts of taking computer education to the masses. He has led the Company's globalization effort since 1991, taking NIIT flag to over 40 countries. He mentored NIIT's Strategic Alliance Programme that resulted in successful acquisitions of leading technology and training companies to further strengthen NIIT's software solutions and corporate solutions offerings.

Mr. Thadani has headed many Industry Associations and Societies. He is the current Chairman of CII Northern region. He has served as President of the Indian IT industry association, MAIT, chaired the Indian Government's Committee on National Information Infrastructure and has been a member of the Strategy Council of Global Alliance for ICT and Development of the United Nations Department of Economic and Social Affairs (UNDESA-GAID). He served as the Chairman of the IT Committee of the Confederation of Indian Industry (CII) in USA, and as the Chairman of CII National Committee on Education.

A 'distinguished alumnus' of the premier IIT Delhi, Mr. Thadani has lectured at prestigious institutions including the University of Michigan Business School, the J L Kellogg Graduate School of Management and the Indian Institutes of Management (IIMs).

**Roles and Responsibilities:** As the Chief Executive Officer of the Company, Mr. Thadani provides strategic direction and oversight to the Chief Executives and Heads of the Company's global businesses namely Career Building solutions, Corporate Learning solutions, School Learning solutions and Skills Building solutions. His responsibilities include leading the Company's Strategic Alliance and Technology partnership initiatives and in addition to oversee the Finance, Investor Relations and Corporate Communications functions. He also serves as the Chairman, Board of Directors of NIIT USA Inc, Element K Corporation, Evolv Services Limited and NIIT Institute of Finance Banking and Insurance Training Limited.

### Mr. P. Rajendran

**Designation:** Chief Operating Officer and Whole-time Director

**Profile:** Mr. P. Rajendran, Director & Chief Operating Officer, joined the Company in 1982 and is part of the core team that has developed the organization and brought it to its present position of international standing. He is an alumnus of IIT, Delhi.

Mr. Rajendran leads the People initiatives, Infrastructure development & Technology services and the Legal compliances at NIIT. He facilitates the Company's thrust with Governments in many countries for skills development in public private partnership mode. A people person and a believer in leveraging Information Technology for human resources competitiveness and innovation, he has helped NIIT emerge as one of the most exciting places to work, in the Indian IT Industry. Under his leadership, the Company has received many awards in recognition of its innovative HR practices, including Aon Hewitt's 'Best Employers in India- 2011' and 'Best Education Company to Work with' at Indian Education Awards 2011.

Mr. Rajendran is actively associated with industry associations like CII and FICCI. He is member of the Chairman of the Task force on ICT & Skills development in CII Africa Council and Chairman of the CII National Committee on Higher Education.

He takes keen interest in the area of deployment of Information & Communication Technologies (ICT) for human development and creation of new jobs.

**Roles and Responsibilities:** Mr. Rajendran assists the CEO in the management of operations of the Company. In addition, he leads the corporate teams engaged in Human Resources, Commercial Services, Legal Services and provides oversight for the School Learning solutions business.

### Mr. Subroto Bhattacharya

**Designation:** Independent Director

**Profile:** Mr. Subroto Bhattacharya is a Chartered Accountant and has over 34 years of experience and specializes in finance and management consultancy. He has been part of the core team in several reputed organisations. He was invited to the Company's Board as an Independent Director in 1998.

**Roles and Responsibilities:** Mr. Bhattacharya advises the Company on financial and management issues and is the Chairman of the Audit Committee and the Compensation/Remuneration Committee.

### Mr. Surendra Singh

**Designation:** Independent Director

**Profile:** Mr. Surendra Singh has served in the Central and State Governments as an IAS Officer. Starting his public service in 1959, Mr. Singh has held positions like Special Secretary to the Prime Minister of India,

Cabinet Secretary to the Government of India, Secretary to the Council of Ministers and Secretary, Ministry of Industry. He was an Executive Director on the Board of the World Bank, representing India, Bangladesh, Sri Lanka and Bhutan. He was Director on the Boards of the International Finance Corporation (IFC) and the Multilateral Investment Guarantee Agency (MIGA). Mr. Singh was invited to the Company's Board as an Independent Director in 2001.

Acknowledging his contribution in civil services, Mr. Singh has been awarded the country's prestigious civilian honour, Padma Bhushan by the President of India in 2011.

**Roles and Responsibilities:** Mr. Singh advises NIIT on internal controls, audit systems, compensation structure and investor relations. He chairs the Shareholders'/ Investors' Grievances Committee.

### Mr. Sanjay Khosla

**Designation:** Independent Director

**Profile:** Mr. Sanjay Khosla is currently President, Kraft Developing Markets and responsible for the company's almost US \$14 billion business in over 60 countries covering Asia Pacific, Latin America, Central and Eastern Europe, Middle East and Africa. This includes management of the Cadbury business which was acquired by Kraft in 2010. Before joining Kraft Foods in January 2007, he was the Managing Director of Fonterra Brands, New Zealand's largest multi-national company and one of the world's biggest dairy companies. Prior to this, Mr. Khosla was Senior Vice President, Global Beverages, Unilever and Chairman of that company's Global Board for the beverages category. During his 27 years career with Unilever, Mr. Khosla held senior positions in India, Europe and the United Kingdom.

Mr. Khosla is an alumnus of the premier IIT, Delhi, and has completed an Advanced Management Programme from Harvard University. Mr. Khosla was invited to the Company's Board as an Independent Director in 2002.

**Roles and Responsibilities:** Mr. Khosla advises the Company on brand building, marketing strategy, remuneration policies and other matters. He is a member of Compensation/ Remuneration Committee.

### Ms. Madhabi Puri Buch

**Designation:** Independent Director

**Profile:** Ms. Madhabi Puri Buch has been associated

## CORPORATE GOVERNANCE REPORT (Contd.)

with the ICICI Group for over 15 years. She was the Managing Director and CEO of ICICI Securities Limited (ISEC) from February 2009 to April 2011. She spearheaded ISEC's initiatives in Equity Capital Markets, Advisory Services, Institutional Equities and Retail Equities including ICICIdirect.com. Within ICICI Bank, she had looked after various businesses including home loans, bonds and treasury solutions. She is the founder of a trust "Toofless Foundation" that undertakes a variety of initiative for funding grassroot NGOs.

Ms. Madhabi Puri Buch is a graduate in Mathematics from St. Stephens College, Delhi University and PGDM (MBA) from IIM, Ahmedabad.

**Roles and Responsibilities:** Ms. Madhabi Puri Buch advises the Company on financial and investment matters. She guides the corporate teams on finance related matters and helps in formulating beneficial investment strategies for the Company.

### Board Meetings

The Board of Directors met 9 (Nine) times during the financial year 2010-2011 on the following dates:

| Sr. No. | Date of Meetings | Sr. No. | Date of Meetings  |
|---------|------------------|---------|-------------------|
| 1       | May 7, 2010      | 6       | November 3, 2010  |
| 2       | June 17, 2010    | 7       | January 21, 2011  |
| 3       | July 21, 2010    | 8       | February 28, 2011 |
| 4       | August 13, 2010  | 9       | March 25, 2011    |
| 5       | October 22, 2010 |         |                   |

The Company holds at least four Board meetings in a year, one in each quarter to review the financial results. Apart from the four scheduled Board meetings, additional Board meetings are also convened to address the specific requirements of the Company. Urgent matters are also approved by the Board by passing resolutions through circulation. The gap between two Board meetings never exceeds four months. All Directors on the Board are free to suggest any item for inclusion in the agenda for the consideration of the Board.

The necessary information as mentioned in Annexure 1A to Clause 49 of the Listing Agreement has been placed before the Board for their consideration. The Board and/or Committees have, inter-alia, addressed the following key items:

- Three years perspective plan & vision of the Company for global eminence;
- Annual business plan;

- Investments and/or loans made by the Company;
- Formation of subsidiary companies (including overseas companies);
- Review of operations (including subsidiary companies);
- Strategic acquisitions of companies and critical assets;
- Strategic decisions relating to new ventures;
- Statutory matters;
- Review of compensation to Directors;
- New alliances;
- Review of minutes of Committee meetings;
- Review of minutes of Board meetings of the subsidiary companies;
- Review of annual budgets, capital budgets and updates;
- Review and adoption of accounts and quarterly and annual financial results;
- Information on recruitment and remuneration of senior officers just below the Board level, including appointment or removal of the Chief Financial Officer and Company Secretary;
- Materially important litigations, show cause notice, demand, prosecution, and penalty notices;
- Any material default in financial obligations to and by the Company, or substantial nonpayment for goods/services sold/rendered by the Company;
- Transactions that involve substantial payment towards goodwill, brand equity, or intellectual property;
- Any significant development on the human resources aspect;
- Sale of material nature, of investments, subsidiaries, assets, which is not in normal course of business;
- Review of foreign exchange exposures and the steps taken by management to limit the risks of adverse exchange rate movement; and
- Non-compliance of any regulatory, statutory or listing requirements and shareholders' service such as nonpayment of dividend, delay in share transfer, etc.

The Company has laid down procedures to inform the Board Members about risk assessment and mitigation procedures.

## CORPORATE GOVERNANCE REPORT (Contd.)

### Director's attendance and their directorship & membership/chairmanship in other companies

The required information as on March 31, 2011 as per Clause 49 of the Listing Agreement with the Stock Exchanges is provided in the following table:

| Sr. No. | Name of Director         | No. of Directorships in other Indian Companies * | No. of Membership (Chairmanship) in other Board Committees ** | No. of Board Meetings held during the tenure of Director |          | Whether attended last AGM |
|---------|--------------------------|--|---|--|----------|---------------------------|
|         |                          |  |   | Held   | Attended |                           |
| 1       | Mr. Rajendra S. Pawar    | 11   | 4 (1)   | 9  | 9        | Yes                       |
| 2       | Mr. Vijay K. Thadani     | 7  | 4 (2)   | 9  | 7        | Yes                       |
| 3       | Mr. P. Rajendran         | 8  | 3 (1)   | 9  | 9        | Yes                       |
| 4       | Mr. Subroto Bhattacharya | 3  | 4 (2)   | 9  | 8        | Yes                       |
| 5       | Mr. Surendra Singh       | 5  | 7 (2)   | 9  | 8        | Yes                       |
| 6       | Mr. Sanjay Khosla        | -  | -   | 9  | 1        | No                        |
| 7       | Ms. Madhabi Puri Buch*** | 2  | -   | 3  | 2        | NA                        |

\* Directorships do not include private companies, Section 25 companies and companies incorporated outside India.

\*\* Board Committees for this purpose includes only Audit committee and Shareholders'/Investors' Grievance committee of public limited companies.

\*\*\*Ms. Madhabi Puri Buch had participated in the meeting through tele-conference, wherever she could not attend in person.

### BOARD COMMITTEES

In accordance with Clause 49 of the Listing Agreement with Stock Exchanges, the following Committees are in operation:

- I. Audit Committee
- II. Compensation/Remuneration Committee
- III. Shareholders'/Investors' Grievances Committee

#### I. Audit Committee

As a measure of good Corporate Governance and to provide assistance to the Board of Directors in fulfilling the Board's oversight responsibilities, an Audit Committee was constituted. Majority of the Members of the Committee are Independent Directors and every Member has rich experience in the financial sector. The Company Secretary acts as Secretary to the Committee. Statutory auditors, internal auditors and senior management personnel of the Company also attend the meetings by invitation. The recommendations of the Audit Committee are placed before the Board for its consideration and approval. The Audit Committee comprises of the following Directors:

**Chairman:** Mr. Subroto Bhattacharya

**Members :** Mr. Vijay K. Thadani and Mr. Surendra Singh

### Functions and Terms of Reference

The terms of reference of Audit Committee are as per Listing Agreement with the Stock Exchanges read with Section 292A 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 statement is correct, sufficient and credible;
- Management Discussion and Analysis of financial condition and results of operations;
- Recommending the appointment, re-appointment and termination of Statutory Auditors, fixation of audit fee and approval of payment for any other services;
- Reviewing the annual financial statements with the CFO and the Management before submission to the Board for approval, with particular reference to:
  - Matters required to be included in the Directors' Responsibility Statement forming part of the Directors' Report in terms of clause (2AA) of Section 217 of the Companies Act, 1956;
  - Changes, if any, in accounting policies and practices and rationale for the same;
  - Significant changes, if any, 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
  - Draft Auditors' Report including qualifications/ observations, if any.
- Reviewing with the Management, the quarterly financial statements before submission to the Board for approval;
- Reviewing with the Management, performance of statutory and internal auditors, the adequacy of internal control systems;
- Reviewing the internal audit function, including the structure of the Internal Audit Organization, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
- Discussions with Internal Auditors, on any significant findings and follow up thereon;

## CORPORATE GOVERNANCE REPORT (Contd.)

- 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, about 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; and
- To look into substantial defaults, if any, in the payment to the shareholders (in case of non-payment of declared dividends), debentureholders and creditors.

The particulars of the meetings attended by the Members of the Audit Committee and the dates of the meetings held during the financial year 2010- 2011 are given below:

| Name of Members          | No. of Meetings held during the tenure of Member |          | Date of Meetings |
|--------------------------|--|----------|------------------|
|                          | Held   | Attended |                  |
| Mr. Subroto Bhattacharya | 4  | 4        | May 7, 2010      |
| Mr. Surendra Singh       | 4  | 4        | July 21, 2010    |
| Mr. Vijay K Thadani*     | 3  | 3        | October 21, 2010 |
|                          |  |          | January 20, 2011 |

\* Consequent upon the resignation of Mr. Shardul S Shroff, Mr. Vijay K Thadani was appointed as Member of Audit Committee w.e.f. May 7, 2010.

## II. Compensation / Remuneration Committee

The Compensation / Remuneration Committee of the Company is constituted to evaluate and recommend remuneration and benefits for the Executive Directors, to frame policies and systems for Employees Stock Option Plans and to formulate and administer the Company's Employees Stock Option Plans from time to time. Further, the Compensation / Remuneration Committee also act as Nomination Committee for induction of new directors on the Board of the Company.

The remuneration policy of the Company is aimed to reward performance, based on review of achievements on a regular basis.

The Compensation/ Remuneration Committee has been constituted by the Board and it comprises of following Independent Directors:

**Chairman:** Mr. Subroto Bhattacharya

**Members:** Mr. Sanjay Khosla and Mr. Surendra Singh

## Functions and Terms of Reference

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

- To institute and guide global employees compensation and benefit policies;
- Appraisal of the performance of the Executive Directors;
- To determine and recommend to the Board, compensation payable to Executive Directors;
- To formulate and administer the Company's Employees Stock Option Plans from time to time;
- To make recommendation for nomination of new Directors on the Board; and
- To review the strength, structure, size and composition of the Board and such other matter related to appointment of director.

The particulars of the meetings attended by the Members of the Compensation / Remuneration Committee and the dates of the meetings held during the financial year 2010-11 are given below:

| Name of Members          | No. of Meetings held during the tenure of Member |          | Date of Meetings |
|--------------------------|--|----------|------------------|
|                          | Held   | Attended |                  |
| Mr. Subroto Bhattacharya | 2  | 2        | May 7, 2010      |
| Mr. Surendra Singh       | 2  | 2        | October 22, 2010 |
| Mr. Sanjay Khosla        | 2  | 1        |                  |

## Remuneration Policy

The Compensation/Remuneration Committee has the powers to determine and recommend to the Board the amount of remuneration, including performance-linked bonus and perquisites, payable to the Managing Director and Whole-time Directors. The recommendations of the Committee are based on the evaluation of the performance of Managing Director and Whole-time Directors on certain parameters, as laid down by the Board as part of the evaluation process and Company's Rules/Policies. In terms of the guidelines, the Company ensures that the remuneration payable to Managing Director and Whole-time Directors by way of salary including other allowances and monetary value of perquisites should be within the overall limit as specified under the Companies Act, 1956 and approved by the shareholders.

Details of Remuneration paid/payable to Managing Director and Whole-time Directors for the financial year 2010-11, are given below:

## CORPORATE GOVERNANCE REPORT (Contd.)

(Amount in Rs.)

| Name of Directors   | Mr. Rajendra S. Pawar | Mr. Vijay K. Thadani | Mr. P. Rajendran |
|---|-----------------------|----------------------|------------------|
| Salary  | 4,038,000             | 6,720,000            | 4,680,000        |
| Perquisites and allowances  | 4,231,515             | 6,599,399            | 4,104,443        |
| Contribution to Provident Fund, Superannuation Fund or Annuity Fund | 1,773,864             | 3,000,437            | 2,053,170        |
| Total   | 10,043,379            | 16,319,836           | 10,837,613       |
| Stock Options under ESOP-2005                                       | Nil                   | Nil                  | Nil              |

Notes:

1. Service contract of the Executive Directors : Until cessation in service
2. Notice period : Six months unless otherwise agreed by the Board
3. Severance fee : None unless otherwise agreed by the Board

### Remuneration to Non-Executive Directors

None of the Non-Executive Directors has any material pecuniary relationship or transactions with the Company, its Promoters, its Directors, its Senior Management, its subsidiary companies and associate companies, except the remuneration paid to Non-Executive Directors by way of commission (based upon the 'Policy for Remuneration of Non-Executive Directors' and within the limits approved by the shareholders) and sitting fees (for attending the meetings of the Board/Committees).

Details of Remuneration paid/payable to Non Executive Directors for the financial year 2010-2011 and other details are given below:

(Amount in Rs.)

| Name of Directors                           | Mr. Subroto Bhattacharya | Mr. Surendra Singh | Mr. Sanjay Khosla | Ms. Madhabi Puri Buch | Mr. Shardul S. Shroff * |
|---|--------------------------|--------------------|-------------------|-----------------------|-------------------------|
| Commission                                  | 800,000                  | 750,000            | 700,000           | 285,753               | 70,959                  |
| Sitting Fees                                | 240,000                  | 240,000            | 20,000            | 40,000                | ..                      |
| No. of shares held in the Company (in nos.) | -                        | 56,250             | 56,250            | -                     | NA                      |

\* Mr. Shardul S Shroff ceased to be Director of the Company w.e.f. May 7, 2010.

Details of outstanding Stock Options granted to Non Executive Directors under ESOP 2005 are given below:

| Name  | Grant Name (date of grant) | Mr. Sanjay Khosla | Mr. Subroto Bhattacharya | Mr. Surendra Singh | Ms. Madhabi Puri Buch* |
|---|----------------------------|-------------------|--------------------------|--------------------|------------------------|
| No. of options granted during the year 2008-09**  | Grant IV (28.07.2008)      | 37,500            | 37,500                   | 37,500             | NA                     |
| No. of options granted during the year 2009-10*** | Grant V (26.10.2009)       | 69,000            | 69,000                   | 69,000             | NA                     |
| No. of options granted during the year 2010-11    | NIL                        | NIL               | NIL                      | NIL                | NIL                    |

\* Ms. Madhabi Puri Buch was appointed as an Additional Director on November 3, 2010.

\*\* All the options vested after completion of one year from the date of grant and the same can be exercised by the end of three years from the date of vesting.

\*\*\* One third of the options vests after completion of each year from the date of grant and the same can be exercised by the end of three years from the date of each vesting.

### Criteria for making payment to Independent Directors

The Independent Directors play an important role in the Governance of the Company and in advising the Board in critical domains like finance, marketing, remuneration, planning and legal matters. Remuneration in the form of annual commission is paid to all Independent Directors. In addition, based on their contribution of time for Board meetings and Committee meetings, a sitting fee is also paid. Further, based on the performance of the Company, they become eligible for getting stock options of the Company from time to time.

### Disclosures regarding appointment / re-appointment of Directors

The resumes of the Director who is proposed to be appointed as a Director of the Company and those Directors who are retiring by rotation and being eligible, proposed to be re-appointed are provided in the Notice to the Annual General Meeting.

### Employees Stock Option Plans

The remuneration policy is directed towards rewarding performance of the employees of the Company. It is aimed at attracting and retaining high caliber talent. The stock option plan, inter-alia, authorizes the Company to grant stock options in pursuit of these goals.

### Details of options granted under NIIT Employee Stock Option Scheme

The detail of the options granted under 'NIIT Employee Stock Option Scheme, 2005 (ESOP-2005) is provided in the Directors' Report.

### III. Shareholders'/Investors' Grievances Committee

The Shareholders'/Investors' Grievances Committee was constituted to ensure that all commitment to shareholders and investors are met and thus strengthen their relationship with the Company.

The composition of the Shareholders'/Investors' Grievances Committee is as below:



## CORPORATE GOVERNANCE REPORT (Contd.)

**Chairman:** Mr. Surendra Singh

**Members:** Mr. Vijay K. Thadani and Mr. P. Rajendran

### Functions and Terms of reference

The functioning and broad terms of reference of the Shareholders'/Investors' Grievances Committee of the Company are as under:

- To review the redressal of complaints received from shareholders and investors.
- To review the important circulars issued by SEBI/ stock exchanges.
- To review changes in the shareholding pattern.
- To take note of the compliance of Corporate Governance during the quarter/year.

The particulars of the meetings attended by the Members of the Shareholders'/Investors' Grievances Committee and the dates of the meetings held during the financial year 2010-2011 are given below:

| Name of Members      | No. of Meetings held during the tenure of the Member |          | Date of Meetings   |
|----------------------|--|----------|--|
|                      | Held   | Attended |  |
| Mr. Surendra Singh   | 4  | 4        | May 7, 2010<br>July 21, 2010<br>October 21, 2010<br>January 20, 2011 |
| Mr. Vijay K. Thadani | 4  | 4        |  |
| Mr. P. Rajendran     | 4  | 4        |  |

During the financial year 2010-2011, the Company has received request/queries/complaints from various shareholders/investors relating to non-receipt of declared dividend/ bonus shares/Annual Report, change of bank account details, transfer of shares/dematerialization, etc. The same were addressed and resolved to the satisfaction of the shareholders/investors. The break-up of the letters received from the shareholders/investors are provided elsewhere in this Report. As on March 31, 2011, no request/query/complaint was pending for redressal.

### Other Committees constituted by the Board

Apart from above Committees, the Board has constituted the following Committees of the Directors for efficient and quick decision-making on the affairs of the Company:

- The Operations Committee which approves the opening/closing of bank accounts, modification in operation of bank accounts, grant of power of attorney/authorisation, etc.
- The Share Allotment Committee, which approves allotment, split, consolidation, rematerialisation and issue of new and duplicate shares.
- The Debenture Allotment Committee which approves the matters related to issue and allotment of Debentures and matters related thereto.
- The Borrowing Committee which approves the borrowing upto prescribed limit on behalf of the Company.

### CODE OF CONDUCT

NIIT's Board has laid down a Code of Conduct for all Board Members and Senior Management Personnel of the Company. The Code of Conduct is available on the Company's website [www.niit.com/investorrelations](http://www.niit.com/investorrelations). All Board Members and Senior Management Personnel have affirmed compliance with the Code of Conduct during the financial year 2010-2011. A declaration signed by the Chief Executive Officer (CEO) to this effect is annexed to this report.

### CEO AND CFO CERTIFICATION

In terms of Clause 49 (M) of the Listing Agreement, Certificate issued by Chief Executive Officer and Chief Financial Officer confirming that the financial statement present the true and fair view of the Company's affairs and are in compliance with existing accounting standards, internal control and disclosures, is annexed to this report.

### SUBSIDIARY COMPANIES

Clause 49 of the Listing Agreement defines a "material non-listed subsidiary" as an unlisted subsidiary company, incorporated in India, whose turnover or net worth (i.e. paid up capital and free reserves) exceeds 20 percent of the consolidated turnover or net worth respectively, of the listed holding company and its subsidiary companies in the immediately preceding accounting year. Under this definition, the Company does not have a 'material non-listed Indian subsidiary company'.

## CORPORATE GOVERNANCE REPORT (Contd.)

### GENERAL MEETINGS

Details of the last three Annual General Meetings and the Special Resolutions passed are given as follows:

| Financial Year | Date & Time                 | Location   | Special Resolution(s)   |
|----------------|-----------------------------|--|---|
| 2009-10        | July 9, 2010<br>11.30 A.M.  | Parkland Exotica,<br>Khasra No.<br>123, Chattarpur<br>Mandir Road,<br>Satbari, New<br>Delhi-110074 | Payment of Commission to<br>Non-Executive Directors of<br>the Company |
| 2008-09        | July 27, 2009<br>11.00 A.M. | FICCI Auditorium<br>Tansen Marg,<br>New Delhi -<br>110001  | No Special Resolution<br>passed in the AGM                            |
| 2007-08        | July 28, 2008<br>11.00 A.M. | FICCI Auditorium<br>Tansen Marg,<br>New Delhi -<br>110001  | No Special Resolution<br>passed in the AGM                            |

Note: No Extra-ordinary General Meeting held during the last three years.

### Postal Ballot

During the preceding financial year, no resolution was passed through postal ballot and presently no resolution has been proposed to be passed through postal ballot.

### DISCLOSURES

#### a) Related Party Transactions

There is no Related Party Transaction that may have potential conflict with the interest of the Company at large. The Company's major Related Party Transactions are generally with its subsidiary and associate companies. The Related Party Transactions are entered into based on the considerations of various business exigencies and Company's long term strategy. All the transactions entered during the financial year 2010-11 with Related Parties were on arms' length basis and the same are reported under notes to the financial statements.

All transactions covered under Related Party Transactions are regularly / periodically ratified and/or approved by the Board / Audit Committee. For details please refer Note No. 21 of Schedule 20 of the Annual Accounts of the Company.

#### b) Compliance

The Company has complied with the requirements of the Stock Exchanges, SEBI and Statutory Authorities 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 Exchanges or SEBI or any Statutory Authority(ies) relating to the above.

#### c) Risk Management

The Company has laid down procedures to inform the Board Members about the risk assessment and minimization procedures. The online risk management system is introduced through which all the designated officials submit quarterly reports which are reviewed periodically to ensure effective risk 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 financial year 2010-11.

#### e) Remuneration of Non-Executive Directors

The Company has defined its criteria of making payment of remuneration to its Non-Executive Directors. The details are stated else where in the report.

#### f) Management discussion and Analysis

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

#### g) Inter-se relationships between Directors

There is no inter-se relationship between Directors of the Company.

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

#### A. Mandatory Requirements

The Company has complied with all the applicable mandatory requirements of Clause 49 of the Listing Agreement with the Stock Exchanges.

#### B. Non-mandatory Requirements

The Company has adopted following non mandatory requirements of Clause 49 of the Listing Agreement:

a) **Remuneration to the Whole-time Directors and Non Executive Directors:** The Company has defined its criteria of making payment of remuneration to its Executive and Non-Executive Directors.

b) **Shareholders' Rights:** The Company sends financial statements along with Directors' report and Auditors' report to all the shareholders every year.



## CORPORATE GOVERNANCE REPORT (Contd.)

- c) **Training of Board Members:** Board Members participate in relevant conferences and industry forums as part of their training.
- d) **Mechanism for evaluating Non-Executive Board Members:** The key parameters are contributions to the strategy for growth of the Company, setting directions for improvement in governance and participating in the relevant meetings on a regular basis.
- e) **Whistleblower Policy:** The culture of openness with easy access to the Senior Management provides an environment for easy and free exchange of ideas and issues faced by people in the Company. A formal whistle blower policy is not in place. Employees may report to the Management concerns about unethical behavior, actual or suspected fraud or violation of the Company's Code of Conduct.

### C. Code for prevention of Insider -Trading Practices

In compliance with the SEBI's regulations on prevention of insider trading, the Company has instituted a comprehensive Code of Conduct for its Directors and Designated Employees. The Code lays down guidelines, which advises them on procedures to be followed and disclosures to be made, while dealing with shares of NIIT and cautioning them of the consequences of violations.

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

The Company has followed the professional pronouncement of ICAI and accounting standards as notified under Section 211(3C) of the Companies Act, 1956 and as per the Companies (Accounting Standard) Rules, 2006, in the preparation of financial statements of the Company and there has been no deviation from the aforesaid accounting standard/pronouncement.

### E. Statutory Compliance

The Company has a system in place whereby all business heads/unit incharges gives a Compliance Certificate to the Board of Directors through the Compliance Officer of the Company relating to compliance of laws, rules, regulations and guidelines applicable to their areas of operation. The Company takes appropriate steps after consulting internally

and if necessary, from independent legal counsels that the business operations are not in contravention of any laws. The Company takes all measures to register and protect Intellectual Property Rights including tradenames / service marks/ trademarks / patents, etc. belonging to the Company.

### F. Corporate Governance - Voluntary Guidelines 2009

The Ministry of Corporate Affairs has issued the 'Corporate Governance -Voluntary Guidelines 2009', for voluntary adoption by the Corporate Sector for further improvement of corporate governance standards and practices. These Guidelines intends to provide corporate sector a framework to govern themselves voluntarily as per the highest standards of ethical and responsible conduct of business. In this reference, the Company has authorized Compensation/ Remuneration Committee to determine and set the criteria for induction of new directors on the Board of the Company, review the strength, structure, size and composition of the Board and such other matter related to appointment of Directors. The other clauses of the said voluntary Guidelines are being reviewed by the management and will be implemented in phased manner.

## MEANS OF COMMUNICATION

- a. The quarterly/half yearly/annual results during the year were published in the national English and Hindi Newspapers and displayed on the website of the Company [www.niit.com/investorrelations](http://www.niit.com/investorrelations) and official news releases, financial results, consolidated news releases, consolidated financial highlights, presentations etc. are also displayed at the Company's website.
- b. The Company had quarterly Investors teleconferences and press conferences on May 7, 2010, July 21, 2010, October 22, 2010 and January 21, 2011 for the Investors of the Company immediately after the declaration of quarterly/ annual results. In addition, an Annual Investor Meet (for institutional investors) was also organized in Mumbai on May 10, 2010.
- c. The management perspective, business review and financial highlights are part of the Annual Report.
- d. The quarterly distribution of shareholding is also displayed on the Company's website.

## CORPORATE GOVERNANCE REPORT (Contd.)

- e. During the financial year 2010-11 the Company published its financial results in the following newspapers:

| Financial Results  | Newspapers                                      | Date of publication |
|--|---|---------------------|
| Audited financial results for the quarter ended March 31, 2010       | Financial Express – English<br>Jansatta – Hindi | May 8, 2010         |
| Unaudited financial results for the quarter ended June 30, 2010      | Financial Express – English<br>Jansatta – Hindi | July 22, 2010       |
| Unaudited financial results for the quarter ended September 30, 2010 | Financial Express – English<br>Jansatta – Hindi | October 23, 2010    |
| Unaudited financial results for the quarter ended December 31, 2010  | Financial Express – English<br>Jansatta – Hindi | January 22, 2011    |

### GREEN INITIATIVE IN THE CORPORATE GOVERNANCE BY THE MINISTRY OF CORPORATE AFFAIRS

The Ministry of Corporate Affairs (“MCA”) has taken a “Green Initiative in the Corporate Governance” by allowing paperless compliances by companies and has issued circulars on April 21, 2011 and April 29, 2011 stating that the service of officials documents by a company to its members can be made through electronic mode.

Considering the move taken by the MCA as a welcome step for the society at large, the Company henceforth proposes to send various notices/documents like Notices of General Meetings, Audited Financial Statements, Auditor’s Report, Directors’ Report, Financial Results etc. in electronic form to the e-mail IDs made available to the Company by the depositories and/or Members.

All the officials’ documents including Annual Report of the Company, circulated to the Members of the Company through electronic mode, will be made available on the Company’s website i.e. [www.niit.com](http://www.niit.com). We request you to update your email IDs with your depository participants in case shares are held in electronic mode to ensure that the Annual Reports and other documents reach you at your preferred email IDs and where the shares are held in physical form, please get your email IDs updated in the records of the Company.

### SHAREHOLDERS’ INFORMATION

#### a Company Registration Details

The Company is registered in the National Capital Territory of Delhi. The Corporate Identity Number (CIN) allotted to the Company by the Ministry of Corporate Affairs (MCA) is L74899DL1981PLC015865.

#### b. Annual General Meeting

**Date** : Friday, July 1, 2011

**Time** : 10:00 A.M.

**Venue** : Parkland Exotica, Khasra No. 123, Chattarpur Mandir Road, Satbari, New Delhi – 110 074

**Book Closure Dates:** June 24, 2011 to July 1, 2011 (both days inclusive)

#### c. Financial Year : April 1 to March 31.

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

|  |                                    |
|--|------------------------------------|
| Financial reporting for the first quarter ending June 30, 2011       | By 14 <sup>th</sup> August, 2011   |
| Financial reporting for the second quarter ending September 30, 2011 | By 14 <sup>th</sup> November, 2011 |
| Financial reporting for the third quarter ending December 31, 2011   | By 14 <sup>th</sup> February, 2012 |
| Financial reporting for the year ending March 31, 2012               | By 30 <sup>th</sup> May, 2012      |
| Annual General Meeting for the year ending March 31, 2012            | By 31 <sup>st</sup> August, 2012   |

#### d. Dividend

In view of our confidence in the future, the Board of Directors have recommended a dividend of Rs. 1.50 per equity share of Rs. 2 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 the date of approval at the Annual General Meeting and as per the provisions of the Companies Act, 1956. The dividend, if declared, would be paid to such shareholders whose names appear in the Register of Members as on July 1, 2011, holding shares in physical form. In respect of shares held in electronic mode, the dividend will be paid on the basis of list of beneficial owners as furnished by National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) as at the end of the business hours on June 23, 2011.

#### e. Register ECS Mandate and furnish correct bank account particulars with Company / Depository Participant

Investors should provide an ECS mandate to the Company in case of shares held in physical form and ensure that the correct and updated particulars of their bank account are available with the Company and with the Depository Participant (DP) in case of shares held in demat form. This would

## CORPORATE GOVERNANCE REPORT (Contd.)

facilitate in receiving direct credits of dividends, refunds etc., from the Company and avoiding postal delays and loss in transit.

### f. Unclaimed/Unpaid Dividend

All unclaimed/unpaid dividend due for the financial year ended upto September 30, 2002 have been transferred to the Investor Education and Protection Fund (IEPF) of the Central Government pursuant to Section 205A of the Companies Act, 1956. The shareholders are requested to apply for revalidation/issue of demand drafts for the dividend for the financial year October 1, 2002 to March 31, 2004 on or before August 25, 2011 after which any unpaid dividend amount for the financial year 2002-2004 will be transferred by the Company to IEPF and no claim shall lie against the Company or IEPF after the said transfer.

The shareholders are also requested to apply for revalidation / issue of demand drafts for the unclaimed / unpaid amount against sale proceeds of fractional shares, which was payable on account of demerger scheme. Such request for revalidation / issue of demand draft shall be send to the Company on or before October 12, 2011, after which any unclaimed / unpaid amount against sale proceeds of such fractional shares will be transferred by the Company to IEPF and no claim shall lie against the Company or IEPF after the said transfer.

### g. Unclaimed shares

As mandated under the Clause 5A of the Listing Agreement, the Company is required to transfer the unclaimed shares in the Demat Suspense Account to be opened with a Depository Participant. In accordance with the process specified in said Clause 5A, the Company sent first reminder notice to all those shareholders whose shares are unclaimed.

### h. 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 to the Registered Office of the Company/ Registrar and Transfer Agent of the

Company in case the shareholding is in physical form. The shareholders can obtain a copy of Form 2B from the Registered Office of the Company or download it from the website of the Company at [www.niit.com/investorrelations](http://www.niit.com/investorrelations). In case of demat holdings the request may be submitted to the Depository Participant.

### i. Listing of Equity Shares and Debentures

The Equity Shares of the Company are listed at the National Stock Exchange of India Limited (NSE), Mumbai and the Bombay Stock Exchange Limited (BSE), Mumbai. The listing fees for the financial year 2011-12 have been paid to the Stock Exchanges.

The Debentures issued by the Company on private placement basis are listed at the NSE. The listing fees for the financial year 2011-12 have been paid to NSE.

### j. Compliance Certificate of the Auditors

Certificate obtained from the Statutory Auditors of the Company, confirming compliance with the conditions of Corporate Governance as stipulated in Clause 49 of the Listing Agreement, is annexed to this Report.

### k. Details of last three Annual General Meetings and Book Closure dates:

| Annual General Meeting | Date when held        | Book Closure (both days inclusive)              |
|------------------------|-----------------------|---|
| 27 <sup>th</sup> AGM   | Friday, July 9, 2010  | Friday, July 2, 2010 to Friday, July 9, 2010    |
| 26 <sup>th</sup> AGM   | Monday, July 27, 2009 | Tuesday, July 21, 2009 to Monday, July 27, 2009 |
| 25 <sup>th</sup> AGM   | Monday, July 28, 2008 | Tuesday, July 22, 2008 to Monday, July 28, 2008 |

### l. Stock Code

Trading symbol on the NSE : NIITLTD  
 Trading symbol on the BSE : 500304  
 ISIN No. of Equity Shares at NSDL/CDSL : INE 161A01038

### m. Stock Market Data

The monthly high and low share prices and market capitalization of Equity Shares of the Company traded on BSE and NSE from April 1, 2010 to March 31, 2011 and the comparison of share prices of the Company vis-à-vis the Sensex and Nifty Indices are given below:

## CORPORATE GOVERNANCE REPORT (Contd.)

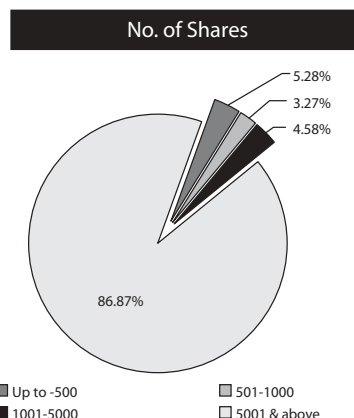
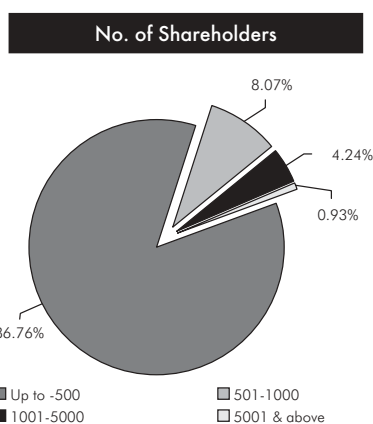
Share price movement during the year April 01, 2010 to March 31, 2011

| Month  | Bombay Stock Exchange |                  |                 |                     | National Stock Exchange |                  |                 |                     |
|--------|-----------------------|------------------|-----------------|---------------------|-------------------------|------------------|-----------------|---------------------|
|        | Sensex                | High Price (Rs.) | Low Price (Rs.) | Market Cap* (Rs Mn) | Nifty                   | High Price (Rs.) | Low Price (Rs.) | Market Cap* (Rs Mn) |
| Apr-10 | 17559                 | 73.70            | 57.70           | 11,482              | 5278                    | 73.95            | 57.55           | 11,515              |
| May-10 | 16945                 | 71.30            | 58.00           | 10,162              | 5086                    | 71.40            | 57.15           | 10,153              |
| Jun-10 | 17701                 | 68.00            | 59.05           | 10,715              | 5313                    | 68.00            | 59.05           | 10,690              |
| Jul-10 | 17868                 | 72.80            | 63.20           | 11,020              | 5368                    | 72.65            | 62.60           | 11,028              |
| Aug-10 | 17971                 | 69.90            | 65.05           | 11,004              | 5402                    | 69.70            | 65.30           | 11,004              |
| Sep-10 | 20069                 | 74.95            | 66.10           | 11,028              | 6030                    | 74.45            | 65.90           | 11,004              |
| Oct-10 | 20032                 | 71.75            | 64.70           | 10,830              | 6018                    | 71.70            | 64.95           | 10,855              |
| Nov-10 | 19521                 | 66.75            | 51.20           | 8,915               | 5863                    | 66.95            | 51.00           | 8,923               |
| Dec-10 | 20509                 | 61.45            | 50.55           | 9,047               | 6135                    | 61.90            | 50.50           | 9,014               |
| Jan-11 | 18328                 | 59.95            | 52.70           | 8,940               | 5506                    | 59.80            | 52.80           | 8,956               |
| Feb-11 | 17823                 | 55.00            | 42.70           | 8,131               | 5333                    | 55.00            | 42.70           | 8,164               |
| Mar-11 | 19445                 | 60.40            | 46.35           | 9,600               | 5834                    | 60.60            | 46.20           | 9,699               |

\* Market capitalization at closing price of the month  
Source: BSE & NSE website.

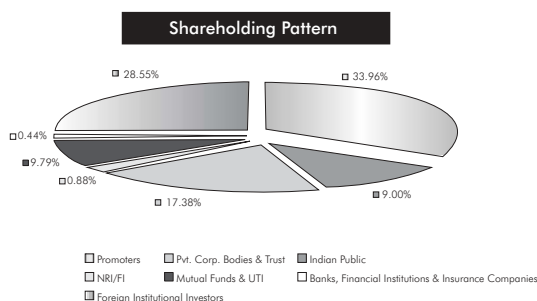
### Shareholding Distribution as on March 31, 2011

| Range (No. of Shares) | No. of Shareholders | % to Total Shareholders | Total No. of Shares | % to Total Shares |
|-----------------------|---------------------|-------------------------|---------------------|-------------------|
| Up to -500            | 73,084              | 86.76                   | 8,717,036           | 5.28              |
| 501-1000              | 6,801               | 8.07                    | 5,402,630           | 3.27              |
| 1001-5000             | 3,570               | 4.24                    | 7,552,032           | 4.58              |
| 5001 & above          | 779                 | 0.93                    | 143,423,899         | 86.87             |
| <b>TOTAL</b>          | <b>84,234</b>       | <b>100.00</b>           | <b>165,095,597</b>  | <b>100.00</b>     |



### Shareholding Pattern as on March 31, 2011

| Category  | No. of shares held (face value of Rs. 2 each) | Percentage of total shareholding |
|---|---|----------------------------------|
| <b>Promoters' Holding</b>                           |   |                                  |
| Indian Promoters                                    | 56,072,908                                    | 33.96                            |
| Foreign Promoters                                   | -   | -                                |
| <b>Total Promoters' Holding</b>                     | <b>56,072,908</b>                             | <b>33.96</b>                     |
| <b>Public Shareholding</b>                          |   |                                  |
| Mutual Funds and UTI                                | 16,160,801                                    | 9.79                             |
| Banks, Financial Institutions & Insurance Companies | 727,033                                       | 0.44                             |
| Foreign Institutional Investors                     | 47,129,057                                    | 28.55                            |
| Private Corporate Bodies & Trust                    | 14,863,052                                    | 9.00                             |
| Indian Public                                       | 28,688,234                                    | 17.38                            |
| NRI/Foreign Individuals                             | 1,454,512                                     | 0.88                             |
| <b>Total Public Shareholding</b>                    | <b>109,022,689</b>                            | <b>66.04</b>                     |
| <b>Grand Total</b>                                  | <b>165,095,597</b>                            | <b>100.00</b>                    |



## CORPORATE GOVERNANCE REPORT (Contd.)

### n. Details of requests/queries/complaints received and resolved during the financial year 2010-11:

| Nature  | Request / queries received | Complaints | Resolved | Unresolved |
|---|----------------------------|------------|----------|------------|
| Change of address   | 26                         | -          | 26       | -          |
| Change of Bank details  | 40                         | -          | 40       | -          |
| Correction in dividend warrant  | 147                        | -          | 147      | -          |
| Non Receipt of Annual Report  | -                          | 3          | 3        | -          |
| Non receipt of Dividend   | -                          | 36         | 36       | -          |
| Non Receipt of share certificates lodged for transmission/ Bonus/ Split | -                          | 2          | 2        | -          |
| Requests for Annual Report  | 8                          | -          | 8        | -          |
| Requests for Bonus/Split share certificates                             | 13                         | -          | 13       | -          |
| Requests for shareholding details                                       | 3                          | -          | 3        | -          |
| Request for Duplicate shares  | 6                          | -          | 6        | -          |
| SEBI/Stock Exchange letters   | -                          | 3          | 3        | -          |
| Share certificates lodged for transfer                                  | 19                         | -          | 19       | -          |
| Others (non classified in above)  | 4                          | -          | 4        | -          |
| Total   | 266                        | 44         | 310      | -          |

There was no request/query/complaint pending at the beginning of the year. During the financial year, the Company attended most of the shareholders'/ investors' requests / queries / complaints within 7 days from the date of receipt. The exceptions have been for cases constrained by procedural issue or disputes/legal impediments etc. There is no request/query/complaint pending at the end of the financial year.

### o. Outstanding GDRs/ADRs/Warrants or any Convertible instruments, conversion date and likely impact on equity

As on date there are no outstanding warrants / bonds/ other instruments (except Stock Options granted under NIIT ESOP 2005, the details of which are given in Directors Report) which are convertible into equity shares.

### p. Dematerialisation of Shares and Liquidity

The shares of the Company are compulsorily traded in dematerialised form. The Company has arrangements with both the National Securities Depositories Limited (NSDL) and Central Depository Services (India) Limited (CDSL) to establish electronic connectivity of its shares for scripless trading. As on March 31, 2011, 99.19 percent of the shares of the Company were held in a dematerialised form.

### q. Consolidate multiple folios

Investors should consolidate their shareholding held in multiple folios. This would facilitate onestop tracking of all corporate benefits on the shares and would reduce time and efforts required to monitor multiple folios.

### r. Liquidity of Shares

The shares of the Company are traded electronically on the NSE and BSE. The Company's shares continued to be part of BSE- 500 Index of BSE.

### s. Share Transfer System

The Company has appointed a common Registrar for the physical share transfer and dematerialisation of shares. The shares lodged for physical transfer/ transmission/ transposition are registered normally within a period of fortnight, if the documents are complete in all respects. For this purpose, the Share Transfer Committee meets as often as required. During the financial year under review, the Committee met 25 times. Adequate care is taken to ensure that no transfers are pending for more than a fortnight. Requests for demat/remat were confirmed mostly within a fortnight. The Company obtains from a Company Secretary in Practice half-yearly certificates of compliance with the share transfer formalities as required under Clause 47(c) of the Listing Agreement with Stock Exchanges and files a copy of the certificate with the Stock Exchanges.

### t. Permanent Account Number for transfer of shares in physical form

SEBI vide its Circular dated May 20, 2009 has stated that for securities market transactions and off-market transactions involving transfer of shares in physical form of listed companies, it shall be mandatory for the transferee(s) to furnish copy of PAN card to the Company's RTA for registration of such transfer of shares. Accordingly, shareholders are requested to please furnish copy of PAN card to the Company's RTA for registration of transfer of shares in their name.

### u. Compliance Officer

Mr. Rajesh Arora, Company Secretary is the Compliance Officer of the Company.

### v. Designated exclusive email-id :

The Company has designated an email-id "investors@niit.com" exclusively for shareholders and investors servicing.

## CORPORATE GOVERNANCE REPORT (Contd.)

### w. Registrar for Dematerialisation and Physical Transfer of Shares

The Company has appointed a Registrar for dematerialisation (Electronic Mode) and physical transfer of shares whose detail is given below:-

Alankit Assignments Limited

Unit: NIIT Limited

2E/21, Jhandewalan Extension,

New Delhi – 110 055.

Phone Nos. : +91 11 42541234, 23541234

Fax Nos. : +91 11 42541967,

e-mail : rta@alankit.com

### y. Address for Correspondence

The shareholders may address their communication / suggestions / grievances / queries relating to the shares of the Company to:

The Compliance Officer

NIIT Limited

Investors Services,

B-234, Okhla Industrial Area, Phase – I, New Delhi - 110 020, India.

Tel Nos. : +91 11 41407000 Fax: +91 11 26817344

e-mail: investors@niit.com

### x. Registered Office:

NIIT Limited,

B-234, Okhla Industrial Area, Phase – I,

New Delhi - 110 020, India

The Corporate Governance Report was adopted by the Board of Directors at their meeting held on May10, 2011.

## CERTIFICATES UNDER CORPORATE GOVERNANCE REPORT

### A. Declaration regarding compliance with the Code of Conduct by Board Members and Senior Management Personnel pursuant to Clause 49(1)(D)(ii) of the Listing Agreement

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 2010-11.

Place : New Delhi

Dated : May 10, 2011

Vijay K. Thadani

CEO and Whole-time Director

### B. Certificate by Chief Executive Officer and Chief Financial Officer on compliance with the conditions of Corporate Governance under Clause 49 of the Listing Agreement

To,

The Board of Directors,

NIIT Limited

B-234 Okhla Industrial Area, Phase-I

New Delhi - 110 020

We hereby certify that for the financial year 2010-11:

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;

**CORPORATE GOVERNANCE REPORT (Contd.)**

- (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 2010-11 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:
    - significant changes, if any, in internal control over financial reporting during this year;
    - significant changes, if any, in accounting policies during this year 2010-11 and that the same have been disclosed in the notes to the financial statements; and
    - 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.

Place : New Delhi  
Dated : May 10, 2011

**Vijay K. Thadani**  
CEO and Whole-time Director

**Jitender Mahajan**  
Chief Financial Officer

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**Auditors' Certificate regarding compliance of conditions of Corporate Governance**

To the Members of NIIT Limited

We have examined the compliance of conditions of Corporate Governance by NIIT Limited, for the year ended March 31, 2011, as stipulated in Clause 49 of the Listing Agreements of the said Company with stock exchanges in India.

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

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

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.

For Price Waterhouse  
Firm Registration Number : 301112E  
Chartered Accountants

Place : New Delhi, India  
Date : May 10, 2011

Usha Rajeev  
Membership No. F-087191

**AUDITORS' REPORT****TO THE MEMBERS OF NIIT LIMITED**

1. We have audited the attached Balance Sheet of NIIT Limited (the "Company") as at March 31, 2011, 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 off by the Company during the year.
  - (ii) (a) The inventory has been physically verified by the Management during the year. In our opinion, the frequency of verification is reasonable.
    - (b) In our opinion, the procedures of physical verification of inventory followed by the Management are reasonable and adequate in relation to the size of the Company and the nature of its business.
    - (c) On the basis of our examination of the inventory records, in our opinion, the Company is maintaining proper records of inventory. The discrepancies noticed on physical verification of inventory as compared to book records were not material.
  - (iii) (a) The Company has granted unsecured loans, to six subsidiaries 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. 4,181.80 lacs and Rs. 1,926 lacs respectively. In our opinion, the rate of interest and other terms and conditions of such loans are not prima facie prejudicial to the interest of the Company. The Company had also granted loans aggregating Rs. 4,603 lacs to a Society as described in Note 23 of Schedule 20 of the financial statements which were repaid before the year end. Provisions of Section 297, 299 and 301 of the Companies Act, 1956 are not considered to be applicable to a Society.

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 taken unsecured loans, from one wholly owned subsidiary 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 loan is the same i.e. Rs. 1,476 lacs.

In our opinion, the rate of interest and other terms and conditions of such loans are not prima facie prejudicial to the interest of the Company.



## AUDITORS' REPORT (Contd.)

In respect of the aforesaid loans, the Company is regular in repaying the principal amounts as stipulated and is also regular in payment of interest, where applicable.

- (iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of inventory, 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. Also refer para (iii) (a) above.
- (b) In respect of transactions with subsidiaries for sale of goods and services and for purchase of goods and services aggregating to Rs. 8,042.58 lacs (excluding recoveries towards common services from subsidiaries Rs 170.08 lacs which are at cost) and Rs. 1,632.98 lacs respectively, and with others for sale of goods and services and for purchase of goods and services aggregating to Rs. 361.85 Lacs (excluding recoveries towards common services Rs 218.74 lacs which are at cost) and Rs. 384.24 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 its business.
- (viii) The Central Government of India has not prescribed the maintenance of cost records under clause (d) of sub-section (1) of Section 209 of the Act for any of the products of the Company.
- (ix) (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is generally regular in depositing the undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income-tax, sales-tax, wealth tax, service tax, customs duty 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, the particulars of dues of income-tax, sales-tax, wealth-tax, service-tax, customs duty as at March 31, 2011 which have not been deposited on account of a dispute, are as follows:

| Name of the statute                        | Nature of dues        | Amount Disputed (Rs. Lacs) | Amount deposited under protest (Rs. Lacs) | Period to which the amount relates | Forum where the dispute is pending                 |
|--|-----------------------|----------------------------|---|------------------------------------|--|
| Andhra Pradesh General Sales Tax Act, 1957 | Works contract tax    | 918.36                     | -   | 2001 – March 2011                  | High Court of Andhra Pradesh                       |
| Finance Act, 1994                          | Service Tax           | 209.78                     | -   | 2004-05                            | Customs, Excise and Service Tax Appellate Tribunal |
| Income Tax Act, 1961                       | Income Tax            | 4.08                       | -   | 2004-05                            | Income Tax Appellate Tribunal                      |
| Income Tax Act, 1961                       | Income Tax Income Tax | 721.00                     | 721.00                                    | 2005-06<br>2006-07                 | Commissioner of Income Tax (Appeals)               |
|  |                       | 855.25                     | 400.00                                    |                                    |  |

- (x) The Company has no accumulated losses as at March 31, 2011 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

**AUDITORS' REPORT (Contd.)**

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 aggregating to Rs. 24,420 lacs (USD 55 million), letter of credits aggregating to Rs. 2,442 lacs (USD 5.50 million) and securities aggregating to Rs. 300 lacs given by the Company for bank loans availed by its subsidiaries and an undertaking to support NIIT Institute of Information Technology ('NIIT University') to meet shortfall, if any, in repayment of loan taken by it from a bank, are not prejudicial to the interest of the Company.
  - (xvi) In our opinion, and according to the information and explanations given to us, on an overall basis, the term loans 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;
  - (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 March 31, 2011 and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2011 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 March 31, 2011;
    - (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.

**For Price Waterhouse**  
Firm Registration No. : 301112E  
*Chartered Accountants*

Place : New Delhi  
Date : May 10, 2011

**Usha Rajeev**  
*Partner*  
Membership No. F-087191

**BALANCE SHEET as at March 31, 2011**

|  | Schedule No./<br>(Note Reference) | As At<br>March 31, 2011<br>(Rs.) | As At<br>March 31, 2010<br>(Rs.) |
|--|-----------------------------------|----------------------------------|----------------------------------|
| <b>SOURCES OF FUNDS</b>                                  |                                   |                                  |                                  |
| <b>SHAREHOLDERS' FUNDS</b>                               |                                   |                                  |                                  |
| Share Capital  | ` 1'                              | 330,197,194                      | 330,197,194                      |
| Reserves and Surplus                                     | ` 2'                              | <u>3,832,875,641</u>             | <u>3,609,790,465</u>             |
| <b>DEFERRED TAX LIABILITIES (Net)</b>                    | <b>` 20(33)'</b>                  | -                                | 1,431,621                        |
| <b>LOAN FUNDS</b>  |                                   |                                  |                                  |
| Secured Loans  | ` 3'                              | 1,500,000,000                    | 1,065,541,682                    |
| Unsecured Loans  | ` 4'                              | <u>997,281,497</u>               | <u>2,497,281,497</u>             |
|  |                                   | <b><u>6,660,354,332</u></b>      | <b><u>6,447,350,787</u></b>      |
| <b>APPLICATION OF FUNDS</b>                              |                                   |                                  |                                  |
| <b>FIXED ASSETS</b>                                      |                                   |                                  |                                  |
| Gross Block  | ` 5'                              | 4,273,531,802                    | 3,897,354,942                    |
| Less: Depreciation                                       |                                   | <u>2,598,435,126</u>             | <u>2,076,893,196</u>             |
| Net Block  |                                   | 1,675,096,676                    | 1,820,461,746                    |
| Capital work-in-progress<br>(including Capital Advances) | <b>` 20(30)'</b>                  | 348,941,648                      | 79,436,218                       |
| <b>INVESTMENTS</b>                                       | <b>` 6'</b>                       | 2,030,564,087                    | 2,012,160,343                    |
| <b>DEFERRED TAX ASSETS (Net)</b>                         | <b>` 20(33)'</b>                  | 27,047,486                       | -                                |
| <b>CURRENT ASSETS, LOANS AND ADVANCES</b>                |                                   |                                  |                                  |
| Inventories  | ` 7'                              | 136,380,292                      | 101,330,727                      |
| Sundry Debtors   | ` 8'                              | 2,642,652,526                    | 2,169,738,886                    |
| Cash and Bank Balances                                   | ` 9'                              | 251,292,118                      | 288,683,992                      |
| Other Current Assets                                     | ` 10'                             | 977,034,316                      | 687,107,539                      |
| Loans and Advances                                       | ` 11'                             | <u>1,030,348,077</u>             | <u>1,212,297,512</u>             |
|  |                                   | <u>5,037,707,329</u>             | <u>4,459,158,656</u>             |
| <b>Less : CURRENT LIABILITIES AND PROVISIONS</b>         |                                   |                                  |                                  |
| Current Liabilities                                      | ` 12'                             | 2,100,880,989                    | 1,588,148,641                    |
| Provisions   | ` 13'                             | <u>358,121,905</u>               | <u>335,717,535</u>               |
|  |                                   | <u>2,459,002,894</u>             | <u>1,923,866,176</u>             |
| Net Current Assets                                       |                                   | 2,578,704,435                    | 2,535,292,480                    |
|  |                                   | <b><u>6,660,354,332</u></b>      | <b><u>6,447,350,787</u></b>      |

**NOTES TO ACCOUNTS** ` 20'

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.

For and on behalf of the Board

For Price Waterhouse

Firm Registration No. : 301112E  
Chartered Accountants

**Rajendra S Pawar**

Chairman and Managing Director  
DIN - 00042516

**Vijay K Thadani**

CEO & Whole-time Director  
DIN - 00042527

**Usha Rajeev**

Partner  
Membership No. F-087191

**Ashok Arora**

Group Chief Financial Officer

**Jitender Mahajan**

Chief Financial Officer

**Rajesh Arora**

Company Secretary

Place : New Delhi

Date : May 10, 2011

## PROFIT AND LOSS ACCOUNT for the year ended March 31, 2011

|  | Schedule No./<br>(Note Reference) | Year ended<br>March 31, 2011<br>(Rs.) | Year ended<br>March 31, 2010<br>(Rs.) |
|--|-----------------------------------|---------------------------------------|---------------------------------------|
| <b>INCOME</b>  |                                   |                                       |                                       |
| Revenue from Operations  | `20 [1(v),10(a),11 and 18]`       | 6,480,139,929                         | 6,251,721,044                         |
| Other Income   | `14`                              | 217,890,713                           | 196,036,098                           |
|  |                                   | <u>6,698,030,642</u>                  | <u>6,447,757,142</u>                  |
| <b>EXPENDITURE</b>   |                                   |                                       |                                       |
| Personnel  | `15`                              | 1,426,722,094                         | 1,174,176,184                         |
| Development, Production and Execution                                  | `16`                              | 2,424,976,915                         | 2,589,508,988                         |
| Administration and Others  | `17`                              | 1,060,847,602                         | 944,688,851                           |
| Marketing  | `18`                              | 578,837,180                           | 562,888,632                           |
| Interest and Finance Charges   | `19`                              | 212,250,088                           | 171,127,894                           |
| Depreciation and Amortisation  | `5`                               | 577,038,229                           | 541,792,739                           |
|  |                                   | <u>6,280,672,108</u>                  | <u>5,984,183,288</u>                  |
| <b>Profit before Tax and exceptional items</b>                         |                                   | <b>417,358,534</b>                    | <b>463,573,854</b>                    |
| Exceptional Items  |                                   |                                       |                                       |
| - Profit on sale of Investments in Subsidiary                          | `20(25)`                          | 208,084,207                           | -                                     |
| - Donations  | `20(26)`                          | (72,000,000)                          | (15,120,000)                          |
| <b>Profit before Tax</b>   |                                   | <b>553,442,741</b>                    | <b>448,453,854</b>                    |
| Tax Expense/ (Credit)  | `20(33)`                          |                                       |                                       |
| - Current  |                                   | 108,185,397                           | 102,095,361                           |
| - Deferred charge/ (credit)  |                                   | (28,479,107)                          | 45,994,357                            |
| - MAT Credit Entitlement   |                                   | (36,182,849)                          | -                                     |
| Provision for tax relating to earlier years/ (credit)                  |                                   | 12,521,036                            | (11,332,198)                          |
| <b>Profit after Tax</b>  |                                   | <b>497,398,264</b>                    | <b>311,696,334</b>                    |
| Balance brought forward from Previous year                             |                                   | 2,181,070,651                         | 2,359,717,257                         |
| <b>Balance available for appropriation</b>                             |                                   | <b>2,678,468,915</b>                  | <b>2,671,413,591</b>                  |
| <b>APPROPRIATION</b>   |                                   |                                       |                                       |
| Dividend :   |                                   |                                       |                                       |
| - Proposed Dividend on Equity Shares                                   |                                   | 247,643,396                           | 231,133,836                           |
| - Corporate Dividend Tax on above                                      | `20(31)`                          | 26,669,692                            | 25,975,979                            |
| Transferred to General Reserve   |                                   | 49,739,826                            | 31,169,633                            |
| Transferred to/ (from) Debenture Redemption Reserve                    |                                   | (97,936,508)                          | 202,063,492                           |
| Balance Carried to Balance Sheet                                       |                                   | 2,452,352,509                         | 2,181,070,651                         |
|  |                                   | <u>2,678,468,915</u>                  | <u>2,671,413,591</u>                  |
| <b>Earnings per share(Face Value Rs. 2/- each) `20 [1(xiv), (35)]`</b> |                                   |                                       |                                       |
| - Basic  |                                   | 3.01                                  | 1.89                                  |
| - Diluted  |                                   | 3.01                                  | 1.89                                  |

### NOTES TO ACCOUNTS

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.

For and on behalf of the Board

For Price Waterhouse

Firm Registration No. : 301112E  
Chartered Accountants

Rajendra S Pawar

Chairman and Managing Director  
DIN - 00042516

Vijay K Thadani

CEO & Whole-time Director  
DIN - 00042527

Usha Rajeev

Partner  
Membership No. F-087191

Ashok Arora

Group Chief Financial Officer

Jitender Mahajan

Chief Financial Officer

Rajesh Arora

Company Secretary

Place : New Delhi

Date : May 10, 2011

## CASH FLOW STATEMENT for the year ended March 31, 2011

|   | Year ended<br>March 31, 2011<br>(Rs.) | Year ended<br>March 31, 2010<br>(Rs.) |
|---|---------------------------------------|---------------------------------------|
| <b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>   |                                       |                                       |
| Net Profit before Tax but after exceptional items                                       | 553,442,741                           | 448,453,854                           |
| Add/ (Less):  |                                       |                                       |
| Depreciation and Amortisation   | 577,038,229                           | 541,792,739                           |
| Provision for Doubtful Debts  | 69,101,239                            | 53,850,405                            |
| Provision for Doubtful Advances   | 196,935                               | 458,706                               |
| Provision for slow/ non-moving inventory  | 4,200,000                             | 3,000,000                             |
| Inventory written off   | 3,051,068                             | 1,264,705                             |
| Advances written off  | -                                     | 3,003,807                             |
| Foreign Exchange Adjustments  | (60,339,618)                          | 74,079,137                            |
| Interest Expenses   | 267,346,595                           | 258,122,288                           |
| Interest Income   | (76,297,789)                          | (110,784,789)                         |
| Dividend Income   | (84,408,208)                          | (78,289,000)                          |
| Loss on Disposal of Fixed Assets (Net)  | 3,534,712                             | 7,602,658                             |
| Exceptional Item - Profit on sale of  |                                       |                                       |
| Investments in Subsidiary   | (208,084,207)                         | -                                     |
| Profit on sale of investments   | -                                     | (312,783)                             |
| Liabilities written back  | (5,691,034)                           | (8,288,332)                           |
| Provision for Gratuity & Compensated Absences (Net)/ (Credit)                           | 5,201,097                             | (38,339,558)                          |
| Employees Stock Option Expenses/ (Credit)   | -                                     | (85,025)                              |
| <b>Operating Profit before Working Capital changes</b>                                  | <b>1,048,291,760</b>                  | <b>707,074,958</b>                    |
| <b>Add/ (Less) : Increase/ Decrease in Operating Working Capital</b>                    |                                       |                                       |
| Trade Receivables   | (531,860,917)                         | (457,405,299)                         |
| Inventories   | (42,300,633)                          | (13,175,230)                          |
| Other Current Assets  | (55,742,929)                          | (413,852,209)                         |
| Loans and Advances  | (89,292,871)                          | (18,188,489)                          |
| Current Liabilities and Provisions  | 566,641,840                           | (128,696,898)                         |
| Direct Tax -(Paid)/ Refund received (including TDS)                                     | (189,385,413)                         | (111,293,562)                         |
| <b>Net cash from Operating Activities (A)</b>   | <b>706,350,837</b>                    | <b>12,917,125</b>                     |
| <b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>   |                                       |                                       |
| Purchase of Fixed Assets (including Capital work-in-progress and internal developments) | (737,623,836)                         | (386,259,418)                         |
| Proceeds from sale of Fixed Assets  | 10,423,830                            | 2,518,478                             |
| Loan given to Subsidiaries  | (411,014,700)                         | (37,910,000)                          |
| Loan given to Subsidiaries received back  | 350,840,000                           | 347,640,000                           |
| Loan given to Others  | (20,000,000)                          | (189,000,000)                         |
| Loan given to Others received back  | 463,800,000                           | 185,000,000                           |
| Interest received   | 76,016,656                            | 124,078,506                           |
| Dividend received   | 78,289,000                            | 78,289,000                            |
| Purchase of Mutual Funds  | (843,016,141)                         | (250,000,000)                         |
| Sale of Mutual Funds  | 738,276,605                           | 250,197,783                           |
| Proceeds from Sale of Investments in Subsidiary/Associates                              | 317,584,207                           | 115,000                               |
| Investment in Equity Shares in Subsidiary Companies                                     | (22,000,000)                          | (164,186,879)                         |
| (Increase)/ Decrease in Receivables on Sale on Investments                              | (233,902,715)                         | -                                     |
| <b>Net cash used in Investing Activities (B)</b>  | <b>(232,327,094)</b>                  | <b>(39,517,530)</b>                   |

## CASH FLOW STATEMENT for the year ended March 31, 2011 (Contd.)

### C. CASH FLOW FROM FINANCING ACTIVITIES

|  |                      |                      |
|--|----------------------|----------------------|
| Issue of Shares (including Share Premium)  | -                    | 2,962,014            |
| Issue of Non Convertible Debentures  | -                    | 600,000,000          |
| Redemption of Non Convertible Debentures   | (600,000,000)        | -                    |
| Short term Loan from Banks   |                      |                      |
| -Raised during the year  | 600,000,000          | 200,000,000          |
| -Repaid during the year  | (100,000,000)        | (700,000,000)        |
| Short term Loan from Others  |                      |                      |
| -Raised during the year  | -                    | 500,000,000          |
| -Repaid during the year  | (500,000,000)        | -                    |
| Vehicle Loan repaid during the year  | (1,409,815)          | (5,161,344)          |
| Term Loan raised/ (repaid) during the year   | 500,000,000          | (122,916,662)        |
| Working Capital Loan in Foreign Currency   | 155,378,377          | -                    |
| Repayment of Loans to Banks - Cash Credit  | (64,131,867)         | (72,252,881)         |
| Interest paid on Fixed Loan<br>(including finance charges on finance lease arrangement)                | (269,360,939)        | (256,426,282)        |
| Dividend paid  | (229,915,394)        | (213,471,067)        |
| Dividend Tax paid  | (25,975,979)         | (23,145,300)         |
| Receipt of Other Loans/ Inter Corporate Deposits   | 115,500,000          | 98,000,000           |
| Repayment of Other Loans   | (91,500,000)         | (91,600,000)         |
| <b>Net cash (used in)/ from Financing Activities (C)</b>   | <b>(511,415,617)</b> | <b>(84,011,522)</b>  |
| <b>Net (Decrease) in Cash &amp; Cash Equivalents (A+B+C)</b>   | <b>(37,391,874)</b>  | <b>(110,611,927)</b> |
| <b>Cash and Cash Equivalents as at the beginning of the year</b>                                       | <b>288,683,992</b>   | <b>399,295,919</b>   |
| <b>Cash and Cash Equivalents as at the end of the year</b>   | <b>251,292,118</b>   | <b>288,683,992</b>   |
| <b>Cash and cash Equivalents comprise</b>  |                      |                      |
| Cash, Cheques in hand  | 46,943,955           | 92,271,481           |
| Balance with Scheduled Banks *   | 204,170,040          | 196,412,511          |
| Balance in Current Account with Bank of Bhutan, Bhutan   | 35,083               | -                    |
| Balance in Current Account with Druk Punjab National<br>Bank, Bhutan                                   | 143,040              | -                    |
| *[Include Rs. 43,437,756/- (Previous year Rs. 41,060,354/-)<br>pledged as margin money]                |                      |                      |
| *[Include Rs. 7,171,993/- (Previous year Nil) pertaining<br>to amount available for specific contract] |                      |                      |
| <b>Cash and Cash Equivalents as at the end of the year</b>   | <b>251,292,118</b>   | <b>288,683,992</b>   |

- Notes: 1 The above Cash Flow Statement has been prepared under the indirect method as set out in Accounting Standard 3 - "Cash Flow Statements" as notified under section 211 (3C) of the Companies Act 1956.  
2 The Schedules from 1-20 form an integral part of the Cash Flow Statement.  
3 Previous year figures, to the extent feasible, have been regrouped/ recasted wherever necessary to conform to the Current year's classification.

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

For and on behalf of the Board

For Price Waterhouse

Firm Registration No. : 301112E  
Chartered Accountants

**Rajendra S Pawar**

Chairman and Managing Director  
DIN - 00042516

**Vijay K Thadani**

CEO & Whole-time Director  
DIN - 00042527

**Usha Rajeev**

Partner  
Membership No. F-087191

**Ashok Arora**

Group Chief Financial Officer

**Jitender Mahajan**

Chief Financial Officer

**Rajesh Arora**

Company Secretary

Place : New Delhi

Date : May 10, 2011

## SCHEDULES annexed to and forming part of the Balance Sheet as at March 31, 2011

| Schedule No.   | As At<br>March 31, 2011<br>(Rs.) | As At<br>March 31, 2010<br>(Rs.) |
|--|----------------------------------|----------------------------------|
| <b>1. SHARE CAPITAL</b>  |                                  |                                  |
| <b>(Refer Note 16 on Schedule 20)</b>  |                                  |                                  |
| <b>Authorised</b>  |                                  |                                  |
| 250,000,000 Equity Shares of Rs. 2/- each<br>(Previous year 250,000,000 Equity Shares of Rs. 2/- each)   | 500,000,000                      | 500,000,000                      |
| 2,500,000 Redeemable Preference Shares of Rs.100/- each<br>(Previous year 2,500,000 Redeemable Preference Shares of Rs.100/- each)   | 250,000,000                      | 250,000,000                      |
|  | <b>750,000,000</b>               | <b>750,000,000</b>               |
| <b>Issued</b>  |                                  |                                  |
| 165,101,597 Equity Shares of Rs. 2/- each<br>(Previous year - 165,101,597 Equity Shares of Rs. 2/- each)   | 330,203,194                      | 330,203,194                      |
|  | <b>330,203,194</b>               | <b>330,203,194</b>               |
| <b>Subscribed</b>  |                                  |                                  |
| 165,095,597 Equity Shares of Rs. 2/- each<br>(Previous year - 165,095,597 Equity Shares of Rs. 2/- each)   | 330,191,194                      | 330,191,194                      |
|  | <b>330,191,194</b>               | <b>330,191,194</b>               |
| <b>Paid-up</b>   |                                  |                                  |
| 165,095,597 Equity Shares of Rs. 2/- each<br>(Previous year - 165,095,597 Equity Shares of Rs. 2/- each)   | 330,191,194                      | 330,191,194                      |
| Add: Forfeited Shares (amount originally paid-up)  | 6,000                            | 6,000                            |
| <b>Note:</b><br>Issued Share Capital includes 142,176,960 Equity Shares of Rs. 2/- each (Previous year 142,176,960 Equity Shares of Rs. 2/- each) allotted as fully Paid-up Bonus Shares by way of capitalisation of General Reserve/ Share Premium Account/ Capital Redemption Reserve in 2007-08, 1998-99, 1994-95, 1992-93 and 1987-88. |                                  |                                  |
|  | <b>330,197,194</b>               | <b>330,197,194</b>               |

## SCHEDULES annexed to and forming part of the Balance Sheet as at March 31, 2011 (Contd.)

| Schedule No.  |                      | As At<br>March 31, 2011<br>(Rs.) | As At<br>March 31, 2010<br>(Rs.) |
|---|----------------------|----------------------------------|----------------------------------|
| <b>2. RESERVES AND SURPLUS</b>  |                      |                                  |                                  |
| <b>Share Premium</b>  |                      |                                  |                                  |
| (Refer Note 16 on Schedule 20)  |                      |                                  |                                  |
| As per Last Balance Sheet   | 517,696,964          | 514,383,038                      |                                  |
| Add: Additions during the year on account of exercise of ESOP's                 | -                    | 3,313,926                        | 517,696,964                      |
| <b>General Reserve</b>  |                      |                                  |                                  |
| As per Last Balance Sheet   | 656,895,866          | 625,726,233                      |                                  |
| Add : Transfer from Profit and Loss Account                                     | 49,739,826           | 31,169,633                       | 656,895,866                      |
| <b>Debenture Redemption Reserve</b>   |                      |                                  |                                  |
| As per Last Balance Sheet   | 254,126,984          | 52,063,492                       |                                  |
| Add: Transfer from/ (to) Profit and Loss Account                                | (97,936,508)         | 202,063,492                      | 254,126,984                      |
| <b>Profit and Loss Account</b>  |                      |                                  |                                  |
|   | 2,452,352,509        | 2,181,070,651                    |                                  |
|   | <b>3,832,875,641</b> | <b>3,609,790,465</b>             |                                  |
| <b>3. SECURED LOANS</b>   |                      |                                  |                                  |
| (Refer Note 6 on Schedule 20)   |                      |                                  |                                  |
| Loans from Banks  |                      |                                  |                                  |
| -Rupee Term Loans *   | 500,000,000          | -                                |                                  |
| -Cash Credit  | -                    | 64,131,867                       |                                  |
| -Vehicle Loans *  | -                    | 1,409,815                        | 65,541,682                       |
| *[Amount due within one year Rs. 125,000,000/- (Previous year Rs. 1,409,815/-)] |                      |                                  |                                  |
| Non Convertible Debentures (Refer Notes below)                                  | 1,000,000,000        | 1,000,000,000                    |                                  |
|   | <b>1,500,000,000</b> | <b>1,065,541,682</b>             |                                  |

### Notes:

- (i) 12% Non Convertible Debentures to Life Insurance Corporation of India amounting to Rs. 500,000,000/- are redeemable at par as follows:

| <u>Redemption Date</u> | <u>Value to be redeemed</u><br>(Rs.) |
|------------------------|--------------------------------------|
| 20th October 2013      | 166,666,667                          |
| 20th October 2014      | 166,666,667                          |
| 20th October 2015      | 166,666,666                          |
|                        | <b>500,000,000</b>                   |

- (ii) 11.25% Non Convertible Debentures to Indian Overseas Bank amounting to Rs. 500,000,000/- are redeemable at par as follows:

| <u>Redemption Date</u> | <u>Value to be redeemed</u><br>(Rs.) |
|------------------------|--------------------------------------|
| 17th March 2012        | 100,000,000                          |
| 17th March 2013        | 200,000,000                          |
| 17th March 2014        | 200,000,000                          |
|                        | <b>500,000,000</b>                   |



## SCHEDULES annexed to and forming part of the Balance Sheet as at March 31, 2011 (Contd.)

| Schedule No.   | As At<br>March 31, 2011<br>(Rs.) | As At<br>March 31, 2010<br>(Rs.) |
|--|----------------------------------|----------------------------------|
| <b>4. UNSECURED LOANS</b>  |                                  |                                  |
| <b>[Refer Notes 1 (x) and 36(b) on Schedule 20]</b>                              |                                  |                                  |
| Long Term Loans from Subsidiaries  | 32,100,000                       | 123,600,000                      |
| [Amount due within one year Nil<br>( Previous year Nil)]                         |                                  |                                  |
| Short Term Inter Corporate<br>Deposits from Subsidiaries                         | 115,500,000                      | -                                |
| Deferred Lease Obligation  | 94,303,120                       | 116,789,825                      |
| [Amount due within one year Rs.19,966,749/-<br>( Previous year Rs.19,195,999/-)] |                                  |                                  |
| Short Term Loans   |                                  |                                  |
| - From Banks   | 600,000,000                      | 100,000,000                      |
| - From Others  | -                                | 500,000,000                      |
| Working Capital Loan in Foreign Currency   | 155,378,377                      | -                                |
| Short Term Non Convertible Debentures<br>(Refer Note below)                      | -                                | 600,000,000                      |
|  | <b>997,281,497</b>               | <b>1,440,389,825</b>             |

**Note:** Non Convertible Debentures held by Fortis Mutual Fund as on March 31, 2010 amounting to Rs. 600,000,000/- have been redeemed at par on July 2, 2010.

## SCHEDULES annexed to and forming part of the Balance Sheet as at March 31, 2011 (Contd.)

### 5. FIXED ASSETS

[Refer Notes 1 (i), (ii), (x), (xi), 4, 6, 12, 30 and 36 on Schedule 20]

(Amount in Rs.)

| Description of Assets                             | GROSS BLOCK           |                           |                             |                        | DEPRECIATION AND AMORTISATION |                              |                             |                        | NET BLOCK            |                      |
|---|-----------------------|---------------------------|-----------------------------|------------------------|-------------------------------|------------------------------|-----------------------------|------------------------|----------------------|----------------------|
|   | Cost As on 01.04.2010 | Additions during the year | Sales/ Adj. during the year | Total as on 31.03.2011 | As on 01.04.2010              | For the year                 | Sales/ Adj. during the year | Total as on 31.03.2011 | As on 31.03.2011     | As on 31.03.2010     |
| <b>Tangible</b>                                   |                       |                           |                             |                        |                               |                              |                             |                        |                      |                      |
| Land-Freehold                                     | 20,507,577            | -                         | -                           | 20,507,577             | -                             | -                            | -                           | -                      | 20,507,577           | 20,507,577           |
| Buildings   | 209,318,886           | -                         | -                           | 209,318,886            | 27,120,077                    | 3,412,798                    | -                           | 30,532,875             | 178,786,011          | 182,198,809          |
| Plant & Machinery                                 |                       |                           |                             |                        |                               |                              |                             |                        |                      |                      |
| -Owned  | 1,796,191,837         | 241,184,278               | 33,669,064                  | 2,003,707,051          | 912,627,314                   | 284,924,015                  | 29,846,968                  | 1,167,704,361          | 836,002,690          | 883,564,523          |
| -Leased   | 7,777,522             | -                         | 666,924                     | 7,110,598              | 6,796,513                     | 232,632                      | 576,276                     | 6,452,869              | 657,729              | 981,009              |
| Lease Hold Improvements                           | 332,804,307           | 43,408,189                | 12,843,214                  | 363,369,282            | 211,147,021                   | 51,295,197                   | 11,658,803                  | 250,783,415            | 112,585,867          | 121,657,286          |
| Furniture & Fixtures                              |                       |                           |                             |                        |                               |                              |                             |                        |                      |                      |
| -Owned  | 176,045,856           | 10,995,679                | 5,972,710                   | 181,068,825            | 96,106,199                    | 23,188,647                   | 5,564,386                   | 113,730,460            | 67,338,365           | 79,939,657           |
| -Leased   | 9,317,642             | -                         | 3,914,512                   | 5,403,130              | 8,247,504                     | 414,524                      | 3,897,398                   | 4,764,630              | 638,500              | 1,070,138            |
| Vehicles  | 34,076,937            | 13,210,324                | 7,588,917                   | 39,698,344             | 14,548,902                    | 3,239,269                    | 3,938,969                   | 13,849,202             | 25,849,142           | 19,528,035           |
| <b>Sub Total (a)</b>                              | <b>2,586,040,564</b>  | <b>308,798,470</b>        | <b>64,655,341</b>           | <b>2,830,183,693</b>   | <b>1,276,593,530</b>          | <b>366,707,082</b>           | <b>55,482,800</b>           | <b>1,587,817,812</b>   | <b>1,242,365,881</b> | <b>1,309,447,034</b> |
| <b>Intangible (Educational Content/ Products)</b> |                       |                           |                             |                        |                               |                              |                             |                        |                      |                      |
| Software  |                       |                           |                             |                        |                               |                              |                             |                        |                      |                      |
| - Acquired  | 869,726,094           | 24,395,458                | 13,500                      | 894,108,052            | 634,219,848                   | 101,738,012                  | 13,499                      | 735,944,361            | 158,163,691          | 235,506,246          |
| - Internally generated                            | 301,010,714           | 112,437,773               | -                           | 413,448,487            | 150,587,970                   | 82,010,269                   | -                           | 232,598,239            | 180,850,248          | 150,422,744          |
| - Leased  | 124,436,000           | -                         | 4,786,000                   | 119,650,000            | 6,136,569                     | 24,323,234                   | -                           | 30,459,803             | 89,190,197           | 118,299,431          |
| Patents   | 16,141,570            | -                         | -                           | 16,141,570             | 9,355,279                     | 2,259,632                    | -                           | 11,614,911             | 4,526,659            | 6,786,291            |
| <b>Sub Total (b)</b>                              | <b>1,311,314,378</b>  | <b>136,833,231</b>        | <b>4,799,500</b>            | <b>1,443,348,109</b>   | <b>800,299,666</b>            | <b>210,331,147</b>           | <b>13,499</b>               | <b>1,010,617,314</b>   | <b>432,730,795</b>   | <b>511,014,712</b>   |
| <b>Total (a+b)</b>                                | <b>3,897,354,942</b>  | <b>445,631,701</b>        | <b>69,454,841</b>           | <b>4,273,531,802</b>   | <b>2,076,893,196</b>          | <b>577,038,229</b>           | <b>55,496,299</b>           | <b>2,598,435,126</b>   | <b>1,675,096,676</b> | <b>1,820,461,746</b> |
| <b>Previous year</b>                              | <b>3,408,363,345</b>  | <b>595,726,313</b>        | <b>106,734,716</b>          | <b>3,897,354,942</b>   | <b>1,631,714,037</b>          | <b>541,792,739</b>           | <b>96,613,580</b>           | <b>2,076,893,196</b>   | <b>1,820,461,746</b> |                      |
|   |                       |                           |                             |                        |                               | Capital Work-in Progress     |                             |                        | 348,941,648          | 79,436,218           |
|   |                       |                           |                             |                        |                               | (Including Capital Advances) |                             |                        |                      |                      |

Notes :

(i) Gross Block of Building includes 10 shares of Rs. 50/- each in the Guru Vidya Co-operative Housing Society Ltd.

(ii) Out of the total land as above, 25 acres of land amounting to Rs. 6,521,625/- at Tehsil Behror, District Alwar is allotted for education purpose. This land cannot be transferred without the approval of the allotment authority.

## SCHEDULES annexed to and forming part of the Balance Sheet as at March 31, 2011 (Contd.)

| Schedule No.   |                      | As At<br>March 31, 2011<br>(Rs.) | As At<br>March 31, 2010<br>(Rs.) |
|--|----------------------|----------------------------------|----------------------------------|
| <b>6. INVESTMENTS</b>  |                      |                                  |                                  |
| [Refer Notes 1 (iii), 20, 21, 22, 24, 25 and 29 on Schedule 20]  |                      |                                  |                                  |
| <b>A. LONG TERM, TRADE [UNQUOTED]</b>  |                      |                                  |                                  |
| <b>In Subsidiary Companies</b>   |                      |                                  |                                  |
| <b>-Equity</b>   |                      |                                  |                                  |
| 24,162,113 (Previous year 24,162,113) Shares of 1 US \$ each fully paid-up in NIIT (USA) Inc., USA   | 1,083,566,259        | 1,083,566,259                    |                                  |
| Less: Provision for diminution in value of Investment  | <u>(398,415,709)</u> | 685,150,550 <u>(398,415,709)</u> | 685,150,550                      |
| 500,000 (Previous year 500,000) Equity Shares of 1 US \$ or Rp. 2,297 each fully paid-up in PT NIIT Indonesia, Indonesia   | 17,560,000           | 17,560,000                       |                                  |
| Less: Provision for diminution in the value of investment  | <u>(17,560,000)</u>  | - <u>(17,560,000)</u>            | -                                |
| 35,056,000 (Previous year 35,056,000) Equity Shares of 1 US \$ each fully paid-up in NIIT Antilles NV, Netherlands Antilles  | 1,628,688,400        | 1,628,688,400                    |                                  |
| Less: Provision for diminution in value of Investment  | <u>(773,531,096)</u> | 855,157,304 <u>(773,531,096)</u> | 855,157,304                      |
| 3,949,175 (Previous year 3,949,175) Equity Shares of Re 1/- each fully paid-up in NIIT Online Learning Limited   | 3,949,175            | 3,949,175                        |                                  |
| Less: Provision for diminution in value of Investment  | <u>(3,949,175)</u>   | - <u>(3,949,175)</u>             | -                                |
| 1,000,000 (Previous year 1,000,000) Equity Shares of Rs 10/- each fully paid-up in Hole-in-the-Wall Education Limited  |                      | 10,500,000                       | 10,500,000                       |
| 9,910,000 (Previous year 9,910,000) Equity Shares of Rs. 10/- each fully paid-up in Scantech Evaluation Services Limited   |                      | 99,064,000                       | 99,064,000                       |
| Nil (Previous year 10,250,000) Equity Shares of Rs. 10/- each fully paid-up in Neo Multimedia Limited (Formerly NIIT Multimedia Limited)   |                      | -                                | 102,500,000                      |
| 155,000 (Previous year 155,000) Equity Shares of 1 GBP each fully paid-up in NIIT Limited, UK  |                      | 13,101,328                       | 13,101,328                       |
| 8,050,000 (Previous year 8,050,000) Equity Shares of Rs. 10/- each fully paid-up in NIIT Institute of Finance Banking and Insurance Training Limited   |                      | 80,500,000                       | 80,500,000                       |
| 863,471 (Previous year 863,471) Equity Shares of Rs. 10/- each fully paid-up in Evolv Services Limited   |                      | 46,187,061                       | 46,187,061                       |
| 13,500,000 (Previous year 9,000,000) Equity Shares of Rs. 10/- each fully paid-up and Nil (Previous year Rs. 30,000,000/-) towards Share Application money in NIIT Institute of Process Excellence Limited |                      | 135,000,000                      | 120,000,000                      |
| <b>- Preference</b>  |                      |                                  |                                  |
| 5,600,000 (Previous year 5,600,000) Non Convertible Cumulative Redeemable Preference Shares of Rs. 10/- each fully paid-up in Hole-in-the-Wall Education Limited   |                      | 100                              | 100                              |
| <b>B. LONG TERM, OTHERS [UNQUOTED]</b>   |                      |                                  |                                  |
| <b>In Other Companies</b>  |                      |                                  |                                  |
| 240 Equity Shares of Rs.10/- each fully paid-up in Hinduja HCL Singtel Communication Private Limited   | 2,400                | 2,400                            |                                  |
| Less: Provision for diminution in the value of Investment  | <u>(2,400)</u>       | - <u>(2,400)</u>                 | -                                |
| <b>C. SHORT TERM, NON TRADE [UNQUOTED]</b>   |                      |                                  |                                  |
| In Mutual Funds  |                      | <u>105,903,744</u>               | <u>-</u>                         |
|  |                      | <u>2,030,564,087</u>             | <u>2,012,160,343</u>             |

## SCHEDULES annexed to and forming part of the Balance Sheet as at March 31, 2011 (Contd.)

| Schedule No.  | As At<br>March 31, 2011<br>(Rs.) | As At<br>March 31, 2010<br>(Rs.) |
|---|----------------------------------|----------------------------------|
| <b>7. INVENTORIES (Finished Goods)</b><br>[Refer Notes 1(iv) and 18 on Schedule 20]   |                                  |                                  |
| Education and Training Material *   | 134,926,581                      | 99,575,690                       |
| Software  | 1,453,711                        | 1,755,037                        |
|   | <u>136,380,292</u>               | <u>101,330,727</u>               |
| <b>Note:</b>  |                                  |                                  |
| * Net of provision for non-moving inventories of Rs. 6,500,000/- (Previous year Rs. 5,300,000/-) and inclusive of Inventory in electronic form. |                                  |                                  |
| <b>8. SUNDRY DEBTORS</b><br>(Unsecured)<br>[Refer Note 34 on Schedule 20]   |                                  |                                  |
| Outstanding for over six months   |                                  |                                  |
| - Considered Good   | 1,393,246,330                    | 812,852,268                      |
| - Considered Doubtful   | 114,460,790                      | 172,227,620                      |
| Other Debts - Considered Good   | <u>1,249,406,196</u>             | <u>1,356,886,618</u>             |
|   | 2,757,113,316                    | 2,341,966,506                    |
| Less : Provision for Doubtful Debts   | <u>114,460,790</u>               | <u>172,227,620</u>               |
|   | <u>2,642,652,526</u>             | <u>2,169,738,886</u>             |
| <b>9. CASH AND BANK BALANCES</b>  |                                  |                                  |
| Cash and Cheques in Hand  | 46,943,955                       | 92,271,481                       |
| Balances with Scheduled Banks in :  |                                  |                                  |
| - Current Accounts*   | 153,769,879                      | 149,625,365                      |
| - Dividend Account  | 6,179,475                        | 4,961,032                        |
| - Fixed Deposit Accounts  | 43,437,756                       | 41,060,354                       |
| [Include Rs. 43,437,756/- (Previous year Rs. 41,060,354/-) pledged as margin money]   |                                  |                                  |
| - Exchange Earners' Foreign Currency Account  | 782,930                          | 765,760                          |
| Balances with other Banks in :  |                                  |                                  |
| - Current Account with Bank of Bhutan, Bhutan   | 35,083                           | -                                |
| [Maximum Balance during the year Rs. 2,704,173/- (Previous year Nil)]   |                                  |                                  |
| - Current Account with Druk Punjab National Bank, Bhutan  | 143,040                          | -                                |
| [Maximum Balance during the year Rs. 10,406,617/- (Previous year Nil)]  |                                  |                                  |
| *[Include Rs. 7,171,993/- (Previous year Nil) pertaining to amount available for specific contract]   |                                  |                                  |
|   | <u>251,292,118</u>               | <u>288,683,992</u>               |
| <b>10. OTHER CURRENT ASSETS</b><br>(Unsecured, considered good)<br>[Refer Note 1(v) and 25 on Schedule 20]                                      |                                  |                                  |
| Interest Receivable   | 1,300,970                        | 1,019,837                        |
| Unbilled Revenue (Net)  | 741,830,631                      | 686,087,702                      |
| Receivable on Sale of Investments   | <u>233,902,715</u>               | <u>-</u>                         |
|   | <u>977,034,316</u>               | <u>687,107,539</u>               |

**SCHEDULES annexed to and forming part of the Balance Sheet as at March 31, 2011 (Contd.)**

| Schedule No.   | As At March 31, 2011 (Rs.) | As At March 31, 2010 (Rs.) |
|--|----------------------------|----------------------------|
| <b>11. LOANS AND ADVANCES</b>  |                            |                            |
| (Unsecured, considered good except where otherwise stated)   |                            |                            |
| [Refer Notes 1(xii), 23, 28 and 33 on Schedule 20]   |                            |                            |
| Loans to Subsidiaries  | 192,600,000                | 129,662,200                |
| Loan to NIIT Education Society   | -                          | 3,500,000                  |
| Loan to NIIT Institute of Information Technology   | -                          | 440,300,000                |
| Recoverable from Subsidiaries  | 118,505,914                | 120,903,464                |
| Advances recoverable in cash or in kind or for value to be received *  |                            |                            |
| - Considered good  | 225,432,043                | 130,780,204                |
| - Considered doubtful  | 1,017,975                  | 5,949,495                  |
|  | 226,450,018                | 136,729,699                |
| Less : Provision for Doubtful Advances   | 1,017,975                  | 5,949,495                  |
|  | 225,432,043                | 130,780,204                |
| * Includes amount due from Directors or Other Officers Nil (Previous year Nil)                                     |                            |                            |
| Maximum amount due from Directors or Other Officers during the year Rs. 1,414,518/- (Previous year Rs. 961,952/-). |                            |                            |
| Security Deposits  |                            |                            |
| - Considered good  | 332,952,355                | 331,155,708                |
| - Considered doubtful  | 5,047,157                  | 5,047,157                  |
|  | 337,999,512                | 336,202,865                |
| Less : Provision for Doubtful Deposits   | 5,047,157                  | 5,047,157                  |
|  | 332,952,355                | 331,155,708                |
| Advance payment of Fringe Benefit Tax  | 88,113,046                 | 88,113,046                 |
| Less : Provision for Fringe Benefit Tax  | (87,396,232)               | (87,396,232)               |
|  | 716,814                    | 716,814                    |
| Advance payment of Income Tax  | 822,246,934                | 632,861,521                |
| Less: Provision for Current Tax  | (698,288,832)              | (577,582,399)              |
|  | 123,958,102                | 55,279,122                 |
| MAT Credit entitlements  | 36,182,849                 | -                          |
|  | <b>1,030,348,077</b>       | <b>1,212,297,512</b>       |

## SCHEDULES annexed to and forming part of the Balance Sheet as at March 31, 2011 (Contd.)

| Schedule No.  | As At<br>March 31, 2011<br>(Rs.) | As At<br>March 31, 2010<br>(Rs.) |
|---|----------------------------------|----------------------------------|
| <b>12. CURRENT LIABILITIES</b>  |                                  |                                  |
| [Refer Notes 1(ix), 10 and 37 on Schedule 20]   |                                  |                                  |
| Sundry Creditors  |                                  |                                  |
| - Due to Micro Enterprises and Small Enterprises  | 1,460,716                        | 1,007,635                        |
| - Due to Others   | 1,173,360,625                    | 1,030,061,206                    |
| Amount Payable to Subsidiaries  | 43,336,073                       | 20,520,204                       |
| Advances from Customers   | 722,510,563                      | 405,717,880                      |
| Security Deposits   | 1,906,215                        | 1,910,215                        |
| Interest accrued but not due on loans   | 14,036,422                       | 16,050,766                       |
| Unpaid Dividend *   | 6,179,474                        | 4,961,032                        |
| Unclaimed fractional share payment  | 232,530                          | 234,658                          |
| Deferred Revenue  | 45,671,785                       | 35,491,005                       |
| Other Liabilities   | 92,186,586                       | 72,194,040                       |
| * There are no amounts due for payment to the Investor Protection Fund under section 205 C of the Companies Act, 1956 as at the year end. |                                  |                                  |
|   | <b>2,100,880,989</b>             | <b>1,588,148,641</b>             |
| <b>13. PROVISIONS</b>   |                                  |                                  |
| [Refer Notes 1(vi), 17 and 31 on Schedule 20]   |                                  |                                  |
| Provision for Compensated Absences  | 82,376,000                       | 77,501,140                       |
| Provision for Gratuity  | 1,432,817                        | 1,106,580                        |
| Proposed Dividend on Equity Shares  | 247,643,396                      | 231,133,836                      |
| Corporate Dividend Tax  | 26,669,692                       | 25,975,979                       |
|   | <b>358,121,905</b>               | <b>335,717,535</b>               |

## SCHEDULES annexed to and forming part of the Profit and Loss Account for the year ended March 31, 2011

| Schedule No.  | Year ended March 31, 2011 (Rs.) | Year ended March 31, 2010 (Rs.) |
|---|---------------------------------|---------------------------------|
| <b>14. OTHER INCOME</b>   |                                 |                                 |
| [Refer Notes 1 (v), (viii), (ix), 10(b), 20, 22, and 31 on Schedule 20]                                     |                                 |                                 |
| Profit on sale of Short term Investments -others  | -                               | 197,783                         |
| Profit on sale of long term - trade investments   | -                               | 115,000                         |
| Provisions/ Other Liabilities written back  | 5,691,034                       | 8,288,332                       |
| Recoveries from Overseas Subsidiaries for expenses  | 93,560,237                      | 85,574,116                      |
| Dividend Income from Other Investments  | 1,164,208                       | -                               |
| Dividend Income from Subsidiary   | 83,244,000                      | 78,289,000                      |
| Miscellaneous   | 34,231,234                      | 23,571,867                      |
|   | <b>217,890,713</b>              | <b>196,036,098</b>              |
| <b>15. PERSONNEL</b>  |                                 |                                 |
| [Refer Notes 1(vi), (vii), 5, 8, 16, 17, 19 and 30 on Schedule 20]  |                                 |                                 |
| Salaries and Benefits   | 1,373,059,650                   | 1,138,918,577                   |
| [Includes contribution towards Provident and Other Funds Rs. 69,163,929/- (Previous year Rs. 50,494,861/-)] |                                 |                                 |
| Employees Stock Option (write back)   | -                               | (85,025)                        |
| Welfare and Other Expenses  | 53,662,444                      | 35,342,632                      |
|   | <b>1,426,722,094</b>            | <b>1,174,176,184</b>            |
| <b>16. DEVELOPMENT, PRODUCTION AND EXECUTION</b>  |                                 |                                 |
| [Refer Notes 8, 9, 12, 13, 18, 30 and 36(a) on Schedule 20]   |                                 |                                 |
| Courseware and Manuals  | 847,540,852                     | 671,085,198                     |
| [Includes inventory write off/ provision for Rs. 6,251,068/- (Previous year Rs. 4,264,705/-)]               |                                 |                                 |
| Bought out Packages/ Products   | 159,616,022                     | 763,964,380                     |
| Course Execution Charges  | 697,187,821                     | 753,821,529                     |
| Professional Charges  | 575,773,492                     | 309,983,798                     |
| Equipment Hiring  | 40,594,499                      | 30,692,727                      |
| Consumables   | 5,891,855                       | 4,667,562                       |
| Freight and Cartage   | 65,581,391                      | 54,014,917                      |
| Others  | 32,790,983                      | 1,278,877                       |
|   | <b>2,424,976,915</b>            | <b>2,589,508,988</b>            |

## SCHEDULES annexed to and forming part of the Profit and Loss Account for the year ended March 31, 2011 (Contd.)

| Schedule No.  | Year ended March 31, 2011 (Rs.) | Year ended March 31, 2010 (Rs.) |
|---|---------------------------------|---------------------------------|
| <b>17. ADMINISTRATION AND OTHERS</b>  |                                 |                                 |
| [Refer Notes 1(viii), (ix), 5, 8, 10, 13, 15, 27, 30, 34(a) and 36(a) on Schedule 20] |                                 |                                 |
| Rent  | 324,450,678                     | 281,440,969                     |
| Rates and Taxes   | 4,311,922                       | 2,917,946                       |
| Electricity and Water   | 95,587,790                      | 88,915,879                      |
| Communication   | 69,871,331                      | 73,507,313                      |
| Legal and Professional  | 106,992,361                     | 76,503,480                      |
| Traveling and Conveyance  | 209,339,355                     | 173,690,391                     |
| Insurance Premium   | 10,739,689                      | 8,413,073                       |
| Repairs and Maintenance:  |                                 |                                 |
| - Plant and Machinery   | 19,181,397                      | 14,403,738                      |
| - Buildings   | 3,088,765                       | 2,512,415                       |
| - Others  | 48,647,735                      | 39,303,348                      |
| Provision for Doubtful Debts  | 69,101,239                      | 53,850,405                      |
| Provision for Doubtful Advances   | 196,935                         | 458,706                         |
| Advances written off  | -                               | 3,003,807                       |
| Loss on Exchange Fluctuations (Net)   | 12,154,498                      | 42,770,998                      |
| Expenses on Equipment Hiring  | 11,729,941                      | 12,097,807                      |
| Security and Administration services  | 39,047,424                      | 33,984,891                      |
| Loss on sale/ disposal of Fixed Assets (Net)  | 3,534,712                       | 7,602,658                       |
| Sundry Expenses   | 32,871,830                      | 29,311,027                      |
|   | <b>1,060,847,602</b>            | <b>944,688,851</b>              |
| <b>18. MARKETING</b>  |                                 |                                 |
| [Refer Note 5 on Schedule 20]   |                                 |                                 |
| Advertisement and Publicity   | 541,982,722                     | 531,823,160                     |
| Discount  | 2,947,192                       | 60,210                          |
| Others  | 33,907,266                      | 31,005,262                      |
|   | <b>578,837,180</b>              | <b>562,888,632</b>              |
| <b>19. INTEREST AND FINANCE CHARGES</b>   |                                 |                                 |
| [Refer Notes 1(x), (xi), 7, 11 and 36(b) on Schedule 20]                              |                                 |                                 |
| Bank, Discounting and Other Financial Charges   | 21,201,282                      | 23,790,395                      |
| Interest Expenses:  |                                 |                                 |
| - Fixed Loans   | 98,862,790                      | 65,214,796                      |
| - Non Convertible Debentures  | 127,894,929                     | 150,805,069                     |
| - Others  | 40,588,876                      | 42,102,423                      |
|   | 267,346,595                     | 258,122,288                     |
| Less: Interest Earnings (Gross) :   |                                 |                                 |
| - Deposits  | (2,882,825)                     | (2,927,002)                     |
| - Loans   | (73,414,378)                    | (100,559,510)                   |
| - Others  | (586)                           | (7,298,277)                     |
|   | <b>212,250,088</b>              | <b>171,127,894</b>              |



## SCHEDULE '20': Notes to Accounts for the year ended March 31, 2011

### 1. STATEMENT ON SIGNIFICANT ACCOUNTING POLICIES

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

#### i) Fixed Assets, Depreciation and Amortisation

Fixed Assets are stated at acquisition cost except where they are taken over pursuant to an acquisition at a consolidated price. Individual fixed assets taken over pursuant to acquisition are recorded at their fair value on the date of acquisition based on valuation carried out by independent valuers.

Expenses incurred on internal development of educational content and products are capitalised either individually or as a knowledge bank in the form of software, once their technical feasibility and ability to generate future economic benefits is established in accordance with the requirements of Accounting Standard 26, "Intangible Assets" as notified under section 211(3C) of the Companies Act, 1956. Expenses incurred during the research phase till the establishment of commercial feasibility is charged to the Profit and Loss Account.

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:

|   |  |
|---|--|
| Buildings   | 58 years   |
| Plant and Machinery including:  |  |
| - Computers, Printers and related accessories   | 2-5 years  |
| - Office Equipment and Electronic Equipments  | 8 years  |
| - Air Conditioners  | 10 years   |
| Furniture, Fixtures & Electric Fittings   | 7-10 years   |
| Leasehold Improvements  | 3-5 years or lease period, whichever is lower                  |
| Assets under employee benefits scheme except vehicles                                     | 3 years  |
| Assets acquired under lease (Included under Plant & Machinery and Furniture & Fixtures)   | Lease Period   |
| Intangible Assets including:  |  |
| - Acquired and Internally Generated (Computer Software, Educational Content and Products) | 3-5 years  |
| - Patents   | 3-5 years  |
| All other assets (including vehicles)   | Rates prescribed under Schedule XIV to the Companies Act, 1956 |

Fixed Assets purchased for utilization in implementing certain contractual obligations with the customers under a project are depreciated over the period of the contract.

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

#### ii) 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.

**SCHEDULE '20': Notes to Accounts for the year ended March 31, 2011 (Contd.)****iii) 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 recognised and charged to Profit and Loss Account. Short-term investments are carried at cost or market value, whichever is lower.

**iv) Inventory Valuation – Finished Goods**

Inventories are valued at lower of cost or net realisable value. Cost is determined using weighted average method and includes applicable costs incurred in bringing inventories to their present location and condition.

**v) Revenue Recognition**

The revenue in respect of sale of courseware, technical information and reference material and other goods are recognised on dispatch/ delivery of the material to the customer whereas the revenue from the tuition activity/ training is recognised over the period of the course programmes or as per the terms of agreement, as the case may be.

The revenue from time and material contracts is recognised on a man month basis. In respect of fixed price contracts, including certain contracts requiring significant usage of contents capitalized as education software relating to courseware and products (Intellectual Property Rights), revenue is recognised based on the technical evaluation of utilization of courseware and products and as per the proportionate completion method. The foreseeable losses on completion of contract, if any, are provided for.

The Company undertakes fixed price projects for supply/ installation/maintenance of technology equipment & infrastructure set- up, providing educational product and educational services. Revenue from initial project set up activities & development of products under such contracts is recognised under proportionate completion method. The revenue in such contracts from sale of technology equipments is recognised on delivery of the technology equipment when substantial risks and rewards of ownership in such technology equipment pass to the customer based on contractual terms of the respective contracts and in respect of technology equipments, which are not sold, the revenue from the same along with the revenue from educational services is recognised over the contracted period of service. Deferred Revenue represents unamortised amounts billed to customers in advance for products, services or subscriptions.

Dividend income is recognised when the right to receive dividend is established. Interest income is recognised on accrual basis.

In respect of sale and lease back transactions, revenue is recognised on delivery of the product. Gain on sale on such transactions is recognised in the Profit and Loss Account over the lease period of the respective product.

**vi) Employee Benefits****Gratuity**

NIIT provides for gratuity, a defined benefit retirement plan (the "Gratuity Plan") covering eligible employees in accordance with the Payment of Gratuity Act, 1972. The Gratuity Plan provides a lump sum payment to vested employees at retirement, death, incapacitation or termination of employment, of an amount based on the respective employee's salary and the tenure of employment. Company's liability is actuarially determined at the end of the year and any shortfall in the fund size maintained by the Trust set up by the Company with Life Insurance Corporation of India is additionally provided for.

Actuarial losses/ gains are charged/ credited to the Profit and Loss Account in the year in which such losses/ gains arise.

**Compensated Absences**

Liability in respect of compensated absences is provided both for encashable leave and those expected to be availed. The Company has defined benefit plans for compensated absences for employees, the liability for which is determined on the basis of an actuarial valuation at the end of the year. Any gain or loss arising out of such valuation is recognised in the Profit and Loss Account.

**SCHEDULE '20': Notes to Accounts for the year ended March 31, 2011 (Contd.)****Superannuation**

The Company makes defined contribution to the Trust established for the purpose by the Company towards superannuation fund maintained with Life Insurance Corporation of India. Contribution made during the year is charged to Profit and Loss Account.

**Provident Fund**

The Company makes contribution to the "NIIT LIMITED EMPLOYEES' PROVIDENT FUND TRUST", 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 investments of the trust and the notified interest rate. The Company's obligation in this regard is actuarially determined and provided for if the circumstances indicate that the Trust may not be able to generate adequate returns to cover the interest rates notified by the Government. The Company's contribution towards Provident Fund is charged to Profit and Loss Account.

**Pension Fund**

The Company makes defined contribution to a government administered pension fund on behalf of its employees. The Company's contribution towards Employee Pension Scheme is charged to Profit and Loss Account.

**vii) Employees Stock Option Plan (ESOP)**

Equity settled stock options granted under "NIIT Employee Stock Option Plan 2005" are 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 recognised 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 options that lapse are reversed by a credit to employee compensation expense, equal to the amortised portion of value of lapsed portion and credit to deferred employee compensation expense equal to the un-amortised portion. The balance in employee stock option outstanding account, net of any un-amortised deferred employee compensation, is shown separately as part of Shareholders' Funds.

**viii) Foreign Currency Transactions**

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

Foreign currency assets/ liabilities covered by forward contracts are stated at the forward contract rate and difference between the forward rate and the exchange rate at the inception of the forward contract are recognised to the Profit and Loss Account over the life of the contract, except to the extent on which accounting policy on derivative instruments and hedge accounting as detailed in (ix) below and further explained in note 10 below.

**ix) Derivative Instruments and Hedge Accounting**

In accordance with its Risk management policies and procedures, the company uses derivative instruments such as foreign currency forward contracts 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 recognised 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 recognised in the Profit and Loss Account.

**SCHEDULE '20': Notes to Accounts for the year ended March 31, 2011 (Contd.)**

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 recognised in Shareholders' Funds under hedging reserve is retained there until the forecasted transaction occurs subsequent to which the same is adjusted against the related transaction in the Profit and Loss Account. If a hedged transaction is no longer expected to occur, the net cumulative gain or loss recognised in Shareholders' Funds is transferred to Profit and Loss Account in the same period.

**x) Leases**

The Company has taken assets, vehicles as well as premises on lease. Lease rental in respect of operating lease arrangements are charged to expense on a straight line basis as per the terms of the related agreement. Finance lease transactions are considered as financing arrangements in accordance with Accounting Standard 19 and the leased asset is capitalized at an amount equal to the present value of future lease payments and a corresponding amount is recognised as a liability. The lease payments made are apportioned between finance charge and reduction of outstanding liability in relation to the leased asset.

**xi) Borrowing Cost**

Borrowing costs are recognised in the Profit and Loss Account for the period in which they are 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 capitalised.

**xii) Taxation**

Tax expense, comprising of both current tax and deferred tax is included in determining the net results for the year. Deferred Tax reflects the effect of timing differences between the assets and liabilities recognised for financial reporting purposes and the amounts that are recognised for current tax purposes. As a matter of prudence, deferred tax assets are recognised and carried forward only to the extent, there is reasonable/ virtual certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. Current Tax is determined based on the provisions of Income Tax Act, 1961. Minimum Alternate Tax (MAT) paid in excess of normal income tax is recognised as asset (MAT Credit entitlement) only to the extent, there is reasonable certainty that company shall be liable to pay tax as per the normal provisions of the Act in future. MAT Credit is utilised in the year when normal income tax is higher than the Minimum Alternate Tax (MAT).

**xiii) 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.

Disclosure of show cause notices are made on merits of the matters where management foresees possibilities of outflow of resources.

**xiv) Earnings Per Share**

The earnings considered in ascertaining the Company's Earnings per share ('EPS') comprises the Net Profit after Tax. The number of shares used in computing the Basic EPS is the weighted average number of shares outstanding during the year. The Diluted EPS is calculated on the same basis as Basic EPS, after adjusting for the effects of potential Dilutive Equity Shares.

**2. CONTINGENT LIABILITIES**

- i. Guarantees issued by bankers outstanding at the end of accounting year Rs. 21,075,362/- (Previous year Rs. 125,486,322/-).
- ii. Letter of Credit issued by bankers on behalf of the Company outstanding at the end of accounting year Rs. 24,172,309/- (Previous year Nil).

**SCHEDULE '20': Notes to Accounts for the year ended March 31, 2011 (Contd.)**

- iii. Corporate Guarantee Rs. 621,600,000/- [USD 14 million (net of payment of USD 29.50 million)] given to ICICI Bank, Bahrain on behalf of NIIT (USA) Inc., USA (Previous year Rs. 944,470,800/- [USD 21 million (net of payment of USD 22.5 million)]).
  - iv. Corporate Guarantee Nil (Previous year Rs. 682,552,000/- [GBP 10 million (loan outstanding GBP 9.40 million)] given to ICICI Bank UK PLC, UK on behalf of NIIT (USA) Inc., USA.
  - v. Corporate Guarantee Rs. 732,600,000/- [USD 16.50 million (loan outstanding USD 15 million)] (Previous year Nil) given to ICICI Bank UK PLC, UK on behalf of NIIT (USA) Inc., USA.
  - vi. Stand by Letter of Credit of Rs. 244,200,000/- [USD 5.50 million] (Previous year Rs. 247,361,400/- [USD 5.50 million]) from BNP Paribas in favor of Bank of West, USA on behalf of Element K Corporation, USA.
  - vii. Security given to Indian Overseas Bank against Working Capital limits on behalf of Evolv Services Limited Rs. 10,000,000/- (Previous year Rs. 10,000,000/-) [Amount outstanding at year end Rs. 9,772,649/- (Previous year Rs. 9,472,172/-)], NIIT Institute of Finance Banking and Insurance Training Limited Rs. 10,000,000/- (Previous year Rs. 10,000,000/-) [Amount Outstanding at year end Nil (Previous year Nil)] and Hole-in-the-Wall Education Limited of Rs. 10,000,000/- (Previous year Rs. 7,000,000/-) [Amount Outstanding at year end Rs. 8,007,721/- (Previous year Rs. 6,443,889/-)].
  - viii. Claims against the Company not acknowledged as debts Rs. 14,200,000/- (Previous year Rs. 13,200,000/-)
  - ix. Andhra Pradesh works contract tax Rs. 91,836,398/- (Previous year Rs. 80,137,287/-). Management does not foresee any financial implication based on the advice of the legal consultant.
  - x. Service Tax demand amounting to Rs. 104.89 Lacs (Previous year Rs. 104.89 Lacs) and equal amount of penalty i.e. Rs. 104.89 Lacs (Previous year Rs. 104.89 Lacs) raised by Commissioner of Service Tax, Delhi. Management does not foresee any financial implication based on the advice of the legal consultant.
  - xi. Income Tax demand for Rs. 1,576 Lacs (Previous year Rs. 721 Lacs). Management does not foresee any financial implication based on the advice of the legal consultant.
  - xii. Service Tax liability on rental of immovable properties amounting to Rs. 12,068,234/- (Previous year Nil).
3. During the previous financial year, the Company had received Show Cause Notices u/s 263 of the Income Tax Act, 1961 issued by the Commissioner of Income Tax for the Assessment years 1999-00 to 2005-06, who later issued Orders directing the Assessing Officer for re-assessment on certain items. The quantum of Income Tax demand, if any, has neither been quantified nor ascertained and thus, indeterminable at this stage. These orders have been challenged by the Company in the Income Tax Appellate Tribunal, which has directed the Income Tax department to produce all records related to assessment for perusal of the Tribunal. Against the order of the Tribunal, the Income Tax Department has preferred writ petition in the High Court. The matter is under adjudication in the High Court. Based on legal opinion, the Company is confident that appeals so filed shall be decided in its favour.
  4. Estimated amount of contracts remaining to be executed on capital account (net of advances) not provided for Rs. 281,987,505/- (Previous year Rs. 15,804,313/-).
  5. Certain common resources are shared by the Company and NIIT Technologies Limited (NTL). This resulted in the Company recovering Rs. 10,706,565/- (Previous year Rs. 3,856,927/-) from NTL and NTL recovering Rs. 9,393,306/- (Previous year Rs. 9,598,975/-) from the Company which have been included/ netted off against relevant head in the Profit and Loss Account viz., Personnel, Administration & Others and Marketing expenses.
  6. **DETAILS OF SECURITY GIVEN AGAINST LOANS**
    - i). Working Capital Limits of the Company and sub limits of certain subsidiaries are secured by hypothecation of stocks and book debts of the Company. The Company and the subsidiaries have utilised the cash credit (fund-based) limits to the extent of Nil (Previous year Rs. 64,131,867/-) and Rs. 17,780,370/- (Previous year Rs. 15,916,061/-) respectively as at year end.

## SCHEDULE '20': Notes to Accounts for the year ended March 31, 2011 (Contd.)

- ii). 12% Non Convertible Debentures issued to Life Insurance Corporation of India and 11.25% Non Convertible Debentures issued to Indian Overseas Bank are secured by way of first charge on pari-passu basis on the immovable and movable fixed assets of the Company. The Company had maintained 100 % asset cover sufficient to discharge the principal amount at all times during the financial year 2010-11 for these debentures.
- iii). Rupee Term Loan is secured by exclusive charge by hypothecation of specific movable fixed assets and receivables/ deferred recoverable relating to specific school projects.
- iv). Vehicle loans from banks are secured by way of hypothecation of the vehicles financed.
7. Interest received is gross of tax deducted at source of Rs. 8,359,983/- (Previous year Rs. 13,902,514/-).
8. Expenses during the year are net of recoveries towards common services from domestic subsidiaries amounting to Rs. 14,989,137/- (Previous year Rs. 14,635,499/-).
9. The Course Execution Charges include payments to licensees, business partners, channel partners and other agencies for execution of education and training business.

### 10. DERIVATIVE INSTRUMENTS

- a. The following table summarises the movement in designated forward covers during Current year:

| Particulars                                 | Designated Forward Covers (USD Mn)<br>FY 2010-11 | Designated Forward Covers (USD Mn)<br>FY 2009-10 |
|---|--|--|
| Opening Balance as at beginning of the year | -  | 10.50  |
| Additions during the Current year           | -  | -  |
| Matured during the year                     | -  | 10.50  |
| Closing Balance as at end of the year       | -  | -  |

During the Current year, loss of Nil (Previous year Rs. 88.82 Lacs) has been debited to Revenue account on maturity of the designated forward covers.

- b. Mark to Market gain/ (loss) on undesignated forward covers amounting to Nil [Previous year Rs. 3.35 Lacs] has been recognised as gain/ (loss) on exchange fluctuation in the Profit and Loss Account.

### 11. EARNINGS IN FOREIGN CURRENCY

| Particulars                                     | Year ended<br>March 31, 2011<br>(Rs.) | Year ended<br>March 31, 2010<br>(Rs.) |
|---|---------------------------------------|---------------------------------------|
| Export of services & products                   | 825,236,725                           | 474,805,435                           |
| Interest (Net of Taxes)                         | 13,546,070                            | 25,189,578                            |
| Recovery of expenses from Overseas Subsidiaries | 93,560,237                            | 85,574,116                            |

### 12. CIF VALUE OF IMPORTS

| Particulars                   | Year ended<br>March 31, 2011<br>(Rs.) | Year ended<br>March 31, 2010<br>(Rs.) |
|-------------------------------|---------------------------------------|---------------------------------------|
| Bought out packages/ products | 424,436,171                           | 226,755,748                           |
| Capital goods                 | 12,277,918                            | 13,031,888                            |

## SCHEDULE '20': Notes to Accounts for the year ended March 31, 2011 (Contd.)

### 13. EXPENDITURE IN FOREIGN CURRENCY (Net of taxes)

| Particulars                           | Year ended<br>March 31, 2011<br>(Rs.) | Year ended<br>March 31, 2010<br>(Rs.) |
|---------------------------------------|---------------------------------------|---------------------------------------|
| Production, development and execution | 144,429,943                           | 110,120,441                           |
| Travel                                | 34,423,033                            | 25,820,649                            |
| Professional fee                      | 11,204,514                            | 2,682,005                             |
| Others                                | 11,219,593                            | 12,695,887                            |

### 14. DIVIDEND REMITTED IN FOREIGN CURRENCY

| Particulars   | Year ended<br>March 31, 2011 | Year ended<br>March 31, 2010 |
|---|------------------------------|------------------------------|
| Number of Non-residents to whom dividend is paid (Nos.) | 3                            | 3                            |
| Number of Shares held by Non-residents (Nos.)           | 131,556                      | 78,750                       |
| Amount remitted (Rs.)                                   | 184,178                      | 102,375                      |
| Year to which the dividend related (Financial year)     | 2009-10                      | 2008-09                      |

### 15. PAYMENT TO AUDITORS

| Particulars                                       | Year ended<br>March 31, 2011<br>(Rs.) | Year ended<br>March 31, 2010<br>(Rs.) |
|---|---------------------------------------|---------------------------------------|
| Statutory Audit fee                               | 4,860,000                             | 4,860,000                             |
| Tax Audit fee                                     | 470,000                               | 470,000                               |
| Others  | 3,255,000                             | 2,285,000                             |
| Reimbursement of expenses (including Service Tax) | 1,003,912                             | 1,298,722                             |

### 16. EMPLOYEES STOCK OPTION SCHEME

During the year 2005-06, the Company had established NIIT Employee Stock Option Plan 2005 "ESOP 2005" and the same was approved at the General Meeting of the Company held on May 18, 2005. The plan was set up so as to offer and grant, for the benefit of employees (excluding promoters) of the Company, who are eligible under "Securities and Exchange Board of India (SEBI) (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999", options of the Company in aggregate up to 1,925,000 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. 2/- each (Rs. 10/- each pre bonus and split) fully paid up on payment to the Company, for such shares, at a price to be determined in accordance with ESOP 2005. ESOP information is given for the number of shares after sub-division and Bonus issue



## SCHEDULE '20': Notes to Accounts for the year ended March 31, 2011 (Contd.)

The summary of options granted is as follows:

| Particulars  | Grant I   |           | Grant II  |           | Grant III |           | Grant IV  |           | Grant V   |           |           |           |           |           | Grant VI  |           |           |           |           |           | Grant VII* |           |           |
|--|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|------------|-----------|-----------|
|  |           |           |           |           |           |           |           |           | Vest 1    |           | Vest 2    |           | Vest 3    |           | Vest 1    |           | Vest 2    |           | Vest 3    |           | Vest 1     | Vest 2    | Vest 3    |
|  | 2010-11   | 2009-10   | 2010-11   | 2009-10   | 2010-11   | 2009-10   | 2010-11   | 2009-10   | 2010-11   | 2009-10   | 2010-11   | 2009-10   | 2010-11   | 2009-10   | 2010-11   | 2009-10   | 2010-11   | 2009-10   | 2010-11   | 2009-10   | 2010-11    | 2010-11   | 2010-11   |
| Date of Grant  | 02-Aug-05 | 02-Aug-05 | 11-Aug-05 | 11-Aug-05 | 05-Jun-07 | 05-Jun-07 | 28-Jul-08 | 28-Jul-08 | 26-Oct-09 | 26-Oct-09 | 26-Oct-09 | 26-Oct-09 | 26-Oct-09 | 26-Oct-09 | 23-Jan-10 | 23-Jan-10 | 23-Jan-10 | 23-Jan-10 | 23-Jan-10 | 23-Jan-10 | 22-Oct-10  | 22-Oct-10 | 22-Oct-10 |
| Date of Vesting  | 02-Aug-06 | 02-Aug-06 | 11-Aug-06 | 11-Aug-06 | 05-Jun-08 | 05-Jun-08 | 28-Jul-09 | 28-Jul-09 | 26-Oct-10 | 26-Oct-10 | 26-Oct-11 | 26-Oct-11 | 26-Oct-11 | 26-Oct-12 | 23-Jan-11 | 23-Jan-11 | 23-Jan-12 | 23-Jan-12 | 23-Jan-13 | 23-Jan-13 | 22-Oct-11  | 22-Oct-12 | 22-Oct-13 |
| Live options at the beginning of the year (Nos.)                 | -         | 92,430    | -         | 34,125    | 439,177   | 447,879   | 1,218,300 | 1,274,550 | 1,815,228 | -         | 1,815,228 | -         | 1,815,229 | -         | 165,950   | -         | 165,950   | -         | 165,950   | -         | -          | -         | -         |
| Granted during the year (Nos.)                                   | -         | -         | -         | -         | -         | -         | -         | -         | -         | 1,865,803 | -         | 1,865,803 | -         | 1,865,804 | -         | 181,240   | -         | 181,240   | -         | 181,240   | 52,020     | 52,020    | 52,020    |
| Forfeited/ lapsed till vesting period (Nos.)                     | -         | -         | -         | -         | -         | -         | -         | 37,500    | 137,682   | 50,575    | 254,008   | 50,575    | 254,008   | 50,575    | 30,180    | 15,290    | 36,490    | 15,290    | 36,490    | 15,290    | 23,000     | 23,000    | 23,000    |
| Options Vested (Nos)   | -         | -         | -         | -         | -         | -         | -         | 1,237,050 | 1,677,546 | -         | -         | -         | -         | -         | 135,770   | -         | -         | -         | -         | -         | -          | -         | -         |
| Forfeited/ lapsed post vesting (Nos)                             | -         | 13,944    | -         | -         | 30,051    | 8,702     | 137,250   | 18,750    | 53,500    | -         | -         | -         | -         | -         | -         | -         | -         | -         | -         | -         | -          | -         | -         |
| Options exercised (Nos)  | -         | 78,486    | -         | 34,125    | -         | -         | -         | -         | -         | -         | -         | -         | -         | -         | -         | -         | -         | -         | -         | -         | -          | -         | -         |
| Outstanding/ exercisable at the end of the year (Nos)            | -         | -         | -         | -         | 409,126   | 439,177   | 1,081,050 | 1,218,300 | 1,624,046 | 1,815,228 | 1,561,220 | 1,815,228 | 1,561,221 | 1,815,229 | 135,770   | 165,950   | 129,460   | 165,950   | 129,460   | 165,950   | 29,020     | 29,020    | 29,020    |
| Exercise Price (Rs.)   | 24.00     | 24.00     | 31.60     | 31.60     | 121.62    | 121.62    | 88.70     | 88.70     | 72.20     | 72.20     | 72.20     | 72.20     | 72.20     | 72.20     | 69.20     | 69.20     | 69.20     | 69.20     | 69.20     | 69.20     | 67.65      | 67.65     | 67.65     |
| Remaining Contractual Life (Days)                                | -         | -         | -         | -         | 66        | 431       | 484       | 849       | 939       | 1,304     | 1,304     | 1,669     | 1,670     | 2,035     | 1,028     | 1,393     | 1,393     | 1,758     | 1,759     | 2,124     | 1,300      | 1,666     | 2,031     |
| Fair value of the options based on Black and Scholes Model (Rs.) | 13.15     | 13.15     | 9.63      | 9.63      | 37.23     | 37.23     | 32.09     | 32.09     | 32.00     | 32.00     | 34.77     | 34.77     | 36.64     | 36.64     | 30.47     | 30.47     | 32.91     | 32.91     | 34.74     | 34.74     | 28.35      | 32.00     | 34.35     |
| Intrinsic Value of the options granted (Rs.)                     | 7.35      | 7.35      | -         | -         | -         | -         | -         | -         | -         | -         | -         | -         | -         | -         | -         | -         | -         | -         | -         | -         | -          | -         | -         |

\*During the year, the Compensation/ Remuneration Committee at its meeting held on October 22, 2010 has approved Grant VII of 156,060 options (post bonus and split) out of the options under ESOP Plan 2005, to Senior Managerial Personnel of the Company. Options under this grant shall be vested in 3 equal installments over three years period from the date of grant.

## SCHEDULE '20': Notes to Accounts for the year ended March 31, 2011 (Contd.)

The assumptions used by independent valuers, for determination of fair value of a share of Rs. 2/- each fully paid up as per the Black & Scholes Model are as follows:

| Particulars                            | Grant I        | Grant II       | Grant III | Grant IV | Grant V |        |        | Grant VI |        |        | Grant VII |        |        |
|--|----------------|----------------|-----------|----------|---------|--------|--------|----------|--------|--------|-----------|--------|--------|
|  |                |                |           |          | Vest 1  | Vest 2 | Vest 3 | Vest 1   | Vest 2 | Vest 3 | Vest 1    | Vest 2 | Vest 3 |
| Market price considered                | 31.35          | 31.60          | 121.62    | 88.70    | 72.20   | 72.20  | 72.20  | 69.20    | 69.20  | 69.20  | 67.65     | 67.65  | 67.65  |
| Exercise price                         | 24.00          | 31.60          | 121.62    | 88.70    | 72.20   | 72.20  | 72.20  | 69.20    | 69.20  | 69.20  | 67.65     | 67.65  | 67.65  |
| Dividend yield                         | Not considered | Not considered | 2.79%     | 2.04%    | 1.76%   | 1.76%  | 1.76%  | 1.76%    | 1.76%  | 1.76%  | 1.76%     | 1.76%  | 1.76%  |
| Volatility                             | 14%            | 14%            | 45.47%    | 51.81%   | 71.63%  | 66.14% | 61.68% | 71.56%   | 65.68% | 61.44% | 65.49%    | 63.40% | 60.71% |
| Average life of the options (in years) | 2.5            | 2.5            | 2.5       | 2.5      | 2.5     | 3.5    | 4.5    | 2.5      | 3.5    | 4.5    | 2.5       | 3.5    | 4.5    |
| Risk free rate                         | 7%             | 7%             | 7.93%     | 9.24%    | 6.55%   | 6.92%  | 7.19%  | 6.19%    | 6.51%  | 6.80%  | 7.36%     | 7.56%  | 7.73%  |

Other information regarding employee share based payment is as below:

(Amount in Rs.)

| Particulars  | Grant I |         | Grant II |         | Grant III |         | Grant IV |            | Grant V    |            |            |            |            |           | Grant VI  |         |         |         |         |         | Grant VII |         |         |
|--|---------|---------|----------|---------|-----------|---------|----------|------------|------------|------------|------------|------------|------------|-----------|-----------|---------|---------|---------|---------|---------|-----------|---------|---------|
|  |         |         |          |         |           |         |          |            | Vest 1     |            | Vest 2     |            | Vest 3     |           | Vest 1    |         | Vest 2  |         | Vest 3  |         | Vest 1    | Vest 2  | Vest 3  |
|  | 2010-11 | 2009-10 | 2010-11  | 2009-10 | 2010-11   | 2009-10 | 2010-11  | 2009-10    | 2010-11    | 2009-10    | 2010-11    | 2009-10    | 2010-11    | 2009-10   | 2010-11   | 2009-10 | 2010-11 | 2009-10 | 2010-11 | 2009-10 | 2010-11   | 2010-11 | 2010-11 |
| Additional expense had the Company recorded the ESOP Expense based on fair value of the options* | -       | -       | -        | -       | -         | -       | -        | 10,574,007 | 23,930,879 | 20,575,115 | 21,780,368 | 11,178,074 | 15,301,173 | 7,852,836 | 1,004,876 | 334,011 | 666,921 | 180,379 | 469,337 | 126,940 | 362,897   | 204,810 | 146,567 |

\*Net of amount attributable to the employees of the subsidiaries Rs. 19,667,061/- (Previous year Rs. 11,722,216/-).

For impact on Basic and Dilutive EPS, had fair value of the option been used for determining ESOP expense, refer Note 35 below.

## SCHEDULE '20': Notes to Accounts for the year ended March 31, 2011 (Contd.)

### 17. EMPLOYEE BENEFITS

#### A) Defined Contribution Plans

Company makes contribution towards Provident Fund, Superannuation Fund and Pension Scheme to the defined contribution plans for eligible employees.

The Company has charged the following costs in the Profit and Loss Account under "Salaries and Benefits" in Schedule 15:

|   | Year ended<br>March 31, 2011<br>(Rs. Lacs) | Year ended<br>March 31, 2010<br>(Rs. Lacs) |
|---|--|--|
| • Employers' Contribution to Provident Fund Trust     | 276.77                                     | 233.91                                     |
| • Employers' Contribution to Superannuation Fund      | 110.63                                     | 87.76                                      |
| • Employers' Contribution to Employees Pension Scheme | 157.25                                     | 135.43                                     |

Contribution towards Provident Fund, Superannuation Fund and Pension Scheme to the defined contribution plans includes following cost for Key Managerial Personnel:

|   | Year ended<br>March 31, 2011<br>(Rs. Lacs) | Year ended<br>March 31, 2010<br>(Rs. Lacs) |
|---|--|--|
| • Employers' Contribution to Provident Fund Trust     | 18.47                                      | 12.62                                      |
| • Employers' Contribution to Superannuation Fund      | 20.07                                      | 13.75                                      |
| • Employers' Contribution to Employees Pension Scheme | 0.06                                       | 0.06                                       |

#### B) Defined Benefit Plans

##### I. Provident Fund

In respect of Company's obligation towards guaranteed returns on Provident Fund Contributions made to the NIIT Limited Employees Provident Fund Trust, as the overall interest earnings and cumulative surplus are more than the statutory requirements, there is no liability of employer for the year ended March 31, 2011. Therefore, no additional provision for the year has been recommended by the actuary.

##### II. Compensated Absences

(Amount in Rs. Lacs)

| Particulars   | As at<br>March 31, 2011 | As at<br>March 31, 2010 |
|---|-------------------------|-------------------------|
| i) Change in Present value of obligation:                   |                         |                         |
| Present value of obligation as at the beginning of the year | 775.01                  | 1,110.94                |
| Past Service cost   | -                       | (315.00)                |
| Current service cost*                                       | 151.90                  | 140.64                  |
| Interest cost   | 61.80                   | 88.65                   |
| Benefits paid   | (4.85)                  | (5.74)                  |
| Actuarial (gain)/ loss on obligations                       | (160.10)                | (244.48)                |
| Present value of obligation as at the end of the year       | 823.76                  | 775.01                  |

\* Current service cost is gross of recoveries/ (net of credits) from/ to Associates & Subsidiaries [Current year: Rs. 1.44 Lacs, Previous year: Rs. (15.96) Lacs]

**SCHEDULE '20': Notes to Accounts for the year ended March 31, 2011 (Contd.)**

| Particulars   | As at<br>March 31, 2011 | As at<br>March 31, 2010 |
|---|-------------------------|-------------------------|
| <b>ii) Assumptions used in accounting for Compensated Absences:</b> |                         |                         |
| Discount Rate (per annum)   | 8.00%                   | 8.00%                   |
| Future Salary Increase  |                         |                         |
| - For First 5 Years   | 10.00%                  | 10.00%                  |
| - Thereafter  | 7.00%                   | 7.00%                   |

**III. Gratuity Fund**

In accordance with Accounting Standard 15, an actuarial valuation was carried out in respect of contribution to Gratuity Fund.

(Amount in Rs. Lacs)

| Particulars   | As at<br>March 31, 2011 | As at<br>March 31, 2010 |
|---|-------------------------|-------------------------|
| <b>i) Change in Present value of obligation:</b>            |                         |                         |
| Present value of obligation as at the beginning of the year | 757.82                  | 724.44                  |
| Interest cost   | 56.82                   | 54.87                   |
| Current service cost  | 94.61                   | 98.59                   |
| Benefits paid   | (95.02)                 | (76.89)                 |
| Actuarial (gain)/ loss on obligations                       | 70.21                   | (43.19)                 |
| Present value of obligation as at the end of the year       | 884.44                  | 757.82                  |

| Particulars  | As at<br>March 31, 2011 | As at<br>March 31, 2010 |
|--|-------------------------|-------------------------|
| <b>ii) Change in Plan Assets:</b>  |                         |                         |
| Fair value of Plan Assets as at the beginning of the year                          | 746.76                  | 665.91                  |
| Expected return on Plan Assets   | 72.78                   | 63.22                   |
| Contributions*   | 150.16                  | 97.34                   |
| Benefits paid  | (95.02)                 | (76.89)                 |
| Actuarial (loss)/ gain on Plan Assets  | (4.57)                  | (2.82)                  |
| Fair value of Plan Assets as at the end of the year                                | 870.11                  | 746.76                  |
| * Contributions include Recoveries from Associates and Subsidiaries.               |                         |                         |
| * Actuary's estimates of contributions for Financial Year 2011-12 is Rs. 150 Lacs. |                         |                         |

| Particulars  | As at<br>March 31,<br>2011 | As at<br>March 31,<br>2010 | As at<br>March 31,<br>2009 | As at<br>March 31,<br>2008 | As at<br>March 31,<br>2007 |
|--|----------------------------|----------------------------|----------------------------|----------------------------|----------------------------|
| <b>iii) Amount of Asset/ (obligation) recognised in the Balance Sheet:</b> |                            |                            |                            |                            |                            |
| Fair value of Plan Assets as at the end of the year                        | 870.11                     | 746.76                     | 665.91                     | 595.93                     | 488.38                     |
| Present value of obligation as at the end of the year                      | 884.44                     | 757.82                     | 724.44                     | 643.56                     | 457.79                     |
| Asset/ (obligation) Recognised in Balance Sheet                            | (14.33)                    | (11.06)                    | (58.53)                    | (47.63)                    | 30.59                      |

## SCHEDULE '20': Notes to Accounts for the year ended March 31, 2011 (Contd.)

(Amount in Rs. Lacs)

| Particulars  | Year ended<br>March 31, 2011 | Year ended<br>March 31, 2010 |
|--|------------------------------|------------------------------|
| <b>iv) Net Gratuity Cost recognised in Profit and Loss Account:</b>  |                              |                              |
| Current service cost   | 94.61                        | 98.59                        |
| Interest cost  | 56.82                        | 54.87                        |
| Expected return on Plan Assets   | (72.78)                      | (63.22)                      |
| Net Actuarial (gain)/ loss recognised during the year  | 74.78                        | (40.37)                      |
| <b>Expense recognised in Profit and Loss Account*</b>  | <b>153.43</b>                | <b>49.87</b>                 |
| Actual return on plan assets   | 68.22                        | 60.40                        |
| *Gross of Recoveries from Associates & Subsidiaries (Current year: Rs. 6.44 Lacs, Previous year: Rs. 2.03 Lacs), also includes Rs. 29.68 Lacs (Previous year Rs. 9.11 Lacs) towards contribution for Key Managerial Personnel. |                              |                              |
| *The above Cost is included under "Salaries and Benefits" in Schedule 15   |                              |                              |

|   |       |       |
|---|-------|-------|
| <b>v) Assumptions used in accounting for gratuity plan:</b> |       |       |
| Discount Rate (Per annum)                                   | 8.00% | 8.00% |
| Future Salary Increase                                      | 5.00% | 5.00% |
| Expected Rate of return on plan assets                      | 9.40% | 9.40% |

**vi) Investment details of Plan Assets:**

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

The expected return on plan assets is determined considering several applicable factors mainly the composition of plan assets held, assessed risk of asset management, historical result of the return on plan assets.

- C) The Company has accounted for unclaimed employee related reimbursements in respect of earlier years, aggregating to Nil (Previous year Rs. 327.23 Lacs), based on maximum possible liability payable by the Company in this respect.

### 18. 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 and rendering services. 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 of Part II of Schedule VI of the Companies Act, 1956.

- b) The details relating to traded items are as under:

**i. Software and Hardware:**

| Particulars   | Year ended<br>March 31, 2011<br>(Rs.) | Year ended<br>March 31, 2010<br>(Rs.) |
|---------------|---------------------------------------|---------------------------------------|
| Opening stock | 1,755,037                             | 3,369,474                             |
| Purchases     | 159,314,697                           | 762,349,943                           |
| Sales         | 177,784,390                           | 815,243,184                           |
| Closing stock | 1,453,711                             | 1,755,037                             |

**SCHEDULE '20': Notes to Accounts for the year ended March 31, 2011 (Contd.)**

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.

**ii) Education and training material:**

| Particulars  | Year ended March 31, 2011 |                | Year ended March 31, 2010 |                |
|--|---------------------------|----------------|---------------------------|----------------|
|  | Quantity<br>(Nos.)        | Value<br>(Rs.) | Quantity<br>(Nos.)        | Value<br>(Rs.) |
| <b>Opening stock</b>   |                           |                |                           |                |
| - Courseware   | 1,019,432                 | 99,575,690     | 989,083                   | 89,050,728     |
| <b>Purchase/ printed</b>   |                           |                |                           |                |
| - Courseware   | 7,216,718                 | 872,630,445    | 10,909,435                | 673,146,932    |
| - Technical Information<br>& Reference Material<br>(Produced/Duplicated) | -                         | 10,261,298     | -                         | 8,463,228      |
| <b>Stock written off/ Provision<br/>for obsolescence</b>                 |                           |                |                           |                |
| - Courseware   | -                         | 9,551,068      | -                         | 4,264,705      |
| <b>Sales</b>   |                           |                |                           |                |
| - Courseware *   | 7,130,060                 | 2,879,086,854  | 10,879,086                | 2,267,411,796  |
| - Technical Information<br>& Reference Material                          | -                         | 233,056,424    | -                         | 192,468,728    |
| <b>Closing Stock</b>   |                           |                |                           |                |
| - Courseware**   | 1,106,090                 | 134,926,581    | 1,019,432                 | 99,575,690     |

\* Sales quantity has been adjusted for shortage/ excesses during the year.

\*\*Includes Inventory in electronic form.

Quantitative information in respect of technical information and reference material is not being given separately as the related revenue and costs are less than 10% of total revenue and costs of the Company.

- c) Revenue includes income from services rendered Rs. 3,190,212,261/- (Previous year Rs. 2,976,597,336/-).

## SCHEDULE '20': Notes to Accounts for the year ended March 31, 2011 (Contd.)

### 19. MANAGERIAL REMUNERATION

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

| Particulars  | Year ended<br>March 31, 2011<br>(Rs.) | Year ended<br>March 31, 2010<br>(Rs.) |
|--|---------------------------------------|---------------------------------------|
| Profit before taxation as per Profit and Loss Account  | 553,442,741                           | 448,453,854                           |
| Less: Profit on sale of undertakings/ investments  | (208,084,207)                         | (115,000)                             |
| Add: Bad debts written off net of provision for doubtful debts and advances  | (62,698,350)                          | (98,426,996)                          |
| Add: Depreciation included in books of accounts  | 577,038,229                           | 541,792,739                           |
| Less: Depreciation calculated as per provision of section 350  | (492,052,819)                         | (456,470,934)                         |
| Add: Loss on sale of Fixed Assets included in books of accounts  | 3,534,712                             | -                                     |
| Less: Loss on sale of Fixed Assets under section 350   | (10,917,515)                          | -                                     |
| <b>Net Profit under Section 349 of the Companies Act, 1956</b>   | <b>360,262,791</b>                    | <b>435,233,663</b>                    |
| Add: Directors Remuneration (Including Non Executive Directors remuneration)   | 40,347,541                            | 33,207,208                            |
| <b>Net Profit under Section 198 of the Companies Act, 1956</b>   | <b>400,610,332</b>                    | <b>468,440,871</b>                    |
| Maximum remuneration allowable under section 198 of the Companies Act, 1956, restricted to 11% of Net Profit.  | 44,067,137                            | 51,528,496                            |
| Out of the above maximum commission allowable to Non executive Directors under section 309 of the Companies Act, 1956, restricted to 1% of Net Profit. | 4,006,103                             | 4,684,409                             |

#### a. Whole time Directors' Remuneration

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

| Particulars                                    | Year ended<br>March 31, 2011<br>(Rs.) | Year ended<br>March 31, 2010<br>(Rs.) |
|--|---------------------------------------|---------------------------------------|
| Salary, perquisites and allowances             | 30,373,358                            | 21,172,910                            |
| Contribution to provident fund and other funds | 6,827,471                             | 3,554,298                             |
| Performance Linked Bonus                       | -                                     | 6,000,000                             |
| <b>Total</b>                                   | <b>37,200,829</b>                     | <b>30,727,208</b>                     |

#### b. Non Executive Directors' Remuneration

| Particulars                           | Year ended<br>March 31, 2011<br>(Rs.) | Year ended<br>March 31, 2010<br>(Rs.) |
|---------------------------------------|---------------------------------------|---------------------------------------|
| Commission to Non Executive Directors | 2,606,712                             | 2,000,000                             |
| Sitting Fees                          | 540,000                               | 480,000                               |
| <b>Total</b>                          | <b>3,146,712</b>                      | <b>2,480,000</b>                      |

**SCHEDULE '20': Notes to Accounts for the year ended March 31, 2011 (Contd.)**

20. 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 | Opening Value (Rs.) | No. of Units Purchased* | Purchase Value (Rs.) | No. of Units Sold  | Sale Value (Rs.)   | No. of units in hand at year end | Value of units in hand at Weighted Avg cost method (Rs.) | Market Value of Units in hand (Rs.) |
|---|---|---------------------|-------------------------|----------------------|--------------------|--------------------|----------------------------------|--|-------------------------------------|
| ICICI Prudential Institutional Liquid Plan  | -   | -                   | 1,503,993               | 150,000,000          | 1,449,725          | 145,004,965        | 54,268                           | 5,428,103  | 5,428,103                           |
| ICICI Prudential Flexible Income Plan   | -   | -                   | 473,342                 | 50,004,965           | 473,342            | 50,048,861         | -                                | -  | -                                   |
| Templeton India -Treasury Management Account  | -   | -                   | 39,977                  | 40,000,000           | 39,977             | 40,003,427         | -                                | -  | -                                   |
| Templeton India Ultra Short Bond Fund Institutional   | -   | -                   | 3,999,363               | 40,003,427           | 3,999,363          | 40,038,021         | -                                | -  | -                                   |
| HDFC Liquid Fund Premium Plan   | -   | -                   | 142,470,440             | 248,000,000          | 142,453,318        | 248,073,067        | 17,122                           | 209,906  | 209,906                             |
| HDFC CMF-Treasury Advantage   | -   | -                   | 7,482,167               | 75,007,749           | 7,482,167          | 75,057,363         | -                                | -  | -                                   |
| Birla Sun Life Cash Plus  | -   | -                   | 23,984,893              | 240,000,000          | 13,977,833         | 140,050,901        | 10,007,060                       | 100,265,735  | 100,265,735                         |
| <b>TOTAL</b>  | -   | -                   | <b>179,954,175</b>      | <b>843,016,141</b>   | <b>169,875,725</b> | <b>738,276,605</b> | <b>10,078,450</b>                | <b>105,903,744</b>                                       | <b>105,903,744</b>                  |
| Previous year   | -   | -                   | 16,652,575              | 250,000,000          | 16,652,575         | 250,197,783        | -                                | -  | -                                   |
| Profit from sale of units Nil (Previous year Rs. 197,783/-) and Dividend Income of Rs. 1,164,208/-(Previous year Nil) is included in Other Income in Schedule 14. |   |                     |                         |                      |                    |                    |                                  |  |                                     |

\* Includes additional units received under dividend reinvestment plan

**21. RELATED PARTY TRANSACTIONS AS PER ACCOUNTING STANDARD 18**
**A. Related party relationship where control exists:**
**Subsidiaries**

1. NIIT Online Learning Limited
2. Scantech Evaluation Services Limited
3. Hole-in-the-Wall Education Limited
4. NEO Multimedia Limited (Formerly known as NIIT Multimedia Limited) (upto March 30, 2011)
5. NIIT Institute of Finance Banking and Insurance Training Limited
6. NIIT Institute of Process Excellence Limited
7. Evolv Services Limited
8. NIIT Limited, UK
9. NIIT Antilles NV, Netherlands Antilles
10. NIIT Malaysia Sdn. Bhd, Malaysia
11. NIIT GC Limited (formerly NIIT TVE Limited), Mauritius
12. NIIT China (Shanghai) Limited, Shanghai
13. NIIT Wuxi Service Outsourcing Training School
14. Chongqing NIIT Education Consulting Limited, China
15. Wuxi NIIT Information Technology Consulting Limited
16. Changzhou NIIT Information Technology Consulting Limited
17. Su Zhou NIIT Information Technology Consulting Limited (w.e.f. April 28, 2010)



**SCHEDULE '20': Notes to Accounts for the year ended March 31, 2011 (Contd.)**

18. PCEC NIIT Institute of Information Technology, Shanghai (Liquidated in April, 2010)
19. NIIT (USA) Inc., USA
20. NIIT Ventures Inc., USA
21. Element K Corporation, USA
22. Element K India Private Limited, India
23. Element K (UK) Limited, United Kingdom
24. Element K Inc., Canada
25. PT NIIT Indonesia, Indonesia (Under liquidation)

**B. Other related parties with whom the Company has transacted**

- a) Associates (Parties in which Company has substantial interest)
  1. NIIT Technologies Limited
  2. NIIT GIS Limited
  3. NIIT Smart Serve Limited
- b) Key Managerial Personnel
  1. Rajendra S Pawar (Chairman and Managing Director)
  2. Vijay K Thadani (Chief Executive Officer and Whole-time Director)
  3. P Rajendran (Chief Operating Officer and Whole-time Director)
- c) Relatives of Key Managerial Personnel
  1. Renuka Thadani (Wife of Vijay K Thadani)
  2. Veena Oberoi (Sister of Vijay K Thadani)
- d) Parties in which the Key Managerial Personnel of the Company are interested
  1. NIIT Institute of Information Technology
  2. NIIT Education Society
  3. Pace Industries Private Limited
  4. NIIT Network Services Limited

**SCHEDULE '20': Notes to Accounts for the year ended March 31, 2011 (Contd.)**
**C. Details of significant transactions with related parties described above carried out on an arms' length basis:**

| Nature of Transactions  | Subsidiaries                 | Associates                | Key Managerial Personnel   | Relatives of Key Managerial Personnel | Parties in which Key Managerial Personnel of the Company are interested | Total                        |
|---|------------------------------|---------------------------|----------------------------|---------------------------------------|---|------------------------------|
|   | (Rs.)                        | (Rs.)                     | (Rs.)                      | (Rs.)                                 | (Rs.)   | (Rs.)                        |
| Purchase of Goods (Note 2)                                    | 30,814,197<br>(17,565,131)   | -<br>(-)                  | -<br>(-)                   | -<br>(-)                              | 33,000<br>(-)   | 30,847,197<br>(17,565,131)   |
| Sale of Goods (Note 3)  | 1,735,050<br>(-)             | 1,889,760<br>(-)          | -<br>(-)                   | -<br>(-)                              | 2,866,485<br>(2,459,290)  | 6,491,295<br>(2,459,290)     |
| Purchase of Fixed Assets (Note 4)                             | 22,754,650<br>(5,460,000)    | 554,754<br>(-)            | -<br>(-)                   | -<br>(-)                              | -<br>(-)  | 23,309,404<br>(5,460,000)    |
| Sale of Fixed Assets (Note 5)                                 | -<br>(-)                     | 61,932<br>(-)             | -<br>(-)                   | -<br>(-)                              | 4,189,783<br>(-)  | 4,251,715<br>(-)             |
| Rendering of Services (Note 6)                                | 682,970,154<br>(467,266,769) | 26,289,528<br>(5,457,650) | -<br>(-)                   | -<br>(-)                              | 20,000<br>(-)   | 709,279,682<br>(472,724,419) |
| Receiving of Services (Note 7)                                | 105,655,788<br>(34,133,773)  | 28,011,347<br>(8,128,918) | -<br>(-)                   | -<br>(-)                              | -<br>(-)  | 133,667,135<br>(42,262,691)  |
| Recovery of expenses from (Note 8)                            | 17,008,332<br>(18,944,387)   | 12,519,248<br>(5,359,937) | -<br>(-)                   | -<br>(-)                              | 9,354,380<br>(3,526,458)  | 38,881,960<br>(27,830,782)   |
| Recovery of expenses by (Note 9)                              | 4,073,525<br>(3,886,116)     | 9,393,306<br>(9,598,975)  | -<br>(-)                   | -<br>(-)                              | -<br>(-)  | 13,466,831<br>(13,485,091)   |
| <b>Finance:</b>   |                              |                           |                            |                                       |   |                              |
| - Investments made (Note 10)                                  | 22,000,000<br>(162,686,879)  | -<br>(-)                  | -<br>(-)                   | -<br>(-)                              | -<br>(-)  | 22,000,000<br>(162,686,879)  |
| - Loans Given (Note 11)                                       | 284,885,000<br>(37,910,000)  | -<br>(-)                  | -<br>(-)                   | -<br>(-)                              | 20,000,000<br>(189,000,000)   | 304,885,000<br>(226,910,000) |
| - Loans Given Received Back (Note 12)                         | 215,887,500<br>(347,640,000) | -<br>(-)                  | -<br>(-)                   | -<br>(-)                              | 463,800,000<br>(185,000,000)  | 679,687,500<br>(532,640,000) |
| - Loans/ Inter Corporate Deposits Taken (Note 13)             | 115,500,000<br>(98,000,000)  | -<br>(-)                  | -<br>(-)                   | -<br>(-)                              | -<br>(-)  | 115,500,000<br>(98,000,000)  |
| - Repayment of Loan/ Inter Corporate Deposits taken (Note 14) | 91,500,000<br>(91,600,000)   | -<br>(-)                  | -<br>(-)                   | -<br>(-)                              | -<br>(-)  | 91,500,000<br>(91,600,000)   |
| - Interest Income (Note 15)                                   | 23,727,014<br>(37,322,084)   | -<br>(-)                  | -<br>(-)                   | -<br>(-)                              | 49,687,364<br>(63,237,426)  | 73,414,378<br>(100,559,510)  |
| - Interest expenditure (Note 16)                              | 11,687,585<br>(12,769,803)   | -<br>(-)                  | -<br>(-)                   | -<br>(-)                              | -<br>(-)  | 11,687,585<br>(12,769,803)   |
| Remuneration (Note 17)  | -<br>(-)                     | -<br>(-)                  | 37,200,829<br>(30,727,208) | -<br>(-)                              | -<br>(-)  | 37,200,829<br>(30,727,208)   |
| Other Expenses (Note 18)                                      | -<br>(-)                     | -<br>(-)                  | -<br>(-)                   | 1,152,000<br>(1,056,000)              | 71,932,000<br>(15,432,000)  | 73,084,000<br>(16,488,000)   |
| Other Income (Note 19)  | 119,552,536<br>(105,499,667) | -<br>(-)                  | -<br>(-)                   | -<br>(-)                              | 867,820<br>(-)  | 120,420,356<br>(105,499,667) |
| Dividend Income (Note 20)                                     | 83,244,000<br>(78,289,000)   | -<br>(-)                  | -<br>(-)                   | -<br>(-)                              | -<br>(-)  | 83,244,000<br>(78,289,000)   |
| Guarantees and Collaterals (Note 21 & 22)                     | 754,210,350<br>(811,989,000) | -<br>(-)                  | -<br>(-)                   | -<br>(-)                              | -<br>(-)  | 754,210,350<br>(811,989,000) |

**SCHEDULE '20': Notes to Accounts for the year ended March 31, 2011 (Contd.)****Notes:**

1. Previous year figures are given in parenthesis.
2. Includes Purchase of Goods from:
  - NIIT (USA) Inc. Rs. 194.94 Lacs (Previous year Rs. 158.10 Lacs )
  - Evolv Services Limited Rs. 53.96 Lacs (Previous year Nil )
  - Hole-in-the-Wall Education Limited Rs. 36.00 Lacs (Previous year Nil)
3. Includes Sale of Goods to:
  - NIIT Institute of Information Technology Rs. 28.66 Lacs (Previous year Rs. 24.59 Lacs )
  - NIIT Institute of Finance Banking and Insurance Training Limited Rs. 15.38 Lacs (Previous year Nil)
  - NIIT Technologies Limited Rs. 18.90 Lacs (Previous year Nil)
4. Includes Purchase of Fixed Assets from:
  - NIIT (USA) Inc. Rs. 216.39 Lacs (Previous year Nil )
  - Evolv Services Limited Rs. 6.40 Lacs (Previous year Rs. 54.60 Lacs )
  - NIIT Technologies Limited Rs. 5.55 Lacs (Previous year Nil)
5. Includes Sale of Fixed Assets to:
  - NIIT Technologies Limited Rs. 0.62 Lacs (Previous year Nil)
  - NIIT Institute of Information Technology Rs. 41.90 Lacs (Previous year Nil )
6. Includes Rendering of Services to:
  - NIIT (USA) Inc. Rs. 4,469.35 Lacs (Previous year Rs. 3,305.32 Lacs )
  - NIIT Antilles NV, Netherlands Antilles Rs. 1,866.37 Lacs (Previous year Rs. 944.94 Lacs )
  - NIIT Limited, UK Rs. 386.06 Lacs (Previous year Rs. 329.35 Lacs )
  - NIIT Technologies Limited Rs. 262.90 Lacs (Previous year Rs. 54.47 Lacs )
  - Evolv Services Limited Rs. 4.92 Lacs (Previous year Rs. 8.60 Lacs)
  - NIIT Institute of Finance Banking and Insurance Training Limited Rs. 102.13 Lacs (Previous year Rs. 79.00 Lacs)
7. Includes Receiving of Services from:
  - NIIT (USA) Inc. Rs. 246.20 Lacs (Previous year Rs. 150.23 Lacs )
  - NIIT GIS Limited Rs. 3.73 Lacs (Previous year Rs. 5.94 Lacs)
  - NIIT Smart Serve Limited Rs. 205.53 Lacs (Previous year Rs. 75.35 Lacs )
  - Evolv Services Limited Rs. 137.31 Lacs (Previous year Rs. 133.30 Lacs)
  - NIIT Institute of Finance Banking and Insurance Training Limited Rs. 104.85 Lacs (Previous year Rs. 57.81 Lacs)
  - NIIT Limited, UK Rs. 488.95 Lacs (Previous year Nil )
8. Includes Recovery of Expenses from:
  - Hole-in-the-Wall Education Limited Rs. 23.68 Lacs (Previous year Rs. 17.70 Lacs)
  - NIIT (USA) Inc. Rs. 10.78 Lacs (Previous year Rs. 37.09 Lacs )
  - NIIT Institute of Finance Banking and Insurance Training Limited Rs. 116.21 Lacs (Previous year Rs. 103.27 Lacs)
  - NIIT Technologies Limited Rs. 107.07 Lacs (Previous year Rs. 38.57 Lacs )
  - NIIT GIS Limited Rs. 18.08 Lacs (Previous year Rs. 11.49 Lacs)
  - NIIT Institute of Information Technology Rs. 93.54 Lacs (Previous year Rs. 35.26 Lacs )
  - NIIT Institute of Process Excellence Limited Rs. 6.00 Lacs (Previous year Rs. 23.74 Lacs )
  - NIIT Limited, UK Nil (Previous year Rs. 2.09 Lacs )

**SCHEDULE '20': Notes to Accounts for the year ended March 31, 2011 (Contd.)**

9. Includes Recovery of Expenses by:
- NIIT Technologies Limited Rs. 93.93 Lacs (Previous year Rs. 95.99 Lacs )
  - NIIT (USA) Inc. Rs. 30.25 Lacs (Previous year Rs. 38.86 )
10. Represents Investments made in:
- NEO Multimedia Limited Rs. 70.00 Lacs (Previous year Rs. 290.00 Lacs)
  - NIIT Institute of Finance Banking and Insurance Training Limited Nil (Previous year Rs. 405.00 Lacs )
  - Evolv Services Limited Nil (Previous year Rs.181.87 Lacs)
  - NIIT Institute of Process Excellence Limited Rs. 150.00 Lacs (Previous year Rs. 750.00 Lacs )
11. Loans Given relates to:
- NIIT Institute of Finance Banking and Insurance Training Limited Nil (Previous year Rs. 125.00 Lacs)
  - NEO Multimedia Limited Rs. 32.00 Lacs (Previous year Nil)
  - NIIT (USA) Inc. Rs. 2,511.85 Lacs (Previous year Rs. 241.10 Lacs)
  - NIIT Institute of Information Technology Rs. 200.00 Lacs (Previous year Rs. 1,890.00 Lacs )
  - Evolv Services Limited Rs. 155.00 Lacs (Previous year Rs. 13.00 Lacs )
12. Loans Given Received Back relates to:
- NIIT (USA) Inc. Rs. 2,158.88 Lacs (Previous year Rs. 3,361.40 Lacs)
  - NIIT Education Society Rs. 35.00 Lacs (Previous year Nil)
  - NIIT Institute of Information Technology Rs. 4,603.00 Lacs (Previous year Rs. 1,850.00 Lacs)
  - Evolv Services Limited Nil (Previous year Rs. 115.00 Lacs )
13. Loans/ Inter Corporate Deposits Taken from:
- Scantech Evaluation Services Limited Rs. 1,155.00 Lacs (Previous year Rs. 980.00 Lacs)
14. Repayment of Loans/ Inter Corporate Deposits taken:
- Scantech Evaluation Services Limited Rs. 915.00 Lacs (Previous year Rs. 916.00 Lacs)
15. Interest Income from:
- NIIT (USA) Inc. Rs. 158.84 Lacs (Previous year Rs. 300.25 Lacs)
  - Hole-in-the-Wall Education Limited Rs. 43.44 Lacs (Previous year Rs. 43.44 Lacs)
  - NEO Multimedia Limited Rs. 1.26 Lacs (Previous year Nil)
  - NIIT Education Society Rs. 0.55 Lacs (Previous year Rs. 2.80 Lacs)
  - Evolv Services Limited Rs. 1.23 Lacs (Previous year Rs. 10.93 Lacs )
  - NIIT Institute of Information Technology Rs. 496.32 Lacs (Previous year Rs 629.57 Lacs)
  - NIIT Institute of Finance Banking and Insurance Training Limited Rs. 30.60 Lacs (Previous year Rs. 18.60 Lacs)
16. Interest Expenditure includes:
- Scantech Evaluation Services Limited Rs. 116.88 Lacs (Previous year Rs. 127.70 Lacs )
17. Includes transactions for the year with:
- Rajendra S Pawar Rs. 100.43 Lacs (Previous year Rs. 90.06 Lacs)
  - Vijay K Thadani Rs. 163.20 Lacs (Previous year Rs. 90.37 Lacs )
  - P Rajendran Rs. 108.38 Lacs (Previous year Rs. 126.85 Lacs )
18. Other Expenses includes:
- Renuka Thadani Rs. 7.20 Lacs (Previous year Rs. 6.24 Lacs )
  - Veena Oberoi Rs. 4.32 Lacs (Previous year Rs. 4.32 Lacs )
  - Pace Industries Private Limited Rs. 4.32 Lacs (Previous year Rs. 4.32 Lacs )
  - Donation to NIIT Institute of Information Technology Rs. 715.00 Lacs (Previous year Rs. 150.00 Lacs)

## SCHEDULE '20': Notes to Accounts for the year ended March 31, 2011 (Contd.)

19. Other Income includes:
- NIIT (USA) Inc. Rs. 67.77 Lacs (Previous year Rs. 67.96 Lacs)
  - NIIT Antilles NV, Netherlands Antilles Rs. 856.13 Lacs (Previous year Rs. 774.26 Lacs )
  - NIIT Institute of Finance Banking and Insurance Training Limited Rs. 170.37 Lacs (Previous year Rs. 133.32 Lacs)
  - NIIT Institute of Information Technology Rs. 8.68 Lacs (Previous year Nil)
  - NIIT Institute of Process Excellence Limited Rs.78.88 Lacs (Previous year Rs. 42.19 Lacs )
  - NIIT Limited, UK Rs. 9.46 Lacs (Previous year Rs. 10.11 Lacs )
  - Hole-in-the-Wall Education Limited Rs. 10.14 Lacs (Previous year Rs.8.33 Lacs)
20. Dividend Income includes:
- Scantech Evaluation Services Limited Rs. 832.44 Lacs (Previous year Rs. 782.89 Lacs)
21. Guarantees and Collaterals:
- Element K Corporation, USA Nil (Previous year Rs. 1,124.37 Lacs)
  - NIIT Institute of Finance Banking and Insurance Training Limited Nil (Previous year Rs. 100.00 Lacs)
  - Hole-in-the-Wall Education Limited Rs. 30.00 Lacs (Previous year Rs. 70.00 Lacs)
  - NIIT (USA) Inc. Rs. 7,512.10 Lacs (Previous year Rs. 6,825.52 Lacs)
22. Commitment to support NIIT Institute of Information Technology to meet the shortfall if any in their project.

### D. Outstanding balances (in respect of related parties in A & B above):

| Particulars   | As at March 31, 2011 |             |                                      | As at March 31, 2010 |             |                                      |
|---|----------------------|-------------|--------------------------------------|----------------------|-------------|--------------------------------------|
|   | Recoverable          | Payables    | Guarantees & Collaterals Outstanding | Recoverable          | Payables    | Guarantees & Collaterals Outstanding |
|   | (Rs.)                | (Rs.)       | (Rs.)                                | (Rs.)                | (Rs.)       | (Rs.)                                |
| Subsidiaries  | 694,579,784          | 191,110,625 | 2,716,200,000                        | 524,889,252          | 144,350,976 | 2,913,317,200                        |
| Associates  | 19,890,880           | 5,368,731   | -                                    | 3,575,552            | 2,461,529   | -                                    |
| Key Managerial Personnel  | -                    | -           | -                                    | -                    | 6,000,000   | -                                    |
| Relatives of Key Managerial Personnel                                   | -                    | -           | -                                    | -                    | -           | -                                    |
| Parties in which Key Managerial Personnel of the Company are interested | 12,004,874           | 1,768,742   | -                                    | 444,175,620          | 2,194,883   | -                                    |

22. During the Previous year, the Company had disposed off its holding in Aesthetic Technologies Private Limited of 190,627 fully paid up Equity Shares of Rs. 10/- each for a consideration of Rs. 115,000/-. An equivalent amount of gain was recognised as the investment was fully provided for in the earlier years.
23. During the year the Company has paid additional loan of Rs. 200 lacs to NIIT Institute of Information Technology. Subsequent to the Bank withdrawing the subordination requirements on the loan, NIIT Institute of Information Technology has repaid total outstanding loan amounting to Rs. 4,603 Lacs during the year and there is no loan outstanding as on March 31, 2011.

## SCHEDULE '20': Notes to Accounts for the year ended March 31, 2011 (Contd.)

24. During the year, the Company has made further investment in the equity shares of Rs. 10 each in its subsidiary companies as follows:
- (i) Rs. 150 Lacs in NIIT Institute of Process Excellence Limited,
  - (ii) Rs. 70 Lacs in NEO Multimedia Limited (Formerly known as NIIT Multimedia Limited)
25. During the year, the Company has disposed off its complete holding of 10,950,000 fully paid up Equity Shares of Rs. 10/- each in its wholly owned subsidiary NEO Multimedia Limited (Formerly known as NIIT Multimedia Limited) for a consideration of Rs. 317,584,207/- (Net of Expenses). The amount of Rs. 208,084,207/- has been recognised as Profit on Sale of Investment which has resulted in an increase in profit before tax during the year. After this disposal NEO Multimedia Limited ceases to be a subsidiary of the Company.
26. During the year the company has contributed an amount of Rs. 720 Lacs towards donations including Rs. 715 Lacs (Previous year Rs. 150 Lacs) in the corpus of NIIT Institute of Information Technology, a society registered under the Societies Registration Act, 1860 which is within the overall limits approved by the shareholders. This amount has been as shown as an exceptional item in the Profit and Loss Account.
27. During the Financial year, the Company has been granted approval for setting up unit in Special Economic Zone ("SEZ"). The Company has subsequently started the process of setting up its unit in SEZ, few employees have been recruited in the SEZ unit who are undergoing training. As at end of the financial year, no production or development activities have started in SEZ unit. Production, development and revenue generating activities are expected to start in the first quarter of Financial year 2011-12.
28. Disclosure pursuant to Clause 32 of Listing Agreement in respect of loans given to subsidiaries and other parties in which Key Managerial Personnel are interested:

| Name of Company  | Outstanding                      |                                  | Maximum Balance during the year |                      |
|--|----------------------------------|----------------------------------|---------------------------------|----------------------|
|  | As at<br>March 31, 2011<br>(Rs.) | As at<br>March 31, 2010<br>(Rs.) | 2010-11<br>(Rs.)                | 2009-10<br>(Rs.)     |
| NEO Multimedia Limited<br>(Formerly known as NIIT<br>Multimedia Limited) | -                                | -                                | 3,200,000                       | -                    |
| Hole-in-the-Wall<br>Education Limited                                    | 36,200,000                       | 36,200,000                       | 36,200,000                      | 36,200,000           |
| NIIT Institute of Finance<br>Banking and Insurance<br>Training Limited   | 26,000,000                       | 26,000,000                       | 26,000,000                      | 26,000,000           |
| Evolv Services Limited   | 15,500,000                       | -                                | 15,500,000                      | 11,500,000           |
| NIIT (USA) Inc., USA   | 99,900,000                       | 67,462,200                       | 322,280,000                     | 407,289,400          |
| NIIT Education Society   | -                                | 3,500,000                        | 3,500,000                       | 3,500,000            |
| NIIT Institute of<br>Information Technology                              | -                                | 440,300,000                      | 460,300,000                     | 615,300,000          |
| NIIT Institute of Process<br>Excellence Limited                          | 15,000,000                       | -                                | 15,000,000                      | -                    |
| <b>Total</b>   | <b>192,600,000</b>               | <b>573,462,200</b>               | <b>881,980,000</b>              | <b>1,099,789,400</b> |

29. The Company had acquired control in Evolv Services Limited ("Evolv") as on January 15, 2008 and was also issued 359,780 warrants, each warrant entitles to acquire one share of Evolv Services Limited at an exercise price of Rs. 50.55 per share aggregating to Rs. 18,186,879/-. During the Previous year, Company had exercised these warrants to acquire equal number of shares in the share capital of Evolv, this had resulted

## SCHEDULE '20': Notes to Accounts for the year ended March 31, 2011 (Contd.)

into a further increase in proportion of shareholding to 61.15%. The promoters of Evolv have an option to sell ("Put Option") their remaining shareholding to NIIT Limited at the put option price determined by a price valuer as on the date of exercise of the put option. Similarly, NIIT Limited has the option to purchase ("Call Option"), 83% of the remaining shares of the Sellers' shareholding at a call option price determined by price valuer as on the date of exercise of the call option.

30. The Company internally develops software tools, platforms and content/ courseware. The management estimates that this would result in enhanced productivity and offer more technology based learning products/ solutions to the customers in future. The Company is confident of its ability to generate future economic benefits out of the abovementioned assets. The costs incurred during the year towards the development are as follows:

| Description                        | Year ended<br>March 31, 2011<br>(Rs.) | Year ended<br>March 31, 2010<br>(Rs.) |
|------------------------------------|---------------------------------------|---------------------------------------|
| Salary and Other employee benefits | 154,003,739                           | 94,104,260                            |
| Direct Production Overheads        | 116,635,954                           | 11,506,893                            |
| Rent                               | 11,541,044                            | 5,000,827                             |
| Electricity and Water              | 1,946,176                             | 4,756,434                             |
| Other Expenses                     | 6,962,510                             | 3,779,648                             |
| <b>Total</b>                       | <b>291,089,423</b>                    | <b>119,148,062</b>                    |

31. The Company's wholly owned domestic subsidiary Scantech Evaluation Services Limited has declared dividend amounting to Rs. 832.44 lacs (Previous year Rs. 782.89 Lacs) in respect of which dividend distribution tax would be paid by the subsidiary. In terms of provisions of sub-section 1A of section 115O of the Income Tax Act 1961, dividend distribution tax payable by the Company, is net of the dividend distribution tax to be paid by the subsidiary company amounting to Rs. 135.04 lacs (Previous year Rs. 133.05 lacs).

### 32. SEGMENT INFORMATION

#### Primary Segment Information – Business Segment

The sub businesses are fully aligned to global learning business of the Company and the same are being viewed by the management as a single primary segment, i.e. learning business segment.

#### Secondary Segment Information – Geographical

The secondary segment information in relation to the geographies is as follows:

(Amount in Rs. Lacs)

| Particulars  | Revenue from<br>customers by location<br>of customers | Carrying amount of<br>segment assets by<br>location of the assets | Additions to fixed<br>assets |
|--------------|---|---|------------------------------|
| India        | 52,333<br>(57,769)                                    | 91,102<br>(83,712)  | 4,430<br>(5,957)             |
| America      | 6,538<br>(4,406)                                      | -<br>(-)  | -<br>(-)                     |
| Europe       | 1,295<br>(334)  | -<br>(-)  | -<br>(-)                     |
| Asia Pacific | 4,635<br>(8)  | 92<br>(-)   | 26<br>(-)                    |
| <b>Total</b> | <b>64,801<br/>(62,517)</b>                            | <b>91,194<br/>(83,712)</b>  | <b>4,456<br/>(5,957)</b>     |

Previous year figures are given in parenthesis.

## SCHEDULE '20': Notes to Accounts for the year ended March 31, 2011 (Contd.)

### 33. TAXATION:

- Upon finalisation of Income Tax Return of Assessment year 2010-11 an amount of Rs. 31.54 Lacs (Net) has been charged during the year.
- During the year the Company has provided for an amount of Rs. 15 Lacs pertaining to Tax Payable as per Norwegian Tax Laws and a similar amount has been reduced from the Tax Expense as the same shall be claimed as a relief under section 90 of the Indian Income Tax Act, 1961.
- Break up of Deferred Tax Assets/ Liabilities and reconciliation of Current year Deferred Tax Charge/ (Credit) is as follows:

(Amount in Rs. Lacs)

| Deferred Tax Assets/ Liabilities  | Opening<br>As on<br>01.04.2010 | Charged/<br>(Credited)<br>to Profit and<br>Loss Account | Closing<br>As on<br>31.03.2011 |
|---|--------------------------------|---|--------------------------------|
| <b>Deferred Tax Liabilities:</b>  |                                |   |                                |
| Tax impact of difference between carrying amount of fixed assets in the financial statements and as per the income tax calculation. | 977                            | (432)   | 545                            |
| <b>Total (A)</b>  | <b>977</b>                     | <b>(432)</b>  | <b>545</b>                     |
| <b>Deferred Tax Assets:</b>   |                                |   |                                |
| 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   | (622)                          | 222   | (400)                          |
| - Provision for Inventory   | (18)                           | (3)   | (21)                           |
| - Provision for Compensated Absences, Bonus, Gratuity and other timing differences  | (272)                          | (4)   | (276)                          |
| - Deferred Income on sale and lease back transaction  | (51)                           | 12  | (39)                           |
| - Provision for Employee Reimbursements on claim basis  | -                              | (79)  | (79)                           |
| <b>Total (B)</b>  | <b>(963)</b>                   | <b>148</b>  | <b>(815)</b>                   |
| <b>Net Deferred Tax Liabilities/ (Assets) (A+B)</b>   | <b>14</b>                      | <b>(284)</b>  | <b>(270)</b>                   |
| Previous year   | <b>(624)</b>                   | <b>638</b>  | <b>14</b>                      |

- Deferred Tax Assets and Liabilities are being offset as they relate to taxes on income levied by the same governing taxation laws.
- Deferred Tax Asset on Long term capital loss has not been considered in absence of virtual certainty of availability of Long term capital gains.

### 34. a) Movement of Provision for Doubtful Debts

| Particulars                       | Year ended<br>March 31, 2011<br>(Rs. Lacs) | Year ended<br>March 31, 2010<br>(Rs. Lacs) |
|-----------------------------------|--|--|
| Opening Provision                 | 1,722.27                                   | 2,683.76                                   |
| Add: Additional Provision created | 691.01                                     | 538.50                                     |
| Less: Bad Debts written off       | 1,268.68                                   | 1,499.99                                   |
| Closing Provision                 | 1,144.60                                   | 1,722.27                                   |



## SCHEDULE '20': Notes to Accounts for the year ended March 31, 2011 (Contd.)

- b) Certain overdue debtors balances aggregating to Rs. 6,768.29 Lacs (Previous year Rs.1,509.10 Lacs) relating to government customers are not provided for based on confirmations/ acknowledgment for services rendered, with the Company. Subsequent to the year end the Company has received an amount of Rs. 2,473.53 Lacs out of the above balance. The management is taking appropriate action for recovery of the amounts and is confident of recovery of the same.

### 35. EARNINGS PER SHARE

| Particulars  | Year ended<br>March 31, 2011 | Year ended<br>March 31, 2010 |
|--|------------------------------|------------------------------|
| Profit attributable to Equity Shareholders (Rs.) - (A)   | 497,398,264                  | 311,696,334                  |
| Weighted average number of Equity Shares outstanding during the year (Nos.)- (B)   | 165,095,597                  | 165,057,116                  |
| Nominal Value of Equity Shares (Rs.)   | 2/-                          | 2/-                          |
| Basic Earnings per Share (Rs.) (A/B)   | 3.01                         | 1.89                         |
| Add : Effect of Potential Dilutive Shares (being employee stock options- Refer Note 16 above) (Nos.)                           | -                            | -                            |
| Weighted average Shares outstanding considered for determining Diluted Earnings per share (Nos.) - (C)                         | 165,095,597                  | 165,057,116                  |
| Profit after considering increased earnings of Dilutive Shares (Rs.) (D)   | 497,398,264                  | 311,696,334                  |
| Diluted Earnings per Share (Rs.) (D/C)   | 3.01                         | 1.89                         |
| <b>EARNINGS PER SHARE {had fair value method been employed for accounting of employee stock options (Refer Note 16 above)}</b> |                              |                              |
| Particulars  | Year ended<br>March 31, 2011 | Year ended<br>March 31, 2010 |
| Profit attributable to Equity Shareholders (Rs.) -(E)  | 433,530,436                  | 260,874,972                  |
| Profit attributable to Equity Shareholders for diluted (Rs.) -(F)  | 433,530,436                  | 260,874,972                  |
| Basic Earnings per share (Rs.) (E/B)   | 2.63                         | 1.58                         |
| Diluted Earnings per share (Rs.) (F/C)   | 2.63                         | 1.58                         |

### 36. LEASES

#### a) Operating Leases

- i. The minimum non-cancelable lease payment outstanding at the Balance Sheet date in respect of Premises:

| Particulars                                  | Minimum lease payments<br>(Rs.) |
|--|---------------------------------|
| Not later than 1 year                        | 81,977,808<br>(-)               |
| Later than 1 year but not later than 5 years | 316,657,164<br>(-)              |

Previous year figures are given in parenthesis.

- ii. All other significant operating leases entered into by the Company after March 31, 2001, are cancelable on giving a notice of 1 to 6 months.

**SCHEDULE '20': Notes to Accounts for the year ended March 31, 2011 (Contd.)**

iii. Aggregate payments during the year under operating leases are as shown hereunder:

| Particulars                | Year ended<br>March 31, 2011<br>(Rs.) | Year ended<br>March 31, 2010<br>(Rs.) |
|----------------------------|---------------------------------------|---------------------------------------|
| In respect of Premises*    | 314,528,247                           | 276,279,592                           |
| In respect of Equipments** | 41,368,209                            | 31,884,126                            |
| In respect of Vehicles     | 11,220,381                            | 7,404,177                             |

\* Includes payment in respect of premises for office and employee accommodation

\*\* Includes payment in respect of computers, printers and other equipments

iv. Details of Fixed Assets provided on Operating Lease:

(Amount in Rs.)

| Description of Assets | As at March 31, 2011 |                          |                | As at March 31, 2010 |                          |                |
|-----------------------|----------------------|--------------------------|----------------|----------------------|--------------------------|----------------|
|                       | Gross Value          | Accumulated Depreciation | Net Book Value | Gross Value          | Accumulated Depreciation | Net Book Value |
| Buildings             | 32,240,250           | 8,917,976                | 23,322,274     | 32,240,250           | 8,392,320                | 23,847,930     |

The Aggregate Depreciation charged on the above assets during the year is Rs. 525,656/- (Previous year Rs. 525,656/-)

**b) Finance Leases**

- Assets acquired under finance lease comprise of Plant & Machinery, Furniture & Fixtures and Software. There are no exceptional/ restrictive covenants in the lease agreements.
- The minimum lease payment outstanding and their present value at the Balance Sheet date in respect of assets that have been capitalized are as follows:

| Particulars                                  | Minimum lease payments<br>(Rs.) | Present value of lease payments<br>(Rs.) |
|--|---------------------------------|--|
| Not later than 1 year                        | 30,254,221<br>(32,066,932)      | 19,966,749<br>(19,195,999)               |
| Later than 1 year but not later than 5 years | 89,579,432<br>(122,859,383)     | 74,336,371<br>(97,593,826)               |

| Particulars                     | Amount<br>(Rs.)              |
|---------------------------------|------------------------------|
| Minimum Lease Payments          | 119,833,653<br>(154,926,315) |
| Less : Finance Charges          | 25,530,533<br>(38,136,490)   |
| Present Value of Lease Payments | 94,303,120<br>(116,789,825)  |

Previous year figures are given in parenthesis.

## SCHEDULE '20': Notes to Accounts for the year ended March 31, 2011 (Contd.)

37. Parties covered under Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act) for the year ended March 31, 2011 have been identified on the basis of information available with the Company. Disclosures as per Section 22 of the Micro, Small and Medium Enterprises Development (MSMED) Act, 2006 are as follows:

| (Amount in Rs. Lacs)   |         |         |
|--|---------|---------|
| Particulars  | 2010-11 | 2009-10 |
| a) the principal amount and the interest due thereon remaining unpaid to any supplier  |         |         |
| i) Principal amount  | 13.84   | 9.58    |
| ii) Interest thereon   | 0.06    | 0.16    |
| b) the amount of payment made to the supplier beyond the appointed day and the interest thereon, during an accounting year   |         |         |
| i) Principal amount  | 103.68  | 18.36   |
| ii) Interest thereon   | Nil     | Nil     |
| c) the amount of interest due and payable for the year of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under this Act | 0.71    | 0.33    |
| d) the amount of interest accrued and remaining unpaid at the end of each accounting year  | Nil     | Nil     |
| e) amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small investor                                     | Nil     | Nil     |

38. Previous year figures have been regrouped/ recast to conform to Current year classifications.

### Signatures to the Schedule `1' to `20' above

For and on behalf of the Board

For Price Waterhouse

Firm Registration No. : 301112E  
Chartered Accountants

**Rajendra S Pawar**

Chairman and Managing Director  
DIN - 00042516

**Vijay K Thadani**

CEO & Whole-time Director  
DIN - 00042527

**Usha Rajeev**

Partner  
Membership No. F-087191

**Ashok Arora**

Group Chief Financial Officer

**Jitender Mahajan**

Chief Financial Officer

**Rajesh Arora**

Company Secretary

Place : New Delhi

Date : May 10, 2011

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

### REGISTRATION DETAILS

Registration No. 

|  |   |   |   |   |   |
|--|---|---|---|---|---|
|  | 1 | 5 | 8 | 6 | 5 |
|--|---|---|---|---|---|

 State Code 

|   |   |
|---|---|
| 5 | 5 |
|---|---|

Balance Sheet Date 

|   |   |   |   |   |   |   |   |   |   |
|---|---|---|---|---|---|---|---|---|---|
| 3 | 1 | - | 0 | 3 | - | 2 | 0 | 1 | 1 |
|---|---|---|---|---|---|---|---|---|---|

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

Public Issue 

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

 Right Issue 

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

Bonus Issue 

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

 Private Placement 

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

Conversion of Bonds 

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

 Employees Stock Option 

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

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

Total Liabilities 

|  |  |   |   |   |   |   |   |   |
|--|--|---|---|---|---|---|---|---|
|  |  | 6 | 6 | 6 | 0 | 3 | 5 | 4 |
|--|--|---|---|---|---|---|---|---|

 Total Assets 

|  |  |   |   |   |   |   |   |   |
|--|--|---|---|---|---|---|---|---|
|  |  | 6 | 6 | 6 | 0 | 3 | 5 | 4 |
|--|--|---|---|---|---|---|---|---|

### SOURCES OF FUNDS

Paid up Capital 

|  |  |  |   |   |   |   |   |   |
|--|--|--|---|---|---|---|---|---|
|  |  |  | 3 | 3 | 0 | 1 | 9 | 7 |
|--|--|--|---|---|---|---|---|---|

 Reserves & Surplus 

|  |  |   |   |   |   |   |   |   |
|--|--|---|---|---|---|---|---|---|
|  |  | 3 | 8 | 3 | 2 | 8 | 7 | 6 |
|--|--|---|---|---|---|---|---|---|

Secured Loans 

|  |  |   |   |   |   |   |   |   |
|--|--|---|---|---|---|---|---|---|
|  |  | 1 | 5 | 0 | 0 | 0 | 0 | 0 |
|--|--|---|---|---|---|---|---|---|

 Unsecured Loans 

|  |  |   |   |   |   |   |   |
|--|--|---|---|---|---|---|---|
|  |  | 9 | 9 | 7 | 2 | 8 | 1 |
|--|--|---|---|---|---|---|---|

### APPLICATION OF FUNDS (AMOUNT IN Rs. THOUSANDS)

Net Fixed Assets 

|  |  |   |   |   |   |   |   |   |
|--|--|---|---|---|---|---|---|---|
|  |  | 2 | 0 | 2 | 4 | 0 | 3 | 8 |
|--|--|---|---|---|---|---|---|---|

 Investments 

|  |  |   |   |   |   |   |   |   |
|--|--|---|---|---|---|---|---|---|
|  |  | 2 | 0 | 3 | 0 | 5 | 6 | 4 |
|--|--|---|---|---|---|---|---|---|

Deferred Tax Assets (Net) 

|  |  |  |  |   |   |   |   |   |
|--|--|--|--|---|---|---|---|---|
|  |  |  |  | 2 | 7 | 0 | 4 | 7 |
|--|--|--|--|---|---|---|---|---|

 Net Current Assets 

|  |  |   |   |   |   |   |   |   |
|--|--|---|---|---|---|---|---|---|
|  |  | 2 | 5 | 7 | 8 | 7 | 0 | 5 |
|--|--|---|---|---|---|---|---|---|

Miscellaneous Expenditure 

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

 Accumulated Losses 

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

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

Turnover (including Other Income & Exceptional Income) 

|  |  |   |   |   |   |   |   |   |
|--|--|---|---|---|---|---|---|---|
|  |  | 6 | 9 | 0 | 6 | 1 | 1 | 5 |
|--|--|---|---|---|---|---|---|---|

 Total Expenditure (including Exceptional Expenditure) 

|  |  |   |   |   |   |   |   |   |
|--|--|---|---|---|---|---|---|---|
|  |  | 6 | 3 | 5 | 2 | 6 | 7 | 2 |
|--|--|---|---|---|---|---|---|---|

Profit/ (Loss) before Tax 

|  |  |   |   |   |   |   |   |
|--|--|---|---|---|---|---|---|
|  |  | 5 | 5 | 3 | 4 | 4 | 3 |
|--|--|---|---|---|---|---|---|

 Profit/ (Loss) after Tax 

|  |  |   |   |   |   |   |   |
|--|--|---|---|---|---|---|---|
|  |  | 4 | 9 | 7 | 3 | 9 | 8 |
|--|--|---|---|---|---|---|---|

Earning per share (in Rs.) 

|  |  |  |  |   |   |   |   |
|--|--|--|--|---|---|---|---|
|  |  |  |  | 3 | . | 0 | 1 |
|--|--|--|--|---|---|---|---|

 Diluted Earning per share (in Rs.) 

|  |  |  |  |   |   |   |   |
|--|--|--|--|---|---|---|---|
|  |  |  |  | 3 | . | 0 | 1 |
|--|--|--|--|---|---|---|---|

Dividend (%) - Equity 

|  |  |  |   |   |   |   |   |
|--|--|--|---|---|---|---|---|
|  |  |  | 7 | 5 | . | 0 | 0 |
|--|--|--|---|---|---|---|---|

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

1. Item Code 

|   |   |   |   |   |   |   |   |   |   |   |   |   |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| N | O | T | A | P | P | L | I | C | A | B | L | E |
|---|---|---|---|---|---|---|---|---|---|---|---|---|

Product Description 

|   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |  |  |  |  |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|--|--|--|--|
| L | E | A | R | N | I | N | G | S | O | L | U | T | I | O | N | S |  |  |  |  |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|--|--|--|--|

2. Item Code 

|  |  |  |  |   |   |   |  |  |  |  |  |  |  |  |  |  |  |  |  |
|--|--|--|--|---|---|---|--|--|--|--|--|--|--|--|--|--|--|--|--|
|  |  |  |  | N | / | A |  |  |  |  |  |  |  |  |  |  |  |  |  |
|--|--|--|--|---|---|---|--|--|--|--|--|--|--|--|--|--|--|--|--|

Product Description 

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|

3. Item Code 

|  |  |  |  |   |   |   |  |  |  |  |  |  |  |  |  |  |  |  |  |
|--|--|--|--|---|---|---|--|--|--|--|--|--|--|--|--|--|--|--|--|
|  |  |  |  | N | / | A |  |  |  |  |  |  |  |  |  |  |  |  |  |
|--|--|--|--|---|---|---|--|--|--|--|--|--|--|--|--|--|--|--|--|

Product Description 

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|

**Rajendra S Pawar**  
Chairman and Managing Director  
DIN - 00042516

**Vijay K Thadani**  
CEO & Whole-time Director  
DIN - 00042527

**Ashok Arora**  
Group Chief Financial Officer

**Jitender Mahajan**  
Chief Financial Officer

**Rajesh Arora**  
Company Secretary

Place : New Delhi  
Date : May 10, 2011

**REPORT OF THE AUDITORS TO THE BOARD OF DIRECTORS OF NIIT LIMITED**

1. We have audited the attached consolidated balance sheet of NIIT Limited (the "Company") and its subsidiaries and associate company; hereinafter referred to as the "Group" (refer Note 10 on Schedule 23 to the attached consolidated financial statements) as at March 31, 2011, the related Consolidated Profit and Loss Account and the Consolidated Cash Flow Statement for the year ended on that date annexed thereto, which we have signed under reference to this report. These Consolidated 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. We did not audit the financial statements of sixteen subsidiaries included in the consolidated financial statements, which constitute total assets of Rs 14,049 lacs and net assets of Rs 9,603 lacs as at March 31, 2011, total revenue of Rs. 12,844 lacs, net profit of Rs 1,954 lacs and net cash (outflow) amounting to Rs. (113) lacs for the year then ended. These financial statements and other financial information have been audited by other auditors whose reports have been furnished to us, and our opinion on the Consolidated Financial Statements to the extent they have been derived from such financial statements is based solely on the report of such other auditors.
4. We report that the Consolidated Financial Statements have been prepared by the Company's Management in accordance with the requirements of Accounting Standard (AS) 21 - Consolidated Financial Statements and Accounting Standard (AS) 23 - Accounting for Investments in Associates in Consolidated Financial Statements notified under sub-section 3C of Section 211 of the Companies Act, 1956.
5. Based on our audit and on consideration of reports of other auditor(s) on separate financial statements and on the other financial information of the component of the Group as referred to above, and to the best of our information and according to the explanations given to us, in our opinion, the attached consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:
  - (a) in the case of the Consolidated Balance Sheet, of the state of affairs of the Group as at March 31, 2011;
  - (b) in the case of the Consolidated Profit and Loss Account, of the profit of the Group for the year ended on that date; and
  - (c) in the case of the consolidated Cash Flow Statement, of the cash flows of the Group for the year ended on that date.

For **Price Waterhouse**  
Firm Registration No. : 301112E  
*Chartered Accountants*

Place : New Delhi  
Date : May 10, 2011

**Usha Rajeev**  
*Partner*  
Membership Number F-87191

**CONSOLIDATED BALANCE SHEET as at March 31, 2011**

|  | Schedule No./<br>(Note Reference) |                      | As at<br>March 31, 2011<br>(Rs.) | As at<br>March 31, 2010<br>(Rs.) |
|--|-----------------------------------|----------------------|----------------------------------|----------------------------------|
| <b>SOURCES OF FUNDS</b>                                  |                                   |                      |                                  |                                  |
| <b>SHAREHOLDERS' FUNDS</b>                               |                                   |                      |                                  |                                  |
| Share Capital  | ` 1'                              | 330,197,194          | 330,197,194                      |                                  |
| Reserves and Surplus                                     | ` 2'                              | 5,168,693,990        | 4,630,573,382                    |                                  |
| Currency Translation Reserve                             | ` 2A'                             | 66,414,584           | 82,110,198                       | 5,042,880,774                    |
| <b>MINORITY INTEREST</b>                                 | ` 3'                              |                      | 29,680,722                       | 21,816,195                       |
| <b>LOAN FUNDS</b>  |                                   |                      |                                  |                                  |
| Secured Loans  | ` 4'                              |                      | 2,649,980,370                    | 2,535,256,460                    |
| Unsecured Loans  | ` 5'                              |                      | 1,008,514,115                    | 1,510,444,714                    |
|  |                                   |                      | <b>9,253,480,975</b>             | <b>9,110,398,143</b>             |
| <b>APPLICATION OF FUNDS</b>                              |                                   |                      |                                  |                                  |
| <b>FIXED ASSETS</b>                                      |                                   |                      |                                  |                                  |
| Gross Block  | ` 6'                              | 8,771,474,562        | 8,137,575,250                    |                                  |
| Less: Depreciation                                       |                                   | 3,971,018,035        | 3,221,423,594                    |                                  |
| Net Block  |                                   |                      | 4,800,456,527                    | 4,916,151,656                    |
| Capital work-in-progress<br>(including Capital Advances) |                                   |                      | 621,850,485                      | 447,850,221                      |
| <b>INVESTMENTS</b>                                       | ` 7'                              |                      | 1,641,071,202                    | 1,274,416,109                    |
| <b>DEFERRED TAX ASSETS (Net)</b>                         | ` 23[(i (xiv) & 28)]              |                      | 306,823,984                      | 297,520,463                      |
| <b>CURRENT ASSETS, LOANS AND ADVANCES</b>                |                                   |                      |                                  |                                  |
| Inventories  | ` 8'                              | 153,329,236          | 125,934,835                      |                                  |
| Sundry Debtors   | ` 9'                              | 3,897,598,965        | 3,402,680,873                    |                                  |
| Cash and Bank Balances                                   | ` 10'                             | 525,819,992          | 615,936,286                      |                                  |
| Other Current Assets                                     | ` 11'                             | 1,174,492,473        | 697,787,052                      |                                  |
| Loans & Advances   | ` 12'                             | 1,352,830,345        | 1,538,037,171                    |                                  |
|  |                                   | <u>7,104,071,011</u> | <u>6,380,376,217</u>             |                                  |
| <b>Less : CURRENT LIABILITIES AND PROVISIONS</b>         |                                   |                      |                                  |                                  |
| Current Liabilities                                      | ` 13'                             | 4,771,762,656        | 3,785,097,923                    |                                  |
| Provisions   | ` 14'                             | 449,029,578          | 421,743,933                      |                                  |
|  |                                   | <u>5,220,792,234</u> | <u>4,206,841,856</u>             |                                  |
| <b>Net Current Assets</b>                                |                                   |                      | 1,883,278,777                    | 2,173,534,361                    |
| <b>MISCELLANEOUS EXPENDITURE</b>                         | ` 15'                             |                      | -                                | 925,333                          |
| (To the extent not written off or adjusted)              |                                   |                      |                                  |                                  |
|  |                                   |                      | <b>9,253,480,975</b>             | <b>9,110,398,143</b>             |

**NOTES TO ACCOUNTS** ` 23'

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.

For and on behalf of the Board

For Price Waterhouse

Firm Registration No. : 301112E  
Chartered Accountants

**Rajendra S Pawar**

Chairman and Managing Director  
DIN - 00042516

**Vijay K Thadani**

CEO & Whole-time Director  
DIN - 00042527

**Usha Rajeev**

Partner  
Membership No. F-087191

**Ashok Arora**

Group Chief Financial Officer

**Jitender Mahajan**

Chief Financial Officer

**Rajesh Arora**

Company Secretary

Place : New Delhi

Date : May 10, 2011

**CONSOLIDATED PROFIT AND LOSS ACCOUNT for the year ended March 31, 2011**

|   | Schedule No./<br>(Note Reference) | Year ended<br>March 31, 2011<br>(Rs.) | Year ended<br>March 31, 2010<br>(Rs.) |
|---|-----------------------------------|---------------------------------------|---------------------------------------|
| <b>INCOME</b>   |                                   |                                       |                                       |
| Revenue from Operations   | `16'                              | 12,482,783,537                        | 11,993,488,013                        |
| Other Income  | `17'                              | 29,579,453                            | 43,089,587                            |
|   |                                   | <b>12,512,362,990</b>                 | <b>12,036,577,600</b>                 |
| <b>EXPENDITURE</b>  |                                   |                                       |                                       |
| Personnel   | `18'                              | 3,348,231,848                         | 3,016,965,264                         |
| Development, Production and Execution                                       | `19'                              | 4,794,545,778                         | 4,804,300,727                         |
| Administration and Others   | `20'                              | 1,763,859,298                         | 1,672,865,349                         |
| Selling and Marketing   | `21'                              | 999,751,570                           | 955,072,262                           |
| Interest and Finance Charges  | `22'                              | 336,731,312                           | 332,698,372                           |
| Depreciation and Amortisation   | `6'                               | 854,324,904                           | 751,125,534                           |
|   |                                   | <b>12,097,444,710</b>                 | <b>11,533,027,508</b>                 |
| <b>Profit before Tax, Exceptional Items and share of Associate's profit</b> |                                   | <b>414,918,280</b>                    | <b>503,550,092</b>                    |
| <b>Exceptional Items</b>  |                                   |                                       |                                       |
| - Profit on sale of Subsidiary  | `23(22)'                          | 214,226,943                           | -                                     |
| - Donations   | `23(23)'                          | (72,000,000)                          | (15,120,000)                          |
| <b>Profit before Tax and Share of Associate's profit</b>                    |                                   | <b>557,145,223</b>                    | <b>488,430,092</b>                    |
| <b>Tax Expense</b>  | `23[(1)(xiv) & 28]'               |                                       |                                       |
| - Current   |                                   | 124,644,742                           | 130,506,529                           |
| - Deferred charge/ (credit)   |                                   | (12,453,521)                          | (10,918,114)                          |
| - MAT Credit Entitlement  |                                   | (36,182,849)                          | -                                     |
| - Provision for Tax relating to earlier years/ (credit)                     |                                   | 12,521,036                            | (11,323,013)                          |
| <b>Profit after Tax before share of Associate's profit</b>                  |                                   | <b>468,615,815</b>                    | <b>380,164,690</b>                    |
| Share of Associate's net profit   | `7'                               | 445,710,860                           | 304,537,474                           |
| <b>Profit after Tax after share of Associate's profit</b>                   |                                   | <b>914,326,675</b>                    | <b>684,702,164</b>                    |
| Add : Net Loss attributable to Minority                                     | `3'                               | 7,468,813                             | 17,602,159                            |
| <b>Profit attributable To Equity Shareholders</b>                           |                                   | <b>921,795,488</b>                    | <b>702,304,323</b>                    |
| Balance brought forward from Previous year                                  |                                   | 3,084,228,197                         | 2,895,709,041                         |
| <b>Balance available For appropriation</b>                                  |                                   | <b>4,006,023,685</b>                  | <b>3,598,013,364</b>                  |
| <b>APPROPRIATION</b>  |                                   |                                       |                                       |
| Proposed Dividend on Equity Shares  |                                   | 247,643,396                           | 231,133,836                           |
| Corporate Dividend Tax for Current Year                                     | `23(17)'                          | 40,173,950                            | 39,281,195                            |
| Transferred to General Reserve  |                                   | 60,542,030                            | 41,306,644                            |
| Transferred to/ (from) Debenture Redemption Reserve                         |                                   | (97,936,508)                          | 202,063,492                           |
| Share in Corporate Dividend Tax of Associate's                              | `23[10(2)(c)]'                    | 99,446,906                            | -                                     |
|   |                                   | <b>349,869,774</b>                    | <b>513,785,167</b>                    |
| Balance Carried to Balance Sheet  |                                   | <b>3,656,153,911</b>                  | <b>3,084,228,197</b>                  |
|   |                                   | <b>4,006,023,685</b>                  | <b>3,598,013,364</b>                  |
| <b>Earnings per Share (Face Value Rs. 2/- Each)</b>                         |                                   |                                       |                                       |
| - Basic   | `23[(1)(xviii) & 30]'             | 5.58                                  | 4.25                                  |
| - Diluted   |                                   | 5.58                                  | 4.25                                  |

**NOTES TO ACCOUNTS**

`23'

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.

For and on behalf of the Board

**For Price Waterhouse**

Firm Registration No. : 301112E  
Chartered Accountants

**Rajendra S Pawar**

Chairman and Managing Director  
DIN - 00042516

**Vijay K Thadani**

CEO & Whole-time Director  
DIN - 00042527

**Usha Rajeev**

Partner  
Membership No. F-087191

**Ashok Arora**  
Group Chief Financial Officer

**Jitender Mahajan**  
Chief Financial Officer

**Rajesh Arora**  
Company Secretary

Place : New Delhi

Date : May 10, 2011

**CONSOLIDATED CASH FLOW STATEMENT for the year ended March 31, 2011**

|   | Year ended<br>March 31, 2011<br>(Rs.) | Year ended<br>March 31, 2010<br>(Rs.) |
|---|---------------------------------------|---------------------------------------|
| <b>A. CASH FLOW FROM OPERATING ACTIVITIES:</b>                                |                                       |                                       |
| Profit before Tax and share of Associate's profit but after exceptional items | 557,145,223                           | 488,430,092                           |
| Adjustments for:  |                                       |                                       |
| Depreciation and Amortisation   | 854,324,904                           | 751,125,534                           |
| Interest Expenses   | 297,389,193                           | 308,430,624                           |
| Interest Income   | (54,053,742)                          | (75,522,627)                          |
| (Profit)/ Loss on Fixed Assets sold   | 4,101,057                             | 11,028,508                            |
| (Profit)/ Loss from Investments   | (1,288,967)                           | 1,570,773                             |
| Miscellaneous Expenditure written off   | 90,802                                | 90,802                                |
| Provision for Doubtful Debts  | 157,689,092                           | 177,414,467                           |
| Provision for Doubtful Advances   | 196,935                               | 458,706                               |
| Provision for slow/ non-moving Inventory                                      | 5,110,558                             | 5,433,553                             |
| Inventory Scrapped  | 3,051,068                             | -                                     |
| Government Grants   | (1,374,080)                           | (3,032,876)                           |
| Advances written off  | -                                     | 3,003,807                             |
| Liabilities/ Provisions no longer required written back                       | (7,939,920)                           | (24,336,587)                          |
| Provision for Gratuity & Compensated Absences                                 | 9,883,330                             | (42,804,789)                          |
| Foreign Exchange Adjustments  | (62,759,355)                          | 106,755,193                           |
| Profit on sale of Subsidiary  | (214,226,943)                         | -                                     |
| Employees Stock Option Expenses   | 50,967                                | 990,244,899                           |
| Operating profit before working capital changes                               | 1,547,390,122                         | 7,210,776                             |
| Add/(Less): (Increase)/Decrease in operating working capital:                 |                                       | 1,226,825,864                         |
| Trade Receivables   | (621,807,085)                         | (707,830,924)                         |
| Loans and Advances & Other Current Assets                                     | (381,402,521)                         | (334,252,620)                         |
| Inventories   | (35,556,027)                          | (34,673,993)                          |
| Current Liabilities and Provisions  | 1,027,283,392                         | (11,482,241)                          |
| Cash generated from operations  | 1,535,907,881                         | (303,328,214)                         |
| Taxes paid (including TDS)  | (220,889,312)                         | (1,380,085,751)                       |
| Net cash from Operating activities (A)  | 1,315,018,569                         | 335,170,205                           |
| <b>B. CASH FLOW FROM INVESTING ACTIVITIES:</b>                                |                                       | (129,728,916)                         |
| Purchase of Fixed Assets (including Capital Work-in-progress)                 | (1,110,777,177)                       | 205,441,289                           |
| Proceeds from sale of Fixed Assets  | 27,239,617                            | (646,728,143)                         |
| Proceeds from sale of Mutual Funds  | 738,776,605                           | 9,672,095                             |
| Purchase of Mutual Funds  | (843,016,141)                         | 250,697,783                           |
| Purchase of Minority Shares in Subsidiary                                     | -                                     | (250,000,000)                         |
| Proceeds from Sale of Subsidiaries  | 83,633,808                            | (1,500,000)                           |
| Dividend received   | 101,454,360                           | -                                     |
| Loans given to NIIT Institute of Information Technology                       | (20,000,000)                          | 94,207,620                            |
| Loans given to NIIT Institute of Information Technology received back         | 460,300,000                           | (189,000,000)                         |
| Loans given to NIIT Education Society received back                           | 3,500,000                             | 185,000,000                           |
| Interest Received   | 53,769,831                            | -                                     |
| Net cash used for Investing activities (B)                                    | (505,119,097)                         | 88,212,823                            |



## CONSOLIDATED CASH FLOW STATEMENT for the year ended March 31, 2011 (Contd.)

|   | Year ended<br>March 31, 2011<br>(Rs.) | Year ended<br>March 31, 2010<br>(Rs.) |
|---|---------------------------------------|---------------------------------------|
| <b>C. CASH FLOW FROM FINANCING ACTIVITIES:</b>                            |                                       |                                       |
| Receipt from issue of Shares in Subsidiaries from Minority Shareholders   | 15,333,340                            | 26,792,992                            |
| Proceeds from fresh issue of Share Capital (including Share Premium)      | -                                     | 2,962,014                             |
| Proceeds from Long Term Borrowings  | 1,166,000,000                         | -                                     |
| Long Term Borrowings repaid during the year                               | (327,709,000)                         | (581,963,142)                         |
| Working Capital/ Short Term Borrowings (Net)                              | (543,239,155)                         | 490,586,550                           |
| Proceeds/ (Payments) relating to Cash Credits (Net)                       | (62,267,558)                          | (64,831,820)                          |
| Vehicle Loans repaid during the year                                      | (1,409,815)                           | (5,627,547)                           |
| Issue of Non Convertible Debentures                                       | -                                     | 600,000,000                           |
| Redemption of Non Convertible Debentures                                  | (600,000,000)                         | -                                     |
| Interest Paid (including financing charges on finance lease arrangements) | (294,483,122)                         | (312,193,343)                         |
| Dividend Paid   | (229,915,394)                         | (213,471,067)                         |
| Dividend Tax Paid   | (39,281,195)                          | (36,450,516)                          |
| <b>Net cash from/ (used in) Financing activities (C)</b>                  | <b>(916,971,899)</b>                  | <b>(94,195,879)</b>                   |
| <b>Net Increase/(Decrease) in Cash &amp; Cash equivalents (A+B+C)</b>     | <b>(107,072,427)</b>                  | <b>(348,192,412)</b>                  |
| Adjustment on account of Foreign Exchange Fluctuations                    | 16,956,133                            | 216,733,761                           |
| <b>Cash and Cash Equivalents as at the beginning of the year (Note 1)</b> | <b>615,936,286</b>                    | <b>747,394,937</b>                    |
| <b>Cash and Cash Equivalents as at the end of the year (Note 1)</b>       | <b>525,819,992</b>                    | <b>615,936,286</b>                    |

### Notes:

1. **Cash and Cash Equivalents as on**

|  | March 31, 2011<br>(Rs.) | March 31, 2010<br>(Rs.) |
|--|-------------------------|-------------------------|
| Cash, Cheques & Drafts (in hand) and Remittances in transit  | 76,715,449              | 109,897,770             |
| Balances with banks *  | 449,104,543             | 506,038,516             |
| *[Includes Rs. 44,004,941/- (Previous year Rs. 42,273,725/- ) pledged as margin money]             |                         |                         |
| *[Include Rs.7,171,993/- (Previous year Nil) pertaining to amount available for specific contract] |                         |                         |
|  | <b>525,819,992</b>      | <b>615,936,286</b>      |
2. The above Cash Flow Statement has been prepared under the indirect method as set out in Accounting Standard 3 as notified under Section 211(3C) of The Companies Act, 1956.
3. The schedules from 1 - 23 form an integral part of the Cash Flow Statement.
4. Previous year figures, to the extent feasible, have been regrouped/ recast wherever necessary to conform to the Current year's classification.

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

For and on behalf of the Board

For **Price Waterhouse**

Firm Registration No. : 301112E  
Chartered Accountants

**Rajendra S Pawar**

Chairman and Managing Director  
DIN - 00042516

**Vijay K Thadani**

CEO & Whole-time Director  
DIN - 00042527

**Usha Rajeev**

Partner  
Membership No. F-087191

**Ashok Arora**

Group Chief Financial Officer

**Jitender Mahajan**

Chief Financial Officer

**Rajesh Arora**

Company Secretary

Place : New Delhi

Date : May 10, 2011

## SCHEDULES annexed to and forming part of the Consolidated Balance Sheet as at March 31, 2011

| Schedule No.  | As At<br>March 31, 2011<br>(Rs.) | As At<br>March 31, 2010<br>(Rs.) |
|---|----------------------------------|----------------------------------|
| <b>1 SHARE CAPITAL</b>  |                                  |                                  |
| <b>Authorised</b>   |                                  |                                  |
| 250,000,000 Equity Shares of Rs. 2/- each<br>(Previous year 250,000,000 Equity Shares of Rs. 2/- each)  | 500,000,000                      | 500,000,000                      |
| 2,500,000 Redeemable Preference Shares of Rs. 100/- each<br>(Previous year 2,500,000 Redeemable Preference Shares of Rs. 100/- each)  | 250,000,000                      | 250,000,000                      |
|   | <b>750,000,000</b>               | <b>750,000,000</b>               |
| <b>Issued</b>   |                                  |                                  |
| 165,101,597 Equity Shares of Rs. 2/- each<br>(Previous year 165,101,597 Equity Shares of Rs. 2/- each)  | 330,203,194                      | 330,203,194                      |
|   | <b>330,203,194</b>               | <b>330,203,194</b>               |
| <b>Subscribed</b>   |                                  |                                  |
| 165,095,597 Equity Shares of Rs. 2/- each<br>(Previous year 165,095,597 Equity Shares of Rs. 2/- each)  | 330,191,194                      | 330,191,194                      |
|   | <b>330,191,194</b>               | <b>330,191,194</b>               |
| <b>Paid-up</b>  |                                  |                                  |
| 165,095,597 Equity Shares of Rs. 2/- each<br>(Previous year 165,095,597 Equity Shares of Rs. 2/- each)  | 330,191,194                      | 330,191,194                      |
| Add : Forfeited Share (Amount originally paid-up)   | 6,000                            | 6,000                            |
| Note : Issued Share Capital includes 142,176,960 Equity Shares of Rs. 2/- each (Previous year 142,176,960 Equity Shares of Rs. 2/- each) allotted as fully Paid-up Bonus Shares by way of capitalisation of General Reserve/ Share Premium Account/ Capital Redemption Reserve in 2007-08, 1998-99, 1994-95, 1992-93 and 1987-88. |                                  |                                  |
|   | <b>330,197,194</b>               | <b>330,197,194</b>               |
| <b>2 RESERVES AND SURPLUS</b>   |                                  |                                  |
| [Refer Notes 1(xi), 6, 8, 10(2)(c) and 21 on Schedule 23]   |                                  |                                  |
| <b>Share Premium</b>  |                                  |                                  |
| As per Last Balance Sheet   | 535,696,964                      | 532,383,038                      |
| Add: Additions during the year on account of exercise of ESOP's   | -                                | 3,313,926                        |
| Add: Share in Share Premium of Associates   | 11,440,153                       | 547,137,117                      |
|   |                                  | -                                |
|   |                                  | 535,696,964                      |
| <b>Capital Reserve</b>  |                                  |                                  |
| As per Last Balance Sheet   | 55,999,900                       | 55,999,900                       |
| Add: Share in Capital Reserve of Associates   | 2,600,323                        | 58,600,223                       |
|   |                                  | -                                |
|   |                                  | 55,999,900                       |
| <b>General Reserve (Note 1 below)</b>   |                                  |                                  |
| As per Last Balance Sheet   | 694,556,377                      | 653,249,733                      |
| Less: General Reserve of Associates   | (9,077,024)                      | -                                |
| Add : Transferred from Profit and Loss Account  | 60,542,030                       | 746,021,383                      |
|   |                                  | 41,306,644                       |
|   |                                  | 694,556,377                      |

## SCHEDULES annexed to and forming part of the Consolidated Balance Sheet as at March 31, 2011 (Contd.)

| Schedule No. |  | As At<br>March 31, 2011<br>(Rs.) | As At<br>March 31, 2010<br>(Rs.) |
|--------------|--|----------------------------------|----------------------------------|
|              | <b>Debenture Redemption Reserve</b>  |                                  |                                  |
|              | As per Last Balance Sheet  | 254,126,984                      | 52,063,492                       |
|              | Add: Transfer from/ (to) Profit and Loss Account   | (97,936,508)                     | 202,063,492                      |
|              |  | 156,190,476                      | 254,126,984                      |
|              | <b>Government Grant</b>  |                                  |                                  |
|              | Opening Balance  | 5,964,960                        | 8,997,836                        |
|              | Less: Income recognised during the year  | (1,374,080)                      | (3,032,876)                      |
|              | <b>Profit and Loss Account</b>   | 3,656,153,911                    | 3,084,228,197                    |
|              | <b>Notes:</b>  |                                  |                                  |
| 1            | General Reserve above represents General Reserve as per the Indian Companies Act, 1956 in respect of Indian Companies.   |                                  |                                  |
| 2            | General Reserve, if any, of overseas Companies are included as part of the Profit and Loss Account balance as it is not practical to give movement there of.   |                                  |                                  |
|              |  | <b>5,168,693,990</b>             | <b>4,630,573,382</b>             |
| <b>2A</b>    | <b>CURRENCY TRANSLATION RESERVE</b>  |                                  |                                  |
|              | [Refer Note 1(x) on Schedule 23]   |                                  |                                  |
|              | As per Last Balance Sheet  | 82,110,198                       | 280,583,954                      |
|              | Add: Currency Translation Reserve of Associates  | 11,353,544                       | -                                |
|              | Increase/ (Decrease) during the year on translation of balances  | (27,049,158)                     | (198,473,756)                    |
|              |  | <b>66,414,584</b>                | <b>82,110,198</b>                |
| <b>3</b>     | <b>MINORITY INTEREST</b>   |                                  |                                  |
|              | [Refer Notes 1(i), 10(1) and 19 on Schedule 23]  |                                  |                                  |
|              | As per Last Balance Sheet  | 21,816,195                       | 6,119,550                        |
|              | Add : Increase in Minority Share Capital   | 15,333,340                       | 26,792,992                       |
|              | Add: Increase in Minority Share due to increase in Networth on account of further Investment in Subsidiary   | -                                | 6,505,812                        |
|              | Less: Minority Share in loss of Current year [Minority Share of loss of the Subsidiary Companies in excess of their interest of Rs. 2,090,336/- (Previous year Rs. 10,094,145/-) has been absorbed by the Majority Shareholders] | (7,468,813)                      | (17,602,159)                     |
|              |  | <b>29,680,722</b>                | <b>21,816,195</b>                |

## SCHEDULES annexed to and forming part of the Consolidated Balance Sheet as at March 31, 2011 (Contd.)

| Schedule No.   | As At<br>March 31, 2011<br>(Rs.) | As At<br>March 31, 2010<br>(Rs.) |
|--|----------------------------------|----------------------------------|
| <b>4 SECURED LOANS</b>   |                                  |                                  |
| <b>[Refer Notes 2 and 5 on Schedule 23]</b>  |                                  |                                  |
| Loans from Banks   |                                  |                                  |
| - Rupee Term Loans   | 500,000,000                      | -                                |
| - Other Term Loans   | 1,132,200,000                    | 787,059,000                      |
| - Short Term Loans   | -                                | 666,739,717                      |
| - Cash Credit  | 17,780,370                       | 80,047,928                       |
| - Vehicle Loans  | -                                | 1,409,815                        |
|  | 1,649,980,370                    | 1,535,256,460                    |
| [Loans due within one year<br>Rs. 435,800,000 /- (Previous year Rs.<br>982,973,132)] |                                  |                                  |
| Non - Convertible Debentures (Refer<br>notes below)                                  | 1,000,000,000                    | 1,000,000,000                    |
|  | <b>2,649,980,370</b>             | <b>2,535,256,460</b>             |

### Notes:

(i) 12% Non Convertible Debentures to Life Insurance Corporation of India amounting to Rs. 500,000,000/- are redeemable at par as follows:

| <u>Redemption Date</u> | <u>Value to be redeemed</u><br>(Rs.) |
|------------------------|--------------------------------------|
| 20th October 2013      | 166,666,667                          |
| 20th October 2014      | 166,666,667                          |
| 20th October 2015      | 166,666,666                          |
|                        | <b>500,000,000</b>                   |

(ii) 11.25% Non Convertible Debentures to Indian Overseas Bank amounting to Rs. 500,000,000/- are redeemable at par as follows:

| <u>Redemption Date</u> | <u>Value to be redeemed</u><br>(Rs.) |
|------------------------|--------------------------------------|
| 17th March 2012        | 100,000,000                          |
| 17th March 2013        | 200,000,000                          |
| 17th March 2014        | 200,000,000                          |
|                        | <b>500,000,000</b>                   |

### 5 UNSECURED LOANS

**[Refer Notes 1(xii), 5(vii) and 31(b) on Schedule 23]**

|   |                      |                      |
|---|----------------------|----------------------|
| Working Capital Loan  | 278,630,808          | 155,130,246          |
| Short Term Loan from Banks  | 600,000,000          | 100,000,000          |
| Short Term Non Convertible Debentures<br>(Refer Note below)                 | -                    | 600,000,000          |
| Short Term Loan from Others   | -                    | 506,850,000          |
| Deferred Lease Obligations  | 129,883,307          | 148,464,468          |
| [Due within one year Rs. 31,041,707/-<br>(Previous year Rs. 32,387,557/- )] |                      |                      |
|   | <b>1,008,514,115</b> | <b>1,510,444,714</b> |

**Note:** Non Convertible Debentures held by Fortis Mutual Fund as on March 31, 2010 amounting to Rs. 600,000,000/- have been redeemed at par on July 2, 2010.

## SCHEDULES annexed to and forming part of the Consolidated Balance Sheet as at March 31, 2011 (Contd.)

### 6. Fixed Assets

[Refer Notes 1 (ii), (iii), (iv), (x), (xii), (xiii), 26 and 31 (b) on Schedule 23]

(Amount in Rs.)

| Description of Assets                             | GROSS BLOCK          |                              |                                |  |                           | DEPRECIATION AND AMORTISATION |                        |                                |  |  | NET BLOCK            |                      |
|---|----------------------|------------------------------|--------------------------------|--|---------------------------|-------------------------------|------------------------|--------------------------------|--|--|----------------------|----------------------|
|   | As on<br>01.04.2010  | Additions during<br>the Year | Sales/ Adj. during<br>the Year | Translation Adjustment<br>Increase/ (Decrease) | Total as on<br>31.03.2011 | As on<br>01.04.2010           | Charge For the<br>Year | Sales/ Adj. during<br>the Year | Translation Adjustment<br>Increase/ (Decrease) | Total as on<br>31.03.2011                                | As on<br>31.03.2011  | As on<br>31.03.2010  |
| <b>Tangible</b>                                   |                      |                              |                                |  |                           |                               |                        |                                |  |  |                      |                      |
| Land  |                      |                              |                                |  |                           |                               |                        |                                |  |  |                      |                      |
| - Freehold  | 20,507,577           | -                            | -                              | -  | 20,507,577                | -                             | -                      | -                              | -  | -  | 20,507,577           | 20,507,577           |
| - Leasehold                                       | 70,076,199           | 9,088,028                    | 79,164,227                     | -  | -                         | -                             | -                      | -                              | -  | -  | -                    | 70,076,199           |
| Building  | 209,318,886          | 28,505,109                   | 28,505,109                     | -  | 209,318,886               | 27,120,077                    | 3,712,122              | 299,324                        | -  | 30,532,875   | 178,786,011          | 182,198,809          |
| Plant & Machinery                                 |                      |                              |                                |  |                           |                               |                        |                                |  |  |                      |                      |
| - Owned   | 2,040,346,882        | 258,350,934                  | 61,031,485                     | (1,028,642)                                    | 2,236,637,689             | 1,102,859,225                 | 312,338,751            | 56,486,061                     | (758,889)                                      | 1,357,953,026  | 878,684,663          | 937,487,657          |
| - Leased  | 48,036,340           | 16,204,136                   | 666,924                        | (1,283,754)                                    | 62,289,798                | 17,760,113                    | 14,648,305             | 576,276                        | (511,046)                                      | 31,321,096   | 30,968,702           | 30,276,227           |
| Lease Hold Improvements                           | 373,520,520          | 45,756,493                   | 12,843,214                     | (38,833)                                       | 406,394,966               | 241,047,894                   | 57,169,497             | 11,658,803                     | (34,472)                                       | 286,524,116  | 119,870,850          | 132,472,626          |
| Furniture & Fixtures                              |                      |                              |                                |  |                           |                               |                        |                                |  |  |                      |                      |
| - Owned   | 212,101,344          | 12,823,999                   | 8,502,419                      | 706,540  | 217,129,464               | 120,650,927                   | 26,505,567             | 7,820,969                      | 468,807  | 139,804,332  | 77,325,132           | 91,450,417           |
| - Leased  | 9,317,641            | -                            | 3,914,512                      | -  | 5,403,129                 | 8,247,503                     | 414,524                | 3,897,398                      | -  | 4,764,629  | 638,500              | 1,070,138            |
| Vehicles  | 42,564,281           | 15,955,548                   | 9,094,197                      | (13,951)                                       | 49,411,681                | 19,151,791                    | 4,070,325              | 5,293,721                      | 3,072  | 17,931,467   | 31,480,214           | 23,412,490           |
| <b>Sub Total (a)</b>                              | <b>3,025,789,670</b> | <b>386,684,247</b>           | <b>203,722,087</b>             | <b>(1,658,640)</b>                             | <b>3,207,093,190</b>      | <b>1,536,837,530</b>          | <b>418,859,091</b>     | <b>86,032,552</b>              | <b>(832,528)</b>                               | <b>1,868,831,541</b>                                     | <b>1,338,261,649</b> | <b>1,488,952,140</b> |
| <b>Intangible (Educational Content/ Products)</b> |                      |                              |                                |  |                           |                               |                        |                                |  |  |                      |                      |
| Software  |                      |                              |                                |  |                           |                               |                        |                                |  |  |                      |                      |
| - Acquired  | 1,515,926,951        | 42,831,001                   | 533,188                        | (8,860,046)                                    | 1,549,364,718             | 1,260,242,744                 | 120,634,515            | 235,404                        | (9,481,405)                                    | 1,371,160,450  | 178,204,268          | 255,684,207          |
| - Internally Generated                            | 981,124,774          | 472,743,137                  | -                              | (17,524,386)                                   | 1,436,343,525             | 306,122,208                   | 286,516,647            | -                              | (6,790,747)                                    | 585,848,108  | 850,495,417          | 675,002,566          |
| - Leased  | 132,061,397          | -                            | 4,786,000                      | (97,456)                                       | 127,177,941               | 11,971,635                    | 26,055,019             | -                              | (119,472)                                      | 37,907,182   | 89,270,759           | 120,089,762          |
| Patents   | 16,141,571           | -                            | -                              | -  | 16,141,571                | 9,355,279                     | 2,259,632              | -                              | -  | 11,614,911   | 4,526,660            | 6,786,292            |
| Goodwill on Consolidation                         | 2,369,636,689        | -                            | -                              | (29,938,915)                                   | 2,339,697,774             | -                             | -                      | -                              | -  | -  | 2,339,697,774        | 2,369,636,689        |
| Goodwill  | 96,894,198           | -                            | -                              | (1,238,355)                                    | 95,655,843                | 96,894,198                    | -                      | -                              | (1,238,355)                                    | 95,655,843   | -                    | -                    |
| <b>Sub Total (b)</b>                              | <b>5,111,785,580</b> | <b>515,574,138</b>           | <b>5,319,188</b>               | <b>(57,659,158)</b>                            | <b>5,564,381,372</b>      | <b>1,684,586,064</b>          | <b>435,465,813</b>     | <b>235,404</b>                 | <b>(17,629,979)</b>                            | <b>2,102,186,494</b>                                     | <b>3,462,194,878</b> | <b>3,427,199,516</b> |
| <b>Total (a+b)</b>                                | <b>8,137,575,250</b> | <b>902,258,385</b>           | <b>209,041,275</b>             | <b>(59,317,798)</b>                            | <b>8,771,474,562</b>      | <b>3,221,423,594</b>          | <b>854,324,904</b>     | <b>86,267,956</b>              | <b>(18,462,507)</b>                            | <b>3,971,018,035</b>                                     | <b>4,800,456,527</b> | <b>4,916,151,656</b> |
| <b>Previous year</b>                              | <b>7,842,875,434</b> | <b>949,388,062</b>           | <b>138,446,544</b>             | <b>(516,241,702)</b>                           | <b>8,137,575,250</b>      | <b>2,728,678,186</b>          | <b>751,125,534</b>     | <b>117,745,941</b>             | <b>(140,634,185)</b>                           | <b>3,221,423,594</b>                                     | <b>4,916,151,656</b> |                      |
|   |                      |                              |                                |  |                           |                               |                        |                                |  | Capital Work in Progress<br>(including Capital Advances) | 621,850,485          | 447,850,221          |

Notes : (i) Gross Block of Building includes 10 shares of Rs. 50 /- each in the Guru Vidya Co-operative Housing Society Limited.

(ii) Out of the total land as above, 25 acres of land amounting Rs. 6,521,625/- at Tehsil Behror, District Alwar is allotted for education purpose. This land cannot be transferred without the approval of the allotment authority.

## SCHEDULES annexed to and forming part of the Consolidated Balance Sheet as at March 31, 2011 (Contd.)

### Schedule

### No.

### 7 INVESTMENTS

[Refer Notes 1(i), (v) and 10(2) on Schedule 23]

#### A Trade, Long Term Investments

(Amount in Rs.)

| Particulars               | As at 01.04.2010     | Dividend Received    | Share of Profit/ (Loss) in Associates | Share/ (Adjustment) in Post Acquisition Reserves | As at 31.03.2011     |
|---------------------------|----------------------|----------------------|---------------------------------------|--|----------------------|
| <b>In Associates</b>      |                      |                      |                                       |  |                      |
| NIIT Technologies Limited |                      |                      |                                       |  |                      |
| - Capital Reserve         | (415,866,458)        | -                    | -                                     | -  | (415,866,458)        |
| - Net Assets Value        | 1,685,370,461        | (101,454,360)        | 445,710,860                           | (83,129,910)                                     | 1,946,497,051        |
| <b>Sub Total (A)</b>      | <b>1,269,504,003</b> | <b>(101,454,360)</b> | <b>445,710,860</b>                    | <b>(83,129,910)</b>                              | <b>1,530,630,593</b> |

#### B Non Trade, Short Term Investments

| Particulars  | As at 01.04.2010     | Purchases          | Sales                | As at 31.03.2011     |
|--|----------------------|--------------------|----------------------|----------------------|
| In Mutual Funds, Debts and Money Market Securities<br>[Fair market value as on 31st March, 2011<br>Rs. 111,883,031/-<br>(Previous year Rs. 6,127,650/-)] | 4,912,106            | 843,016,141        | (737,487,638)        | 110,440,609          |
| <b>Sub Total (B)</b>   | <b>4,912,106</b>     | <b>843,016,141</b> | <b>(737,487,638)</b> | <b>110,440,609</b>   |
| <b>Total (A + B)</b>   | <b>1,274,416,109</b> |                    |                      | <b>1,641,071,202</b> |

As At  
March 31, 2011  
(Rs.)

As At  
March 31, 2010  
(Rs.)

### 8 INVENTORIES

[Refer Note 1(vi) on Schedule 23]

|                                     |                  |                           |                  |                           |
|-------------------------------------|------------------|---------------------------|------------------|---------------------------|
| Raw Material                        |                  | 5,262,395                 |                  | 5,458,263                 |
| Finished Goods                      |                  |                           |                  |                           |
| a) Education and Training Material* |                  |                           |                  |                           |
| - Traded                            | 138,941,823      |                           | 104,135,866      |                           |
| - Manufactured                      | <u>6,504,335</u> | 145,446,158               | <u>9,723,886</u> | 113,859,752               |
| b) Software                         |                  | <u>2,620,683</u>          |                  | <u>6,616,820</u>          |
|                                     |                  | <u><b>153,329,236</b></u> |                  | <u><b>125,934,835</b></u> |

#### Note :

\* Net of provision for non-moving inventories of Rs. 7,927,904/- (Previous year Rs. 7,590,162/- ) and inclusive of Inventory in electronic form.

## SCHEDULES annexed to and forming part of the Consolidated Balance Sheet as at March 31, 2011 (Contd.)

| Schedule No.   | As At<br>March 31, 2011<br>(Rs.) | As At<br>March 31, 2010<br>(Rs.) |
|--|----------------------------------|----------------------------------|
| <b>9 SUNDRY DEBTORS</b>  |                                  |                                  |
| [Unsecured]  |                                  |                                  |
| [Refer Note 29 on Schedule 23]   |                                  |                                  |
| Outstanding over six months :  |                                  |                                  |
| - Considered Good  | 1,737,133,880                    | 1,090,639,342                    |
| - Considered Doubtful  | 704,906,805                      | 737,623,991                      |
| Other debts :  |                                  |                                  |
| - Considered Good  | 2,160,465,085                    | 2,312,041,531                    |
| - Considered Doubtful  | 826,639                          | -                                |
|  | 4,603,332,409                    | 4,140,304,864                    |
| Less : Provision for Doubtful Debts  | 705,733,444                      | 737,623,991                      |
|  | <b>3,897,598,965</b>             | <b>3,402,680,873</b>             |
| <b>10 CASH AND BANK BALANCES</b>   |                                  |                                  |
| Cash and Cheques in Hand   | 76,715,449                       | 109,897,770                      |
| Balances with Banks in :   |                                  |                                  |
| - Current Accounts *   | 398,030,544                      | 458,018,826                      |
| - Dividend Accounts  | 6,179,475                        | 4,961,032                        |
| - Fixed Deposit Accounts   | 44,006,004                       | 42,292,898                       |
| [Includes Rs. 44,004,941/- (Previous year Rs. 42,273,725/- ) pledged as margin money]              |                                  |                                  |
| Exchange Earners' Foreign Currency Account   | 888,520                          | 765,760                          |
| *[Include Rs.7,171,993/- (Previous year Nil) pertaining to amount available for specific contract] |                                  |                                  |
|  | <b>525,819,992</b>               | <b>615,936,286</b>               |
| <b>11 OTHER CURRENT ASSETS</b>   |                                  |                                  |
| (Unsecured, considered good)   |                                  |                                  |
| [Refer Notes 1(vii) and 22 on Schedule 23]   |                                  |                                  |
| Interest Receivable  | 1,354,882                        | 1,070,971                        |
| Unbilled Revenue (Net)   | 939,234,876                      | 696,716,081                      |
| Other Receivables  | 233,902,715                      | -                                |
|  | <b>1,174,492,473</b>             | <b>697,787,052</b>               |

## SCHEDULES annexed to and forming part of the Consolidated Balance Sheet as at March 31, 2011 (Contd.)

| Schedule No.                   |  | As At<br>March 31, 2011<br>(Rs.) | As At<br>March 31, 2010<br>(Rs.) |
|--------------------------------|--|----------------------------------|----------------------------------|
| <b>12 LOANS &amp; ADVANCES</b> |  |                                  |                                  |
|                                | (Unsecured, considered good except where otherwise stated)             |                                  |                                  |
|                                | [Refer Notes 1(xiv), (xvi), 11 and 18 on Schedule 23]                  |                                  |                                  |
|                                | Loan to NIIT Education Society   | -                                | 3,500,000                        |
|                                | Loan to NIIT Institute of Information Technology                       | -                                | 440,300,000                      |
|                                | Advances recoverable in cash or in kind<br>or for value to be received |                                  |                                  |
|                                | - Considered Good  | 757,704,269                      | 622,489,176                      |
|                                | - Considered Doubtful  | <u>2,424,951</u>                 | <u>6,513,715</u>                 |
|                                |  | 760,129,220                      | 629,002,891                      |
|                                | Less : Provision for Doubtful Advances                                 | <u>2,424,951</u>                 | <u>6,513,715</u>                 |
|                                |  | 757,704,269                      | 622,489,176                      |
|                                | Security Deposits  |                                  |                                  |
|                                | -Considered Good   | 369,741,780                      | 366,270,082                      |
|                                | -Considered Doubtful   | <u>5,047,157</u>                 | <u>5,047,157</u>                 |
|                                |  | 374,788,937                      | 371,317,239                      |
|                                | Less : Provision for Doubtful<br>Security Deposits                     | <u>5,047,157</u>                 | <u>5,047,157</u>                 |
|                                |  | 369,741,780                      | 366,270,082                      |
|                                | Advance payment of Fringe Benefit Tax                                  | 92,767,711                       | 96,919,894                       |
|                                | Less: Provision for Fringe Benefit Tax                                 | <u>(91,655,398)</u>              | <u>(94,957,919)</u>              |
|                                |  | 1,112,313                        | 1,961,975                        |
|                                | Advance Tax  | 942,015,105                      | 724,632,632                      |
|                                | Less : Provision for Tax   | <u>(755,537,155)</u>             | <u>(622,866,694)</u>             |
|                                |  | 186,477,950                      | 101,765,938                      |
|                                | MAT Credit entitlement   |                                  |                                  |
|                                | - Opening Balance  | 1,750,000                        | 1,750,000                        |
|                                | - Reversal of MAT credit   | (138,816)                        | -                                |
|                                | - Created during the Year  | <u>36,182,849</u>                | <u>-</u>                         |
|                                |  | 37,794,033                       | 1,750,000                        |
|                                |  | <u>1,352,830,345</u>             | <u>1,538,037,171</u>             |



## SCHEDULES annexed to and forming part of the Consolidated Balance Sheet as at March 31, 2011 (Contd.)

| Schedule No.   | As At<br>March 31, 2011<br>(Rs.) | As At<br>March 31, 2010<br>(Rs.) |
|--|----------------------------------|----------------------------------|
| <b>13 CURRENT LIABILITIES</b>  |                                  |                                  |
| [Refer Note 1(vii) on Schedule 23]   |                                  |                                  |
| Sundry Creditors   | 2,343,721,709                    | 2,106,527,522                    |
| Advances from Customers  | 767,586,230                      | 429,436,026                      |
| Security Deposits  | 3,356,215                        | 3,285,215                        |
| Interest accrued but not due on Loans  | 23,587,327                       | 20,681,256                       |
| Deferred Revenue   | 1,440,056,828                    | 1,091,127,622                    |
| Unclaimed Dividend *   | 6,179,474                        | 4,961,032                        |
| Unclaimed Fractional Share Payment   | 232,530                          | 234,658                          |
| Other Liabilities  | 187,042,343                      | 128,844,592                      |
| * There are no amounts due for payment to the Investor Protection Fund under Section 205C of the Companies Act, 1956 as at the year end. |                                  |                                  |
|  | <b>4,771,762,656</b>             | <b>3,785,097,923</b>             |
| <b>14 PROVISIONS</b>   |                                  |                                  |
| [Refer Notes 1(viii), (xvii), 9 and 17 on Schedule 23]   |                                  |                                  |
| Proposed Dividend on Equity Shares   | 247,643,396                      | 231,133,836                      |
| Tax on Proposed Dividend   | 40,173,950                       | 39,281,195                       |
| Provision for Gratuity   | 8,735,249                        | 8,085,700                        |
| Provision for Compensated Absences   | 152,476,983                      | 143,243,202                      |
|  | <b>449,029,578</b>               | <b>421,743,933</b>               |
| <b>15 MISCELLANEOUS EXPENDITURE</b>  |                                  |                                  |
| (to the extent not written off or adjusted)  |                                  |                                  |
| [Refer Note 1(xv) on Schedule 23]  |                                  |                                  |
| <b>PRELIMINARY EXPENSES</b>  |                                  |                                  |
| Opening Balance  | 925,333                          | 1,016,135                        |
| Less: Written off on sale of Subsidiary  | (834,531)                        | -                                |
| Less: Written off during the year  | (90,802)                         | (90,802)                         |
|  | <b>-</b>                         | <b>925,333</b>                   |

## SCHEDULES annexed to and forming part of the Consolidated Profit and Loss Account for the year ended March 31, 2011

| Schedule No.   | Year ended<br>March 31, 2011<br>(Rs.) | Year ended<br>March 31, 2010<br>(Rs.) |
|--|---------------------------------------|---------------------------------------|
| <b>16 REVENUE FROM OPERATIONS</b><br>[Refer Note 1 (vii) on Schedule 23]                       |                                       |                                       |
| Courseware Revenue   | 5,427,322,888                         | 4,722,200,378                         |
| Services Revenue   | 5,471,335,014                         | 5,223,701,751                         |
| Subscription Revenue   | 1,504,530,332                         | 1,344,704,429                         |
| Hardware & Accessories Revenue   | 79,595,303                            | 702,881,455                           |
|  | <b>12,482,783,537</b>                 | <b>11,993,488,013</b>                 |
| <b>17 OTHER INCOME</b><br>[Refer Notes 1 (vii), (x) and 21 on Schedule 23]                     |                                       |                                       |
| Profit on sale of  |                                       |                                       |
| - Short Term Investments (Net)   | 124,759                               | 309,889                               |
| Dividend Income from Other Investments   | 1,164,208                             | -                                     |
| Provision/ Other Liabilities written back  | 7,939,920                             | 24,336,587                            |
| Miscellaneous  | 20,350,566                            | 18,443,111                            |
|  | <b>29,579,453</b>                     | <b>43,089,587</b>                     |
| <b>18 PERSONNEL</b><br>[Refer Notes 1 (viii), (ix), 8, 9 and 26 on Schedule 23]                |                                       |                                       |
| Salaries and Benefits  | 3,155,133,051                         | 2,871,417,558                         |
| Contribution to Retirement Benefit Funds   | 113,061,162                           | 89,799,388                            |
| Employees Stock Option Expenses  | 50,967                                | 7,210,776                             |
| Welfare and Other expenses   | 79,986,668                            | 48,537,542                            |
|  | <b>3,348,231,848</b>                  | <b>3,016,965,264</b>                  |
| <b>19 DEVELOPMENT, PRODUCTION AND EXECUTION</b><br>[Refer Notes 1 (xvi) and 26 on Schedule 23] |                                       |                                       |
| Material Consumed  |                                       |                                       |
| Opening Inventory  |                                       |                                       |
| - Raw Material   | 5,458,263                             | 9,495,823                             |
| - Finished Goods   | 9,723,886                             | 5,236,334                             |
|  | 15,182,149                            | 14,732,157                            |
| Add: Purchase of Raw Material  | 112,904,296                           | 116,822,678                           |
| Less: Closing Inventory  |                                       |                                       |
| - Raw Material   | 5,262,395                             | 5,458,263                             |
| - Finished Goods   | 6,504,335                             | 9,723,886                             |
|  | 11,766,730                            | 15,182,149                            |
|  | 116,319,715                           | 116,372,686                           |
| Courseware and Manuals   | 955,714,916                           | 844,980,428                           |
| Bought out Packages/ Products  | 251,996,977                           | 911,964,514                           |
| Course Execution Charges   | 759,913,632                           | 803,440,168                           |
| Professional Charges   | 1,111,941,048                         | 650,672,651                           |
| Equipment Hiring   | 149,242,571                           | 123,887,656                           |
| Royalties  | 1,303,973,228                         | 1,227,866,425                         |
| Freight and Cartage  | 137,454,319                           | 117,639,584                           |
| Others   | 7,989,372                             | 7,476,615                             |
|  | <b>4,794,545,778</b>                  | <b>4,804,300,727</b>                  |

SCHEDULES annexed to and forming part of the Consolidated Profit and Loss Account for the year ended March 31, 2011 (Contd.)

| Schedule No.   | Year ended March 31, 2011 (Rs.) | Year ended March 31, 2010 (Rs.) |
|--|---------------------------------|---------------------------------|
| <b>20 ADMINISTRATION AND OTHERS</b>  |                                 |                                 |
| [Refer Notes 1(x), (xi), (xii), (xv), 6, 7, 26, 29 and 31(a) on Schedule 23] |                                 |                                 |
| Rent (Net of recoveries)   | 444,681,309                     | 407,260,188                     |
| Rates and Taxes  | 15,363,818                      | 19,543,647                      |
| Electricity and Water  | 123,635,696                     | 113,548,858                     |
| Communication  | 117,916,242                     | 125,730,565                     |
| Legal and Professional   | 187,056,609                     | 155,701,146                     |
| Traveling and Conveyance   | 372,126,768                     | 311,807,942                     |
| Bad Debts and Provision for Doubtful Debts                                   | 157,689,092                     | 177,414,467                     |
| Provision for Doubtful Advances  | 196,935                         | 458,706                         |
| Advances Written off   | -                               | 3,003,807                       |
| Insurance Premium  | 26,114,389                      | 26,234,837                      |
| Repairs and Maintenance  |                                 |                                 |
| - Plant and Machinery  | 93,951,861                      | 88,278,358                      |
| - Buildings  | 13,466,190                      | 13,563,993                      |
| - Others   | 56,601,255                      | 45,484,274                      |
| Loss on Exchange Fluctuation (Net)   | 12,586,806                      | 39,714,338                      |
| Loss on Sale of Fixed Assets (Net)   | 4,101,057                       | 11,028,508                      |
| Security and Administration Services   | 46,363,977                      | 42,380,624                      |
| Miscellaneous Expenditure written off  | 90,802                          | 90,802                          |
| Sundry Expenses  | 91,916,492                      | 91,620,289                      |
|  | <b>1,763,859,298</b>            | <b>1,672,865,349</b>            |
| <b>21 SELLING &amp; MARKETING</b>  |                                 |                                 |
| [Refer Note 1(xvi) on Schedule 23]   |                                 |                                 |
| Advertisement and Publicity  | 692,815,086                     | 665,100,639                     |
| Sales Commission   | 229,703,692                     | 214,624,956                     |
| Discount   | 2,987,071                       | 60,210                          |
| Others   | 74,245,721                      | 75,286,457                      |
|  | <b>999,751,570</b>              | <b>955,072,262</b>              |
| <b>22 INTEREST AND FINANCE CHARGES</b>                                       |                                 |                                 |
| [Refer Notes 1(xii), (xiii) and 31(b) on Schedule 23]                        |                                 |                                 |
| Bank, Discounting and Other Financial Charges                                | 50,110,940                      | 55,746,805                      |
| Interest Expense:  |                                 |                                 |
| - Fixed Loans  | 169,494,264                     | 157,625,555                     |
| - Non Convertible Debentures   | 127,894,929                     | 150,805,069                     |
| - Others   | 43,284,921                      | 44,043,570                      |
|  | 340,674,114                     | 352,474,194                     |
| Less : Interest Received (Gross) :   |                                 |                                 |
| - Deposits   | (3,355,843)                     | (4,575,389)                     |
| - Loans  | (50,697,313)                    | (63,610,811)                    |
| - Others   | (586)                           | (7,336,427)                     |
|  | (54,053,742)                    | (75,522,627)                    |
|  | <b>286,620,372</b>              | <b>276,951,567</b>              |
|  | <b>336,731,312</b>              | <b>332,698,372</b>              |

## SCHEDULE '23': Notes to Consolidated Accounts for the year ended March 31, 2011

### 1. STATEMENT ON SIGNIFICANT ACCOUNTING POLICIES

These consolidated financial statements are prepared to comply in all material aspects with the applicable accounting principles in India, the applicable Accounting Standards notified under Section 211(3C) of the Companies Act, 1956 and the relevant provisions of the Companies Act, 1956 on an accrual basis, under historical cost convention. The disclosure requirements of Schedule VI of the Companies Act, 1956, have been complied with to the extent applicable and relevant. The significant accounting policies adopted by the Group are detailed below:

#### i. Basis of consolidation

The consolidated financial statements include accounts of NIIT Limited ("the Company"), its subsidiary companies and associates ("the Group") (Refer Note 10 below). Subsidiary companies are those companies in which NIIT Limited, directly or indirectly, has an interest of more than one half of the voting power or otherwise has power to exercise control over the operations. Subsidiaries are consolidated from the date on which effective control is transferred to the Group and are no longer consolidated from the date of disposal. All material inter-company transactions, balances and unrealised 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.

Investments in associates (entities over which the Company exercises significant influence) are accounted for using the equity method.

#### ii. Fixed Assets, Depreciation and Amortisation

Fixed Assets are stated at acquisition cost except where fixed assets are taken over pursuant to an acquisition at a consolidated price. Individual fixed assets taken over pursuant to acquisition are recorded at their fair value on the date of acquisition based on valuation carried out by independent valuers.

Expenses incurred on internal development of educational content and products are capitalised either individually or as a knowledge bank in the form of software, once their technical feasibility and ability to generate future economic benefits is established in accordance with the requirements of Accounting Standard 26 "Intangible Assets" as notified under section 211(3C) of the Companies Act, 1956. Expenses incurred during the research phase till the establishment of commercial feasibility is charged to the Profit and Loss Account.

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   |
| Plant and Machinery including:  |  |
| - Computers, Printers and related accessories   | 2-5 years  |
| - Office Equipment and Electronic Equipments  | 7-8 years  |
| - Air Conditioners  | 10 years   |
| Furniture, Fixtures and Electric Fittings   | 7-10 years   |
| Leasehold Improvements  | 3-5 years or lease period, whichever is lower                  |
| Assets under employee benefits scheme except Vehicles                                     | 3 years  |
| Assets acquired under lease (Included under Plant & Machinery and Furniture & Fixtures)   | Lease Period   |
| Intangible Assets including:  |  |
| - Acquired and Internally Generated (Computer Software, Educational Content and Products) | 3-5 years  |
| - Patents   | 3-5 years  |
| Goodwill [Other than arising on consolidation - Refer note (iv) below]                    | 5 years  |
| All other assets (including Vehicles)   | Rates prescribed under schedule XIV to the Companies Act, 1956 |

**SCHEDULE '23': Notes to Consolidated Accounts for the year ended March 31, 2011 (Contd.)**

Fixed Assets purchased for utilisation and implementing the contractual obligations with the customers under the project are depreciated over the period of contract.

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

**iii. 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 value exceeds their recoverable amount are written down to the recoverable amount.

**iv. Goodwill on Consolidation**

The excess/ deficit of the cost of the investment in its subsidiaries over its share of net worth (residual interest in the assets of the subsidiaries after deducting all its liabilities) of the subsidiaries at the date of investment in the subsidiaries is treated as goodwill/ capital reserve in the Consolidated Financial Statements. The value of Goodwill arising on consolidation is reviewed for impairment at the end of each accounting year.

**v. Investments**

Long-term investments other than those in associates are valued at their acquisition cost. Any decline in the value of the said investments, other than a temporary decline, is recognised and charged to Profit and Loss Account. Short-term investments are carried at cost or their market value, whichever is lower. Investments in Associates are accounted for based on "Equity Method" in accordance with provisions of Accounting Standard 23 as notified under Section 211(3C) of the Companies Act, 1956.

**vi. Inventories**

Inventories are valued at lower of cost or net realisable value. Cost is determined on FIFO method in case of Raw Material and Manufactured Finished Goods and using weighted average method in case of other inventory. This also includes applicable costs incurred in bringing inventories to their present location and condition.

**vii. Revenue Recognition**

The revenue in respect of sale of courseware including technical information and reference material and other goods are recognised on dispatch/ delivery of the material to the customer whereas the revenue from the tuition activity is recognised over the period of the course programmes or as per the terms of agreement, as the case may be.

The revenue from time and material contracts is recognised on a man month basis. In respect of fixed price contracts, including certain contracts requiring significant usage of contents capitalised as education software relating to courseware and products (Intellectual Property Rights), revenue is recognised based on the technical evaluation of utilisation of courseware and products and as per the proportionate completion method. The foreseeable losses on completion of contract, if any, are provided for.

The Group undertakes fixed price projects for supply/ installation/ maintenance of technology equipment & infrastructure setup, providing educational product and educational services. Revenue from initial project set up activities & development of products under such contracts is recognised under proportionate completion method. The revenue in such contracts from sale of technology equipments is recognised on delivery of the technology equipment when substantial risks and rewards of ownership in such technology equipment pass to the customer based on contractual terms of the respective contracts and in respect of technology equipments, which are not sold, the revenue from the same along with the revenue from educational services is recognised over the contracted period of service.

Revenue derived pursuant to content hosted on customers' server for a definite period is recognised on delivery of the content. Subscription fee for content hosted on the companies' server is billed on the respective invoicing dates as per the agreement and revenue for the same is recognised ratably over the term of the subscription. Deferred Revenue represents unamortised amounts billed to customers in advance for products, services or subscriptions.

**SCHEDULE '23': Notes to Consolidated Accounts for the year ended March 31, 2011 (Contd.)**

Revenue from recruitment services is recognised on placement of candidate with the client as per the terms of the contract. Revenue from assessment of personnel is recognised on completion of the assessment as per the terms of the contract.

In respect of sale and lease back transactions, revenue is recognised on delivery of the product. Gain on sale on such transactions is recognised in the Profit and Loss Account over the lease period of the respective product.

Revenue is net of discounts and applicable taxes.

Dividend income is recognised when the right to receive dividend is established. Interest income is recognised on accrual basis.

**viii. Employee Benefits****Gratuity**

NIIT provides for gratuity, a defined benefit retirement plan (the "Gratuity Plan") covering eligible employees in accordance with the Payment of Gratuity Act, 1972. The Gratuity Plan provides a lump sum payment to vested employees at retirement, death, incapacitation or termination of employment, of an amount based on the respective employee's salary and the tenure of employment. Group's liability is actuarially determined at the end of the year using projected unit credit method. Shortfall in the fund size maintained by the Trust set up by the Company with Life Insurance Corporation of India for employees of certain entities within the group is additionally provided for.

Liability for certain entities which are not funded through the Trust maintained with Life Insurance Corporation of India, is actuarially determined and provided for.

Actuarial losses/ gains are charged/ credited to the Profit and Loss Account in the year in which such losses/ gains arise.

**Compensated Absences**

Liability in respect of compensated absences is provided for both encashable leave and those expected to be availed. The Group has defined benefit plans for compensated absences for employees, the liability for which is determined on the basis of an actuarial valuation at the end of the year using projected unit credit method. Any gain or loss arising out of such valuation is recognised in the Profit and Loss Account as income or expense as the case may be.

**Superannuation**

The Group makes defined contribution, in respect of employees based in India, to the Trust established for the purpose by the Company towards superannuation fund maintained with Life Insurance Corporation of India. Contribution made during the year is charged to Profit and Loss Account.

**Provident Fund**

The Group makes contribution to the "NIIT LIMITED EMPLOYEES' PROVIDENT FUND TRUST" for certain entities in India, 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 investments of the trust and the notified interest rate. The Company's obligation in this regard is actuarially determined and provided for if the circumstances indicate that the Trust may not be able to generate adequate returns to cover the interest rates notified by the Government. The Company's contribution towards Provident Fund is charged to Profit and Loss Account.

For other entities, Provident Fund contributions are made to the Regional Provident Fund Commissioner in accordance with the Employee Provident Fund rules and are accounted as defined contribution plans.

**Pension Fund**

The Group makes defined contribution in respect of employees based in India, to a government administered pension fund. The Group's contribution towards Employee Pension Scheme is charged to Profit and Loss Account.

**Overseas Plans**

In respect of the subsidiaries incorporated outside India, where applicable, the subsidiaries make defined

**SCHEDULE '23': Notes to Consolidated Accounts for the year ended March 31, 2011 (Contd.)**

contributions on a monthly basis towards the respective retirement plans which are charged to Profit and Loss Account. These Companies have no further obligation towards the respective retirement benefits.

**ix. Employees Stock Option Plan (ESOP)**

Equity settled stock options are 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 recognised 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 options that lapse are reversed by a credit to employee compensation expense, equal to the amortised portion of value of lapsed portion and credit to deferred employee compensation expense equal to the un-amortised portion. The balance in employee stock option outstanding account, net of any un-amortised deferred employee compensation, is shown separately as part of Shareholders' Funds.

Employee share-based payment plans in the form of cash settled stock options are accounted for using the intrinsic value method. The intrinsic value being the excess of fair value of the underlying share on the date of grant, based on independent valuer report, over its exercise price. The liability for cash settled options is measured at intrinsic value over the life of options whereby intrinsic value is re-measured at each reporting date, with any changes in intrinsic value is recognised in the Profit and Loss Account. The liability at the date of exercise is settled based on valuation of share as per latest audited financials.

**x. Foreign Currency Transactions/ Translation**

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

Foreign Currency assets/ liabilities covered by forward contracts are stated at the forward contract rate and difference between the forward rate and the exchange rate at the inception of the forward contract is recognised to the Profit and Loss Account over the life of the contract except to the extent on which accounting policy on derivative instruments and hedge accounting as detailed in (xi) below and further explained in note 6 below.

For the purposes of consolidation, in case of subsidiaries for which operations are considered as non-integral in nature, the assets and liabilities are translated at the year-end exchange rate and income and expenditure items are translated at predetermined rates that approximate the exchange rate prevailing on the date of the transaction. The resultant translation adjustment is reflected as a separate component of Shareholders' Funds as 'Currency Translation Reserve'. Upon dissolution/ disposal of non-Indian subsidiaries, the balance in Currency Translation Reserve in relation to those subsidiaries is transferred to Profit and Loss Account.

In case of foreign operations which are integral in nature, financial statements are translated as if all its transactions had been entered into by the company itself. Non monetary assets and income and expenditure items are translated at the rates that approximate the exchange rate prevailing on the date of the transaction. Monetary assets and liabilities are translated at year-end exchange rate. The resultant translation adjustment is charged to the Profit and Loss Account.

**xi. Derivative Instruments and Hedge Accounting**

In accordance with its risk management policies and procedures, the Group uses derivative instruments such as foreign currency forward contracts 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 recognised directly in Shareholders' Funds under hedging reserve to the

**SCHEDULE '23': Notes to Consolidated Accounts for the year ended March 31, 2011 (Contd.)**

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 recognised 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 recognised 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 recognised in Shareholders' Fund is transferred to Profit and Loss Account in the same period.

**xii. Leases**

The Lease rental in respect of operating lease arrangements are charged to expense when due as per the terms of the related agreement.

Finance lease transactions are considered as financing arrangements in accordance with Accounting Standard 19 and the leased asset is capitalised at an amount equal to the present value of future lease payments and a corresponding amount is recognised as a liability. The lease payments made are apportioned between finance charge and reduction of outstanding liability in relation to the leased asset.

**xiii. Borrowing Cost**

Borrowing costs are recognised in the Profit and Loss Account in the period 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 capitalised. Ancillary costs in connection with the arrangement of borrowings are amortised over the period of respective loan.

**xiv. Taxation**

Tax expense, comprising of both current tax and deferred tax is included in determining the net results for the year. Deferred tax reflects the effect of timing differences between the assets and liabilities recognised for financial reporting purposes and the amounts that are recognised for current tax purposes. As a matter of prudence deferred tax assets are recognised and carried forward only to the extent, there is reasonable/virtual certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. Current tax is determined based on the provisions of the Income Tax Laws of the respective countries. Minimum Alternate Tax (MAT) paid in excess of normal income tax is recognised as asset (MAT Credit entitlement) only to the extent, there is reasonable certainty that the Company shall be liable to pay tax as per the normal provisions of the Act in future. MAT Credit is utilised in the year when normal income tax is higher than the Minimum Alternate Tax (MAT).

**xv. Miscellaneous Expenditure (to the extent not written off or adjusted)**

Preliminary Expenses are written off over a period of 5 years of commencement of commercial operation of the concerned subsidiary.

**xvi. Prepaid Expenses**

Prepaid royalties, sales commissions and referral fees are amortized over the average terms of the license or subscription, matching with the related revenue.

**xvii. 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. Further, the proportionate share of contingent liabilities of associate companies are recognised as per the provisions of Accounting Standard 23 as notified under section 211(3C) of the Companies Act, 1956.

Disclosure of show cause notices are made on merits of the matters where management foresees possibilities of outflow of resources.



**SCHEDULE '23': Notes to Consolidated Accounts for the year ended March 31, 2011 (Contd.)****xviii. Earnings per Share**

The earnings considered in ascertaining the Earnings Per Share ('EPS') comprises the net profit after tax. The number of shares used in computing the basic EPS is the weighted average number of shares outstanding during the year. The diluted EPS is calculated on the same basis as Basic EPS, after adjusting for the effects of potential Dilutive Equity Shares.

**2. CONTINGENT LIABILITIES**

- i. Guarantees issued by bankers (including associate companies) outstanding at the end of accounting year Rs. 51,969,644/- (Previous year Rs. 149,318,732/-).
  - ii. Letter of Credit issued by bank on behalf of the Company outstanding at the end of accounting year Rs. 24,172,309/- (Previous year Nil).
  - iii. Corporate Guarantee Rs. 155,400,000 /- [USD 3.5 Million (Net of Loan outstanding USD 10.50 Million and payment made USD 29.5 million)] given to ICICI Bank on behalf of NIIT (USA) Inc. USA (Previous year Rs. 157,411,800/-) [USD 3.5 Million (Net of Loan outstanding USD 17.50 Million and payment made USD 22.5 million)]. (Refer Note 5(ii)(A)(b) below).
  - iv. Corporate Guarantee Nil (Previous year Rs. 40,953,120/- [GBP 0.60 Million (Net of loan outstanding GBP 9.40 million)] given to ICICI Bank, UK PLC, UK on behalf of NIIT (USA) Inc. USA.
  - v. Corporate Guarantee Rs. 66,600,000/- [USD 1.50 million (Net of loan outstanding USD 15 million)] (Previous year Nil) given to ICICI Bank UK PLC, UK on behalf of NIIT (USA) Inc. USA (Refer Note 5(ii)(B) (b) below).
  - vi. Guarantees issued to bankers outstanding at the end of accounting year Rs. 203,855,755/-. (Previous year Rs. 196,247,979/-) relating to associate companies.
  - vii. Corporate Guarantees outstanding at the end of accounting year Rs. 347,208,232/-. (Previous year Rs. 127,469,266/-) relating to associate companies.
  - viii. Claims against the Group not acknowledged as debts (including associate companies) Rs. 16,208,541/- (Previous year Rs. 63,342,670/-).
  - ix. Andhra Pradesh works contract tax amounting to Rs. 91,836,398/- (Previous year Rs. 80,137,287/-). Management does not foresee any financial implication based on the advice of the legal consultant.
  - x. Service Tax demand amounting to Rs. 104.89 Lacs (Previous year Rs. 104.89 Lacs) and equal amount of penalty i.e. Rs. 104.89 Lacs (Previous year Rs. 104.89 Lacs) raised by Commissioner of Service Tax, Delhi. Management does not foresee any financial implication based on the advice of the legal consultant.
  - xi. The transfer pricing analysis in relation to transactions of Element K Corporation, USA with foreign subsidiaries subsequent to March 31, 2010 is under process. The management does not foresee any financial implication on these statements of accounts upon completion of such analysis.
  - xii. Income Tax demand for Rs. 1,576 Lacs (Previous year Rs. 721 Lacs). Management does not foresee any financial implication based on the advice of the legal consultant.
  - xiii. Service Tax liability on rental of immovable properties amounting to Rs. 120.68 Lacs
  - xiv. Income tax demand of associate companies of Rs. 415.93 Lacs (Previous year Rs. 142.31 Lacs).
  - xv. Central Excise demand of associate companies of Rs. 589.89 Lacs (Previous year Nil).
3. During the previous financial year, the Company had received Show Cause Notices u/s 263 of the Income Tax Act, 1961 issued by the Commissioner of Income Tax for the Assessment years 1999-00 to 2005-06 ,who later issued Orders directing the Assessing Officer for re-assessment on certain items. The quantum of Income Tax demand, if any, has neither been quantified nor ascertained and thus, indeterminable at this stage. These orders have been challenged by the Company in the Income Tax Appellate Tribunal, which has directed the Income Tax department to produce all records related to assessment for perusal of the Tribunal. Against the order of the Tribunal, the Income Tax Department has preferred writ petition in the High Court. The matter is under adjudication in the High Court. Based on legal opinion, the Company is confident that appeals so filed shall be decided in its favour.

**SCHEDULE '23': Notes to Consolidated Accounts for the year ended March 31, 2011 (Contd.)**

4. Estimated amount of contracts remaining to be executed on capital account (net of advances) not provided (including associate companies) for Rs. 357,776,570/- (Previous year Rs. 96,147,055/-).
5. **DETAILS OF SECURITY GIVEN AGAINST LOANS**
- i. Rupee Term Loan is secured by exclusive charge by hypothecation of movable specific fixed assets and receivables/ deferred recoverable relating to specific school projects.
- ii. (A) Other Term Loan of Rs. 466,200,000/- [USD 10,500,000] in NIIT (USA) Inc., USA from ICICI Bank Limited is secured by
- a) First pari-passu charge over (or with respect to the Company's assets located in the United States, a first priority perfected security interest in) all the present and future immovable and movable assets of NIIT (USA) Inc., USA.
- b) A corporate guarantee extended by the Company [Refer Note 2(iii)].
- c) A Pledge of 14,493,390 Equity Shares of NIIT Technologies Limited held by Scantech Evaluation Services Limited in favour of ICICI Bank Limited, Bahrain, executed vide share pledge agreement dated October 27, 2009. The pledge has been "confirmed" by the depository subsequent to the year end.
- (B) Other Term Loan of Rs. 666,000,000/- [USD 15,000,000] in NIIT (USA) Inc., USA from ICICI Bank UK PLC, UK is secured by
- a) A Charge over the NIIT (USA) Inc., USA present and future assets including intellectual property ranking at par with already encumbered assets and those assets that are subject to a charge/ security interest under the Facility Agreement dated July 28, 2006 with ICICI Bank Limited and its affiliates
- b) A corporate guarantee up to an amount of USD 16.50 Mn extended by NIIT Limited for all the obligations of NIIT (USA) Inc, USA under this facility agreement [Refer Note 2(v)].
- iii. NIIT (USA) Inc. USA, had availed a loan of Rs. 666,739,717/- [GBP 9,400,000] from ICICI Bank UK PLC, UK during Previous year 2009-10. The loan was secured by a first pari-passu charge over all the present and future immovable and movable assets of NIIT (USA) Inc., USA, covered by a Corporate Guarantee by the Company. The loan was fully repaid in September 2010.
- iv. Working Capital Limits are secured by hypothecation of stocks and book debts of the Company. The Group has utilised the cash credit (fund-based) limits to the extent of Rs. 17,780,370/- (Previous year 80,047,928/-) as at year end.
- v. Vehicle loans from banks are secured by way of hypothecation of the vehicles financed.
- vi. 12% Non Convertible Debentures issued to Life Insurance Corporation of India and 11.25% Non Convertible Debentures issued to Indian Overseas Bank are secured by way of first charge on pari-passu basis on the immovable and movable fixed assets of the Company. The Company had maintained asset cover sufficient to discharge the principle amount at all times during the Financial year 2010-11 for these debentures.
- vii. Element K Corporation has utilized its line of credit from the Bank of the West for Rs. 123,252,402/- [USD 2,775,955] (Previous year Rs. 155,130,246/- [USD 3,449,270]) at the year end. The line of credit is secured by way of a standby letter of credit issued by BNP Paribas, India, counter guaranteed by NIIT Limited.

## SCHEDULE '23': Notes to Consolidated Accounts for the year ended March 31, 2011 (Contd.)

### 6. DERIVATIVE INSTRUMENTS

- a) The following table summarizes the movement in designated forward covers during the current year:

| Particulars                                 | Designated Forward<br>Covers (USD Mn)<br>Year ended March 31,<br>2011 | Designated Forward<br>Covers (USD Mn)<br>Year ended March 31,<br>2010 |
|---|---|---|
| Opening Balance as at beginning of the year | -   | 10.50   |
| Additions during the Current year           | -   | -   |
| Matured during the year                     | -   | 10.50   |
| Closing Balance as at end of the year       | -   | -   |

During the Current year, loss of Rs Nil (Previous year Rs. 88.82 Lacs) has been debited to Revenue account on maturity of the designated forward covers.

- b) Mark to Market gain/ (loss) on undesignated forward covers amounting to Nil [Previous year Rs. 3.35 Lacs] has been recognised as gain/ (loss) on exchange fluctuation in the Profit and Loss Account.

### 7. PAYMENT TO AUDITORS

- a) Payment to the Parent Company auditors:

| Particulars                                       | Year ended<br>March 31, 2011<br>(Rs.) | Year ended<br>March 31, 2010<br>(Rs.) |
|---|---------------------------------------|---------------------------------------|
| Audit fee   | 9,600,000                             | 9,600,000                             |
| Tax Audit fees                                    | 700,000                               | 700,000                               |
| Others  | 3,841,850                             | 2,955,255                             |
| Reimbursement of expenses (including Service Tax) | 2,590,738                             | 3,259,800                             |

- b) Payment to other auditors amounting to Rs. 4,950,715/- (Previous year Rs. 5,143,319/-).

### 8. EMPLOYEES STOCK OPTION SCHEME

During the year 2005-06, the Company had established NIIT Employee Stock Option Plan 2005 "ESOP 2005" and the same was approved at the General Meeting of the Company held on May 18, 2005. The plan was set up so as to offer and grant, for the benefit of employees (excluding promoters) of the Company, who are eligible under "Securities Exchange Board of India (SEBI) (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999", options of the Company in aggregate up to 1,925,000 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. 2/- each (Rs. 10/- each pre bonus and split) fully paid up on payment to the Company, for such shares, at a price to be determined in accordance with ESOP 2005.

ESOP information is given for the number of shares after sub division and bonus issue.

## SCHEDULE '23': Notes to Consolidated Accounts for the year ended March 31, 2011 (Contd.)

The summary of options granted is as follows:

| Particulars  | Grant I   |           | Grant II  |           | Grant III |           | Grant IV  |           | Grant V   |           |           |           |           |           | Grant VI  |           |           |           |           |           | Grant VII* |           |           |
|--|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|------------|-----------|-----------|
|  |           |           |           |           |           |           |           |           | Vest 1    |           | Vest 2    |           | Vest 3    |           | Vest 1    |           | Vest 2    |           | Vest 3    |           | Vest 1     | Vest 2    | Vest 3    |
|  | 2010-11   | 2009-10   | 2010-11   | 2009-10   | 2010-11   | 2009-10   | 2010-11   | 2009-10   | 2010-11   | 2009-10   | 2010-11   | 2009-10   | 2010-11   | 2009-10   | 2010-11   | 2009-10   | 2010-11   | 2009-10   | 2010-11   | 2009-10   | 2010-11    | 2010-11   | 2010-11   |
| Date of Grant  | 02-Aug-05 | 02-Aug-05 | 11-Aug-05 | 11-Aug-05 | 05-Jun-07 | 05-Jun-07 | 28-Jul-08 | 28-Jul-08 | 26-Oct-09 | 26-Oct-09 | 26-Oct-09 | 26-Oct-09 | 26-Oct-09 | 26-Oct-09 | 23-Jan-10 | 23-Jan-10 | 23-Jan-10 | 23-Jan-10 | 23-Jan-10 | 23-Jan-10 | 23-Jan-10  | 22-Oct-10 | 22-Oct-10 |
| Date of Vesting  | 02-Aug-06 | 02-Aug-06 | 11-Aug-06 | 11-Aug-06 | 05-Jun-08 | 05-Jun-08 | 28-Jul-09 | 28-Jul-09 | 26-Oct-10 | 26-Oct-10 | 26-Oct-11 | 26-Oct-11 | 26-Oct-12 | 26-Oct-12 | 23-Jan-11 | 23-Jan-11 | 23-Jan-12 | 23-Jan-12 | 23-Jan-13 | 23-Jan-13 | 22-Oct-11  | 22-Oct-12 | 22-Oct-13 |
| Live options at the beginning of the year (Nos.)                 | -         | 92,430    | -         | 34,125    | 439,177   | 447,879   | 1,218,300 | 1,274,550 | 1,815,228 | -         | 1,815,228 | -         | 1,815,229 | -         | 165,950   | -         | 165,950   | -         | 165,950   | -         | -          | -         | -         |
| Granted during the year (Nos.)                                   | -         | -         | -         | -         | -         | -         | -         | -         | -         | 1,865,803 | -         | 1,865,803 | -         | 1,865,804 | -         | 181,240   | -         | 181,240   | -         | 181,240   | 52,020     | 52,020    | 52,020    |
| Forfeited/ lapsed till vesting period (Nos.)                     | -         | -         | -         | -         | -         | -         | -         | 37,500    | 137,682   | 50,575    | 254,008   | 50,575    | 254,008   | 50,575    | 30,180    | 15,290    | 36,490    | 15,290    | 36,490    | 15,290    | 23,000     | 23,000    | 23,000    |
| Options Vested (Nos)   | -         | -         | -         | -         | -         | -         | -         | 1,237,050 | 1,677,546 | -         | -         | -         | -         | -         | 135,770   | -         | -         | -         | -         | -         | -          | -         | -         |
| Forfeited/ lapsed post vesting (Nos)                             | -         | 13,944    | -         | -         | 30,051    | 8,702     | 137,250   | 18,750    | 53,500    | -         | -         | -         | -         | -         | -         | -         | -         | -         | -         | -         | -          | -         | -         |
| Options exercised (Nos)  | -         | 78,486    | -         | 34,125    | -         | -         | -         | -         | -         | -         | -         | -         | -         | -         | -         | -         | -         | -         | -         | -         | -          | -         | -         |
| Outstanding/ exercisable at the end of the year (Nos)            | -         | -         | -         | -         | 409,126   | 439,177   | 1,081,050 | 1,218,300 | 1,624,046 | 1,815,228 | 1,561,220 | 1,815,228 | 1,561,221 | 1,815,229 | 135,770   | 165,950   | 129,460   | 165,950   | 129,460   | 165,950   | 29,020     | 29,020    | 29,020    |
| Exercise Price (Rs.)   | 24.00     | 24.00     | 31.60     | 31.60     | 121.62    | 121.62    | 88.70     | 88.70     | 72.20     | 72.20     | 72.20     | 72.20     | 72.20     | 72.20     | 69.20     | 69.20     | 69.20     | 69.20     | 69.20     | 69.20     | 67.65      | 67.65     | 67.65     |
| Remaining Contractual Life (Days)                                | -         | -         | -         | -         | 66        | 431       | 484       | 849       | 939       | 1,304     | 1,304     | 1,669     | 1,670     | 2,035     | 1,028     | 1,393     | 1,393     | 1,758     | 1,759     | 2,124     | 1,300      | 1,666     | 2,031     |
| Fair value of the options based on Black and Scholes Model (Rs.) | 13.15     | 13.15     | 9.63      | 9.63      | 37.23     | 37.23     | 32.09     | 32.09     | 32.00     | 32.00     | 34.77     | 34.77     | 36.64     | 36.64     | 30.47     | 30.47     | 32.91     | 32.91     | 34.74     | 34.74     | 28.35      | 32.00     | 34.35     |
| Intrinsic Value of the options granted (Rs.)                     | 7.35      | 7.35      | -         | -         | -         | -         | -         | -         | -         | -         | -         | -         | -         | -         | -         | -         | -         | -         | -         | -         | -          | -         | -         |

\*During the year, the Compensation/ Remuneration Committee at its meeting held on October 22, 2010 has approved Grant VII of 156,060 options (post bonus and split) out of the options under ESOP Plan 2005, to Senior Managerial Personnel of the Company. Options under this grant shall be vested in 3 equal installments over three years period from the date of grant.

## SCHEDULE '23': Notes to Consolidated Accounts for the year ended March 31, 2011 (Contd.)

The assumptions used by independent valuers, for determination of fair value of a share of Rs. 2/- each fully paid up as per the Black & Scholes Model are as follows:

| Particulars                            | Grant I        | Grant II       | Grant III | Grant IV | Grant V |        |        | Grant VI |        |        | Grant VII |        |        |
|--|----------------|----------------|-----------|----------|---------|--------|--------|----------|--------|--------|-----------|--------|--------|
|  |                |                |           |          | Vest 1  | Vest 2 | Vest 3 | Vest 1   | Vest 2 | Vest 3 | Vest 1    | Vest 2 | Vest 3 |
| Market price considered (Rs.)          | 31.35          | 31.60          | 121.62    | 88.70    | 72.20   | 72.20  | 72.20  | 69.20    | 69.20  | 69.20  | 67.65     | 67.65  | 67.65  |
| Exercise price (Rs.)                   | 24.00          | 31.60          | 121.62    | 88.70    | 72.20   | 72.20  | 72.20  | 69.20    | 69.20  | 69.20  | 67.65     | 67.65  | 67.65  |
| Dividend yield                         | Not considered | Not considered | 2.79%     | 2.04%    | 1.76%   | 1.76%  | 1.76%  | 1.76%    | 1.76%  | 1.76%  | 1.76%     | 1.76%  | 1.76%  |
| Volatility                             | 14%            | 14%            | 45.47%    | 51.81%   | 71.63%  | 66.14% | 61.68% | 71.56%   | 65.68% | 61.44% | 65.49%    | 63.40% | 60.71% |
| Average life of the options (in years) | 2.5            | 2.5            | 2.5       | 2.5      | 2.5     | 3.5    | 4.5    | 2.5      | 3.5    | 4.5    | 2.5       | 3.5    | 4.5    |
| Risk free rate                         | 7%             | 7%             | 7.93%     | 9.24%    | 6.55%   | 6.92%  | 7.19%  | 6.19%    | 6.51%  | 6.80%  | 7.36%     | 7.56%  | 7.73%  |

Other information regarding employee share based payment is as below:

(Amount in Rs.)

| Particulars   | Grant I |         | Grant II |         | Grant III |         | Grant IV |            | Grant V    |            |            |            |            |           | Grant VI  |         |           |         |           |         | Grant VII |         |         |
|---|---------|---------|----------|---------|-----------|---------|----------|------------|------------|------------|------------|------------|------------|-----------|-----------|---------|-----------|---------|-----------|---------|-----------|---------|---------|
|   |         |         |          |         |           |         |          |            | Vest 1     |            | Vest 2     |            | Vest 3     |           | Vest 1    |         | Vest 2    |         | Vest 3    |         | Vest 1    | Vest 2  | Vest 3  |
|   | 2010-11 | 2009-10 | 2010-11  | 2009-10 | 2010-11   | 2009-10 | 2010-11  | 2009-10    | 2010-11    | 2009-10    | 2010-11    | 2009-10    | 2010-11    | 2009-10   | 2010-11   | 2009-10 | 2010-11   | 2009-10 | 2010-11   | 2009-10 | 2010-11   | 2010-11 | 2010-11 |
| Additional expense had the Company recorded the ESOP Expense based on fair value of the options | -       | -       | -        | -       | -         | -       | -        | 12,639,011 | 29,615,486 | 24,985,499 | 27,141,815 | 13,574,153 | 19,067,704 | 9,536,132 | 3,366,200 | 942,032 | 2,130,264 | 508,735 | 1,499,147 | 358,016 | 362,897   | 204,810 | 146,567 |

## SCHEDULE '23': Notes to Consolidated Accounts for the year ended March 31, 2011 (Contd.)

Other Subsidiaries have granted stock options to its employees. Information regarding employee share based payments is as below:

### Element K Corporation

(Amount in Rs.)

| Particulars   | Year ending March 31, 2011 |           |           | Year ending March 31, 2010 |           |           |
|---|----------------------------|-----------|-----------|----------------------------|-----------|-----------|
|   | Grant I                    | Grant II  | Grant III | Grant I                    | Grant II  | Grant III |
| Expense amortised during the year on the basis of intrinsic value of the options                              | 2,384,524                  | 2,112,039 | 1,843,880 | 2,487,500                  | 1,107,305 | -         |
| Additional Expense/ (Income) had the Company recorded the ESOP expense based on the fair value of the options | (512,189)                  | 5,094,572 | 6,896,111 | (1,731,088)                | 637,380   | -         |
| Closing value of liability for cash settled options   | 2,749,248                  | 3,090,240 | 1,843,880 | 2,344,986                  | 1,043,865 | -         |
| Expense arising from increase in intrinsic value of liability for cash settled options during the year        | 614,627                    | 2,048,756 | 1,843,880 | 2,487,500                  | 1,107,305 | -         |

### NIIT Institute of Finance Banking and Insurance Training Limited ("NIFBIT")

(Amount in Rs.)

| Particulars   | Grant I |        |        |         |        |        |
|---|---------|--------|--------|---------|--------|--------|
|   | 2010-11 |        |        | 2009-10 |        |        |
|   | Vest 1  | Vest 2 | Vest 3 | Vest 1  | Vest 2 | Vest 3 |
| Additional expense had the Company recorded the ESOP Expense based on fair value of the options | -       | 3,592  | 32,374 | 7,185   | 48,563 | 32,374 |

For impact on Basic and Diluted EPS, had fair value of the options been used for determining ESOP expense, refer Note 30 below.

## 9. EMPLOYEE BENEFITS

### **Retirement Benefit Plans**

#### **A) Defined Contribution Plans**

The Group makes contribution towards Provident Fund, Superannuation Fund and Pension Scheme to the defined contribution plans for eligible employees.

The Group has charged the following costs in Contribution to Retirement Benefit Funds in the Profit and Loss Account:

(Amount in Rs. Lacs)

| Particulars   | Year ended<br>March 31, 2011 | Year ended<br>March 31, 2010 |
|---|------------------------------|------------------------------|
| • Employers' Contribution to Provident Fund           | 393.06                       | 326.86                       |
| • Employers' Contribution to Superannuation Fund      | 116.64                       | 92.08                        |
| • Employers' Contribution to Employees Pension Scheme | 354.72                       | 324.56                       |
| • Contribution to 401 (K) plans                       | 94.77                        | 98.39                        |
| <b>Total</b>  | <b>959.19</b>                | <b>841.89</b>                |

#### **B) Defined Benefit Plans**

##### **1. Provident Fund**

In respect of Company's obligation towards guaranteed returns on Provident Fund Contributions made to the NIIT Limited Employees Provident Fund Trust as the overall interest earnings and cumulative surplus are more than the statutory requirements, there is no liability of employer for the year ended March 31, 2011. Therefore, no provision for the year has been recommended by the actuary.

**SCHEDULE '23': Notes to Consolidated Accounts for the year ended March 31, 2011 (Contd.)**
**2. Compensated Absences**

(Amount in Rs. Lacs)

|    | Particulars  | As at<br>March 31, 2011 | As at<br>March 31, 2010 |
|----|--|-------------------------|-------------------------|
| i) | <b>Change in Present value of obligation</b>                 |                         |                         |
|    | Present value of obligation as at the beginning of the year  | 1,432.43                | 1,812.76                |
|    | Interest cost  | 86.93                   | 125.47                  |
|    | Past service cost*   | -                       | (333.60)                |
|    | Current service cost **                                      | 365.98                  | 256.59                  |
|    | Benefits paid  | (108.61)                | (85.67)                 |
|    | Actuarial (gain)/ loss on obligations                        | (251.97)                | (343.12)                |
|    | <b>Present value of obligation as at the end of the year</b> | <b>1,524.76</b>         | <b>1,432.43</b>         |

\* Past accumulation of compensated absences was reduced from 90 days to 60 days on account of change in Group's leave policy in the Previous year.

\*\* Current service cost is gross of recoveries/ (Net of Credits) from/ (to) entities other than subsidiaries Rs. (0.25) Lacs [Previous year Rs. (8.84) Lacs]

**ii) Principal actuarial assumptions used in accounting for Compensated Absences:**

| Particulars  | Current year | Previous year |
|--|--------------|---------------|
| <b><u>For entities in USA:</u></b>                         |              |               |
| Discount Rate (per annum)                                  | 2.50%        | 2.80%         |
| Future Salary Increase                                     | 3.00%        | 3.00%         |
| <b><u>For entities in Malaysia:</u></b>                    |              |               |
| Discount Rate (per annum)                                  | 4.70%        | 4.70%         |
| Future Salary Increase                                     |              |               |
| - For First 5 Years  | 10.00%       | 10.00%        |
| - Thereafter   | 7.00%        | 7.00%         |
| <b><u>For entities in China:</u></b>                       |              |               |
| Discount Rate (per annum)                                  | 3.90%        | 3.80%         |
| Future Salary Increase                                     |              |               |
| - For First 5 Years  | 10.00%       | 10.00%        |
| - Thereafter   | 7.00%        | 7.00%         |
| <b><u>For NIIT Antilles NV:</u></b>                        |              |               |
| Discount Rate (per annum)                                  | 3.00%        | 3.50%         |
| Future Salary Increase                                     |              |               |
| - For First 5 Years  | 10.00%       | 10.00%        |
| - Thereafter   | 7.00%        | 7.00%         |
| <b><u>For South Africa branch of NIIT Antilles NV:</u></b> |              |               |
| Discount Rate (per annum)                                  | 9.40%        | 9.30%         |
| Future Salary Increase                                     |              |               |
| - For First 5 Years  | 10.00%       | 10.00%        |
| - Thereafter   | 7.00%        | 7.00%         |
| <b><u>For Evolv Services Limited:</u></b>                  |              |               |
| Discount Rate (per annum)                                  | 8.00%        | 8.00%         |
| Future Salary Increase                                     | 5.50%        | 5.50%         |
| <b><u>For Other Entities:</u></b>                          |              |               |
| Discount Rate (per annum)                                  | 8.00%        | 8.00%         |
| Future Salary Increase                                     |              |               |
| - For First 5 Years  | 10.00%       | 10.00%        |
| - Thereafter   | 7.00%        | 7.00%         |

Note: There are few subsidiaries for which the actuarial valuation was not considered necessary in the Previous year as the number of employees in these subsidiaries were not significant.

**SCHEDULE '23': Notes to Consolidated Accounts for the year ended March 31, 2011 (Contd.)**
**3. Gratuity Funds**

In accordance with Accounting Standard 15 "Employee Benefits" as notified under section 211(3C) of the Companies Act, 1956, an actuarial valuation was carried out in respect of Gratuity.

**I. Funded**

(Amount in Rs. Lacs)

| Particulars   | As at<br>March 31, 2011 | As at<br>March 31, 2010 |
|---|-------------------------|-------------------------|
| <b>i. Change in present value of obligation :</b>       |                         |                         |
| Present value of obligation as at beginning of the year | 785.97                  | 748.18                  |
| Interest cost   | 59.08                   | 56.78                   |
| Current service cost                                    | 102.43                  | 105.52                  |
| Benefits paid   | (95.02)                 | (76.89)                 |
| Actuarial (gain)/ loss on obligations                   | 64.19                   | (47.62)                 |
| <b>Present value of obligation as at the year end</b>   | <b>916.65</b>           | <b>785.97</b>           |

| Particulars   | As at<br>March 31, 2011 | As at<br>March 31, 2010 |
|---|-------------------------|-------------------------|
| <b>ii. Change in plan assets:</b>                     |                         |                         |
| Fair value of plan assets as at beginning of the year | 771.13                  | 685.39                  |
| Expected return on Plan Assets                        | 75.33                   | 65.18                   |
| Contributions*  | 155.53                  | 100.35                  |
| Benefits paid   | (95.02)                 | (76.89)                 |
| Actuarial gain/ (loss) on obligations                 | (4.75)                  | (2.90)                  |
| <b>Fair value of plan assets as at the year end</b>   | <b>902.22</b>           | <b>771.13</b>           |

\* Actuary's estimates of contributions for Financial Year 2011-12 Rs. 155.19 Lacs

| Particulars  | As at<br>March<br>31, 2011 | As at<br>March<br>31, 2010 | As at<br>March<br>31, 2009 | As at<br>March<br>31, 2008 | As at<br>March<br>31, 2007 |
|--|----------------------------|----------------------------|----------------------------|----------------------------|----------------------------|
| <b>iii. Amount of the (asset)/ obligation recognised in the Balance Sheet:</b> |                            |                            |                            |                            |                            |
| Fair value of plan assets as at the year end                                   | 902.22                     | 771.13                     | 685.39                     | 605.53                     | 495.63                     |
| Present value of obligation as at the year end                                 | 916.65                     | 785.97                     | 748.18                     | 652.27                     | 461.39                     |
| <b>(Assets)/Obligation recognised in Balance Sheet*</b>                        | <b>14.43</b>               | <b>14.84</b>               | <b>62.79</b>               | <b>46.74</b>               | <b>(34.24)</b>             |

\* Net of Assets recognised in Balance Sheet Rs. 7.60 Lacs (Previous year Rs. 4.09 Lacs)

| Particulars   | Year ended<br>March 31, 2011 | Year ended<br>March 31, 2010 |
|---|------------------------------|------------------------------|
| <b>iv. Net Gratuity cost recognised in Contribution to Retirement Benefit Funds in Profit and Loss Account:</b>   |                              |                              |
| Current service cost  | 102.43                       | 105.52                       |
| Interest cost   | 59.08                        | 56.78                        |
| Expected return on Plan Assets  | (75.33)                      | (65.18)                      |
| Net Actuarial (gain)/ loss recognised during the year   | 68.93                        | (44.72)                      |
| <b>Expense recognised in Profit and Loss Account *</b>  | <b>155.11</b>                | <b>52.40</b>                 |
| <b>Actual return on plan assets</b>   | <b>70.59</b>                 | <b>62.28</b>                 |
| *Includes recovery from entities other than subsidiaries amounting to Rs. 3.02 Lacs (Previous year Rs. 0.96 Lacs) |                              |                              |



**SCHEDULE '23': Notes to Consolidated Accounts for the year ended March 31, 2011 (Contd.)**

| v. | Assumptions used in accounting for gratuity plan: | Current year | Previous year |
|----|---|--------------|---------------|
|    | Discount Rate (per annum)                         | 8.00%        | 8.00%         |
|    | Future Salary Increase                            | 5.00%        | 5.00%         |
|    | Expected rate of return on plan assets            | 9.40%        | 9.40%         |

**vi. Investment details of Plan Assets:**

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

The expected return on plan assets is determined considering several applicable factors mainly the compensation of plan assets held, assessed risk of asset management, historical result of the return on plan assets.

**II. Non Funded:**

(Amount in Rs. Lacs)

|    | Particulars  | As at<br>March 31, 2011 | As at<br>March 31, 2010 |
|----|--|-------------------------|-------------------------|
| i. | <b>Change in Present value of obligation :</b>                 |                         |                         |
|    | <b>Present value of obligation as at beginning of the year</b> | <b>61.93</b>            | <b>62.80</b>            |
|    | Interest cost  | 4.33                    | 4.85                    |
|    | Current service cost   | 14.83                   | 13.69                   |
|    | Benefits paid  | (15.91)                 | (5.46)                  |
|    | Actuarial (gain)/ loss on obligations                          | 0.16                    | (13.95)                 |
|    | <b>Present value obligation as at the year end</b>             | <b>65.34</b>            | <b>61.93</b>            |

|     | Particulars   | Year ended<br>March 31, 2011 | Year ended<br>March 31, 2010 |
|-----|---|------------------------------|------------------------------|
| ii. | <b>Net Gratuity cost recognised in Contribution to Retirement Benefit Funds in Profit and Loss Account:</b> |                              |                              |
|     | Current service cost  | 14.85                        | 13.69                        |
|     | Interest cost   | 4.33                         | 4.85                         |
|     | <b>Net Actuarial (gain)/ loss recognised during the year</b>  | <b>0.15</b>                  | <b>(13.88)</b>               |
|     | <b>Expense recognised in Profit and Loss Account</b>  | <b>19.33</b>                 | <b>4.66</b>                  |

|      |  |       |       |
|------|--|-------|-------|
| iii. | <b>Assumptions used in accounting for gratuity plan:</b> |       |       |
|      | Discount Rate (per annum)                                | 8.00% | 8.00% |
|      | Future Salary Increase                                   | 5.00% | 5.00% |

Gratuity expenses recognised for funded and non-funded schemes in Profit and Loss Account amounts to Rs. 171.42 Lacs (Previous year Rs. 56.10 Lacs). Gratuity liability recognised for funded and non-funded schemes as at year end amounts to Rs. 87.35 Lacs (Previous year Rs. 80.86 Lacs).

- C) The Group had accounted for unclaimed employee related reimbursements in respect of earlier years, aggregating to Rs. 350.88 Lacs based on maximum possible liability payable by the Group in this respect during the Previous year.

## SCHEDULE '23': Notes to Consolidated Accounts for the year ended March 31, 2011 (Contd.)

### 10. DETAILS OF ENTITIES IN CONSOLIDATION

1. (a) Details of NIIT Limited's subsidiaries, which have been considered in these consolidated accounts are as follows:

| S. No | Name of the Subsidiary   | Percentage of ownership interest | Country of incorporation |
|-------|--|----------------------------------|--------------------------|
| 1     | Hole-in-the- Wall Education Limited  | 99.99                            | India                    |
| 2     | NIIT Institute of Finance Banking and Insurance Training Limited                     | 80.23                            | India                    |
| 3     | Scantech Evaluation Services Limited   | 100                              | India                    |
| 4     | NEO Multimedia Limited (Formerly known as NIIT Multimedia Limited) (Till 30.03.2011) | 100                              | India                    |
| 5     | NIIT Online Learning Limited   | 90                               | India                    |
| 6     | Evolv Services Limited (Refer note 16 below)   | 61.15                            | India                    |
| 7     | NIIT Institute of Process Excellence Limited   | 75                               | India                    |
| 8     | NIIT (USA) Inc.  | 100                              | United States            |
| 9     | NIIT Antilles NV   | 100                              | Netherlands Antilles     |
| 10    | NIIT Malaysia Sdn. Bhd.  | 100                              | Malaysia                 |
| 11    | NIIT GC Limited  | 100                              | Mauritius                |
| 12    | NIIT China (Shanghai) Limited  | 100                              | China                    |
| 13    | NIIT Wuxi Service Outsourcing Training School  | 60                               | China                    |
| 14    | Wuxi NIIT Information Technology Consulting Limited                                  | 60                               | China                    |
| 15    | Changzhou NIIT Information Technology Consulting Limited                             | 60                               | China                    |
| 16    | Chongqing NIIT Education Consulting Limited  | 60                               | China                    |
| 17    | Chongqing Shapingba NIIT Software Service Outsourcing Education School               | 60                               | China                    |
| 18    | Su Zhou NIIT Information Technology Consulting Ltd                                   | 60                               | China                    |
| 19    | PCEC NIIT Institute of Information Technology (Liquidated in April 2010)             | 100                              | China                    |
| 20    | PT NIIT Indonesia (Under Liquidation)  | 100                              | Indonesia                |
| 21    | NIIT Limited, UK   | 100                              | UK                       |
| 22    | NIIT Ventures Inc. USA   | 100                              | United States            |
| 23    | Element K Corporation, USA   | 100                              | United States            |
| 24    | Element K India Private Limited, India   | 100                              | India                    |
| 25    | Element K (UK) Limited, UK   | 100                              | United Kingdom           |
| 26    | Element K Canada Inc., Canada  | 100                              | Canada                   |

- (b) During the year Suzhou NIIT Information Technology Consulting Limited was set up through Wuxi NIIT Information Technology Consulting Limited by investing Rs. 3,435,200/- (CNY 500,000). Wuxi NIIT Information Technology Consulting Limited is having full control over it.
- (c) During the Previous year, NIIT GC Limited passed a resolution to liquidate PCEC NIIT Institute of Information Technology ("PCEC Institute") on 15th October 2009. PCEC Institute ceased operation in November 2009. The assets and liabilities of PCEC Institute were transferred into Imperia Jing'an Center in December 2009 at book values, accordingly, loss of Rs. 467,351/- was recognised in the Consolidated Financial Statement in the year ended March 31, 2010. During the year, the Company has received letter for legal and tax de-registration.

## SCHEDULE '23': Notes to Consolidated Accounts for the year ended March 31, 2011 (Contd.)

2. (a) The details of associate companies (companies over which the Company exercises significant influence, which have been consolidated on "Equity Method") are as follows:

| Name of associate                              | Description of business | Percentage of ownership interest and voting power | Cost of Investment (Rs.) | Reporting dates used for consolidation |
|--|-------------------------|---|--------------------------|--|
| NIIT Technologies Limited and its subsidiaries | Software                | 24.46%  | 97,498,200               | March 31, 2011                         |

- (b) During the Previous year, the Company disposed off its holding in Aesthetic Technologies Private Limited for a consideration of Rs. 115,000/- and a loss of Rs. 1,880,662/- was charged to Profit and Loss Account in the year ended March 31, 2010.
- (c) During the year an amount of Rs. 83,129,910/- (net) of the Company's share in associate's Reserves and Surplus in respect of earlier years has been adjusted to respective Reserves and Surplus of the Company with the corresponding adjustment to the carrying value of investments.
11. Loans and Advances include un-amortised balance of Rs. 32,935,698/- (Previous year Rs. 34,825,967/-) pertaining to ancillary costs incurred in connection with the loans taken by a subsidiary, NIIT (USA) Inc., USA.
12. The net worth of Hole-in-the-wall Education Limited ("HIWEL") eroded fully in the year ended on March 31, 2007.
- The Company entered into fresh contracts and MOUs for project implementations during the current financial year, but the majority of contracts remain executable in the future.
- On the basis of business projections available with HIWEL along with letter of support from NIIT Limited, the accounts have been prepared on a going concern basis keeping in view of contracts and plans which would enable HIWEL to generate sufficient funds to carry out its operations. In view of this, the financial position of HIWEL is expected to improve in the ensuing financial year.
13. The Net worth of NIIT Institute of Finance Banking and Insurance Training Limited ("NIFBIT") stood eroded as at beginning of the year. NIFBIT reported a net loss before tax of Rs. 12,260,944/- for the year ended March 31, 2011. At the same time it witnessed an increase in student registrations and consequently increase in revenue from operations along with improvement in cash flows during the year. Based on its financial performance, the net worth position of NIFBIT is expected to improve. In view of the above and taking into consideration the letter of support from NIIT Limited, the financial statements have been prepared on a going concern basis.
14. The net worth of NIIT Institute of Process Excellence Limited ("NIPE") has substantially eroded as at March 31, 2011. Based on business plan of NIPE, the financial position is expected to improve in the ensuing financial year.
15. Pursuant to the sale of main business of NIIT Online Learning Limited ("NOLL") to the Company, NOLL has not yet undertaken any further business activity. Due to this reason, basic assumption of going concern of NOLL becomes doubtful. The management of NOLL is not contemplating liquidation and is evaluating business options though at present there is no concrete plan, but have represented that they shall take up suitable business at an opportune time. The assets and liabilities of NOLL are stated at realisable value and thus no further adjustments to the same are considered necessary.
16. The Company had acquired control in Evolv Services Limited ("Evolv") as on January 15, 2008 and was also issued 359,780 warrants, each warrant entitles to acquire one share of Evolv Services Limited at an exercise price of Rs. 50.55 per share aggregating to Rs. 18,186,879/-. During the Previous year, Company had exercised these warrants to acquire equal number of shares in the share capital of Evolv. This had resulted into a further increase in proportion of shareholding to 61.15%. The promoters of Evolv have an option to sell ("Put Option") their remaining shareholding to NIIT Limited at the put option price determined by a price valuer as on the date of exercise of the put option. Similarly, NIIT Limited has the option to purchase ("Call

## SCHEDULE '23': Notes to Consolidated Accounts for the year ended March 31, 2011 (Contd.)

Option"), 83% of the remaining shares of the Sellers' shareholding at a call option price determined by price valuer as on the date of exercise of the call option.

17. The Company's wholly owned domestic subsidiary 'Scantech Evaluation Services Limited' has declared dividend amounting to Rs. 832.44 lacs (Previous year Rs. 782.89 lacs) during the year. In terms of provisions of sub-section 1A of Section 115 O of the Income Tax Act 1961, liability for dividend distribution tax of Rs. 401.74 Lacs is inclusive of the dividend distribution tax paid by the subsidiary company amounting to Rs. 135.04 lacs (Previous year Rs. 133.05 lacs).
18. During the year the Company has paid additional loan of Rs. 200 lacs to NIIT Institute of Information Technology. Subsequent to the Bank withdrawing the subordination requirements on the loan, NIIT Institute of Information Technology has repaid total outstanding loan amounting to Rs. 4,603 Lacs during the year and there is no loan outstanding as on March 31, 2011.
19. During the year, the Company has further invested a sum of Rs. 150 Lacs (Previous year Rs. 750 Lacs) in its subsidiary Company, NIIT Institute of Process Excellence Limited ('NIPE'). NIPE was incorporated on April 2, 2008 vide board resolution dated March 17, 2008. The Company holds 75% of the paid up capital with the balance being held by Genpact India Holdings. Out of the Previous year investment, shares for an amount of Rs. 300 Lacs remained pending for allotment to the Company. These shares were allotted to the Company during current year.
20. The holding Companies, namely NIIT (USA) Inc. USA and NIIT Ventures Inc. USA are supporting Element K Corporation, USA, by extending the repayment of the principal amount of the loans that existed at the beginning of the year. Element K Corporation, USA, has made a net repayment of Rs. 66,600,000 [USD 1,500,000] in respect of these loans during the current financial year. Element K Corporation, USA, is expected to further improve the liquidity and financial position due to its plans to diversify businesses across geographies; new products launched as well as under development. Further, NIIT Limited has issued a letter of support to NIIT (USA) Inc., USA and NIIT Ventures Inc., USA.
21. During the financial year 2008-09, Chongqing NIIT Education Consulting Limited, China had received government grants amounting to Rs. 7,456,200/- (CNY 1,000,000) and NIIT Wuxi Service Outsourcing Training School had received government grants amounting to Rs. 1,541,636/- (CNY 206,759) from Chongqing Fiscal Bureau for incentive of NIIT Chongqing's establishment and from Wuxi National Hi-tech Industrial Development Area Administration Committee to encourage and support NIIT Wuxi's development. The grant money was invested for the intended purpose, hence the proportionate amount of Rs. 1,374,080/- (Previous year 3,032,876/-) has been credited to other income.
22. During the year, the Company has disposed off its entire holding of 10,950,000 fully paid up Equity Shares of Rs. 10/- each in its wholly owned subsidiary NEO Multimedia Limited (Formerly known as NIIT Multimedia Limited ) for a net consideration (net of expenses) of Rs. 317,584,207/- on March 30, 2011. The amount of Rs. 214,226,943/- has been recognised as Profit on Sale of Investment. Accordingly, NEO Multimedia Limited ceases to be a subsidiary of the Company and profit on disposal has been determined as below:

| Particulars                     | Amounts (Rs.)      |
|---------------------------------|--------------------|
| Cash & Bank                     | 47,684             |
| Fixed Assets                    | 91,432,645         |
| Capital Advances                | 15,937,367         |
| Miscellaneous Expenses          | 834,531            |
| <b>Total Assets</b>             | <b>108,252,227</b> |
| Current Liabilities             | 4,894,963          |
| <b>Total Liabilities</b>        | <b>4,894,963</b>   |
| <b>Net Assets</b>               | <b>103,357,264</b> |
| Consideration (net of expenses) | 317,584,207        |
| <b>Net profit</b>               | <b>214,226,943</b> |

**SCHEDULE '23': Notes to Consolidated Accounts for the year ended March 31, 2011 (Contd.)**

23. During the year the company has contributed an amount of Rs. 720 Lacs towards donations including Rs. 715 Lacs (Previous year Rs. 150 Lacs) in the corpus of The NIIT Institute of Information Technology, a society registered under the Societies Registration Act, 1860 which is within the overall limits approved by the shareholders. This amount has been shown as an exceptional item in the Profit and Loss Account.
24. During the financial year, the Company has been granted approval for setting up unit in Special Economic Zone ('SEZ'). The Company has subsequently started the process of setting up its unit in SEZ, few employees have been recruited in the SEZ unit who are undergoing training. As at end of the financial year, no production or development activities have started in SEZ unit. Production, development and revenue generating activities are expected to start in the first quarter of Financial Year 2011-12.

**25. RELATED PARTY DISCLOSURES AS PER ACCOUNTING STANDARD 18****a). Related parties with whom the Group has transacted:****Associate Companies**

1. NIIT Technologies Limited
2. NIIT Technologies Inc., USA
3. NIIT Technologies Pte Limited, Singapore
4. NIIT GIS Limited
5. NIIT Technologies Limited, UK
6. NIIT Smart Serve Limited, UK
7. NIIT Technologies Pty Limited
8. NIIT Insurance Technologies Limited, UK
9. NIIT Smart Serve Limited, India

**Key Managerial Personnel**

1. Rajendra S Pawar (Chairman and Managing Director)
2. Vijay K Thadani (Chief Executive Officer and Whole-time Director)
3. P Rajendran (Chief Operating Officer and Whole-time Director)

**Relatives of Key Managerial Personnel**

1. Renuka Thadani (Wife of Vijay K Thadani)
2. Veena Oberoi (Sister of Vijay K Thadani)
3. Sudha Rajendran (Wife of P. Rajendran)

**Parties in which the Key Managerial Personnel of the Group are interested**

1. NIIT Institute of Information Technology
2. NIIT Education Society
3. Pace Industries Private Limited

**SCHEDULE '23': Notes to Consolidated Accounts for the year ended March 31, 2011 (Contd.)**
**b) Details of significant transactions and balances with related parties on an arms' length basis:**

| Nature of Transactions                 | Associates                  | Key Managerial Personnel   | Relatives of Key Managerial Personnel | Parties in which Key Managerial Personnel of the Group are interested | Total                        |
|--|-----------------------------|----------------------------|---------------------------------------|---|------------------------------|
|  | (Rs.)                       | (Rs.)                      | (Rs.)                                 | (Rs.)   | (Rs.)                        |
| Purchase of goods<br>(Note 1)          | -<br>(-)                    | -<br>(-)                   | -<br>(-)                              | 33,000<br>(-)   | 33,000<br>(-)                |
| Sale of Goods<br>(Note 2)              | 1,889,760<br>(-)            | -<br>(-)                   | -<br>(-)                              | 2,866,485<br>(2,459,290)  | 4,756,245<br>(2,459,290)     |
| Rendering of services to<br>(Note 3)   | 35,344,710<br>(11,238,360)  | -<br>(-)                   | -<br>(-)                              | 99,157<br>(5,054,906)   | 35,443,867<br>(16,293,266)   |
| Receiving of services from<br>(Note 4) | 90,967,770<br>(43,366,111)  | -<br>(-)                   | -<br>(-)                              | -<br>(-)  | 90,967,770<br>(43,366,111)   |
| Purchase of fixed assets<br>(Note 5)   | 554,754<br>(-)              | -<br>(-)                   | -<br>(-)                              | -<br>(-)  | 554,754<br>(-)               |
| Sale of Fixed Assets<br>(Note 6)       | 61,932<br>(-)               | -<br>(-)                   | -<br>(-)                              | 4,189,783<br>(-)  | 4,251,715<br>(-)             |
| Recovery of expenses from<br>(Note 7)  | 34,500,147<br>(39,362,267)  | -<br>(-)                   | -<br>(-)                              | 9,354,380<br>(3,526,458)  | 43,854,527<br>(42,888,725)   |
| Recovery of expenses by<br>(Note 8)    | 13,682,678<br>(15,900,726)  | -<br>(-)                   | -<br>(-)                              | -<br>(-)  | 13,682,678<br>(15,900,726)   |
| Loans Given<br>(Note 9)                | -<br>(-)                    | -<br>(-)                   | -<br>(-)                              | 20,000,000<br>(189,000,000)   | 20,000,000<br>(189,000,000)  |
| Loans Given Received Back<br>(Note 10) | -<br>(-)                    | -<br>(-)                   | -<br>(-)                              | 463,800,000<br>(185,000,000)  | 463,800,000<br>(185,000,000) |
| Interest Income<br>(Note 11)           | -<br>(-)                    | -<br>(-)                   | -<br>(-)                              | 49,687,364<br>(63,237,426)  | 49,687,364<br>(63,237,426)   |
| Dividend Income<br>(Note 12)           | 101,454,360<br>(94,207,620) | -<br>(-)                   | -<br>(-)                              | -<br>(-)  | 101,454,360<br>(94,207,620)  |
| Remuneration<br>(Note 13)              | -<br>(-)                    | 37,200,829<br>(30,727,208) | -<br>(-)                              | -<br>(-)  | 37,200,829<br>(30,727,208)   |
| Other expenses<br>(Note 14)            | -<br>(-)                    | -<br>(-)                   | 1,152,000<br>(1,056,000)              | 71,932,000<br>(15,432,000)  | 73,084,000<br>(16,488,000)   |
| Other Income<br>(Note 15)              | -<br>(-)                    | -<br>(-)                   | -<br>(-)                              | 867,820<br>(-)  | 867,820<br>(-)               |
| Loan Received<br>(Note 16)             | 161,218,847<br>(-)          | -<br>(-)                   | -<br>(-)                              | -<br>(-)  | 161,218,847<br>(-)           |
| Loan Received paid back<br>(Note 17)   | 161,218,847<br>(-)          | -<br>(-)                   | -<br>(-)                              | -<br>(-)  | 161,218,847<br>(-)           |
| Interest Expense<br>(Note 18)          | 1,256,843<br>(-)            | -<br>(-)                   | -<br>(-)                              | -<br>(-)  | 1,256,843<br>(-)             |

**SCHEDULE '23': Notes to Consolidated Accounts for the year ended March 31, 2011 (Contd.)****Notes:**

Previous year figures are given in parenthesis.

1. Includes Purchase of Goods From:
  - NIIT Institute of Information Technology Rs. 0.33 Lacs (Previous year Nil)
2. Includes Sale of Goods to:
  - NIIT Institute of Information Technology Rs. 28.66 Lacs (Previous year Rs. 24.59 Lacs)
  - NIIT Technologies Limited Rs. 18.90 Lacs (Previous year Nil)
3. Includes Rendering of Services to:
  - NIIT Technologies Limited Rs. 271.74 Lacs (Previous year Rs. 78.12 Lacs)
  - NIIT Technologies Pte Limited, Singapore Rs. 28.04 Lacs (Previous year Rs. 34.16 Lacs)
  - NIIT Institute of Information Technology Rs. 0.99 Lacs (Previous year Rs. 50.55 Lacs)
  - NIIT Smart Serve Limited, India Rs. 0.16 Lacs (Previous year Nil)
  - NIIT Technologies Limited, UK Rs. 53.51 Lacs (Previous year Nil)
4. Includes Receiving of Services from:
  - NIIT Smart Serve Limited, UK Rs. 523.11 Lacs (Previous year Rs. 225.45 Lacs)
  - NIIT Smart Serve Limited, India Rs. 205.53 Lacs (Previous year Rs. 75.35 Lacs)
  - NIIT Technologies Pty Limited Rs. 61.78 Lacs (Previous year Rs. 80.86 Lacs)
  - NIIT Technologies Pte Limited, Singapore Rs. 38.70 Lacs (Previous year Rs. 46.07 Lacs)
  - NIIT GIS Limited Rs. 3.73 Lacs (Previous year Rs. 5.94 Lacs)
  - NIIT Technologies Inc., USA Rs. 5.97 Lacs (Previous year Nil)
  - NIIT Technologies Limited Rs. 70.85 Lacs (Previous year Nil)
5. Includes Purchase of Fixed Assets from:
  - NIIT Technologies Limited Rs. 5.55 Lacs (Previous year Nil)
6. Includes Sale of Fixed Assets to:
  - NIIT Institute of Information Technology Rs. 41.90 Lacs (Previous year Nil)
  - NIIT Technologies Limited Rs. 0.62 Lacs (Previous year Nil)
7. Includes Recovery of Expenses from:
  - NIIT Technologies Limited Rs. 108.30 Lacs (Previous year Rs. 283.51 Lacs)
  - NIIT GIS Limited Rs. 18.08 Lacs (Previous year Rs. 11.49 Lacs)
  - NIIT Institute of Information Technology Rs. 93.54 Lacs (Previous year Rs. 35.26 Lacs)
  - NIIT Technologies Inc., USA Rs. 211.27 Lacs (Previous year Rs. 94.92 Lacs)
  - NIIT Smart Serve Limited, India Rs. 7.35 Lacs (Previous year Rs. 3.54 Lacs)
8. Includes Recovery of Expenses by:
  - NIIT Technologies Limited Rs. 93.93 Lacs (Previous year Rs. 96.06 Lacs)
  - NIIT Technologies Limited, UK Rs. 38.37 Lacs (Previous year Nil)
  - NIIT Technologies Inc., USA Rs. 4.52 Lacs (Previous year Rs. 8.61 Lacs)
  - NIIT Technologies Pty Limited Nil (Previous year Rs. 1.20 Lacs)
  - NIIT Technologies Pte Limited, Singapore Nil (Previous year Rs. 53.12 Lacs)
9. Loan Given relates to:
  - NIIT Institute of Information Technology Rs. 200 Lacs (Previous year Rs. 1,890 Lacs)
10. Loans Given Received Back relates to:
  - NIIT Education Society Rs. 35 Lacs (Previous year Nil)
  - NIIT Institute of Information Technology Rs. 4,603 Lacs (Previous year Rs. 1,850 Lacs)
11. Interest Income from:
  - NIIT Education Society Rs. 0.55 Lacs (Previous year Rs. 2.80 Lacs)
  - NIIT Institute of Information Technology Rs. 496.32 Lacs (Previous year Rs. 629.57 Lacs)
12. Includes Dividend Income from:
  - NIIT Technologies Limited, India Rs. 1,014.54 Lacs (Previous year Rs. 942.08 Lacs)

## SCHEDULE '23': Notes to Consolidated Accounts for the year ended March 31, 2011 (Contd.)

13. Remuneration Paid to :
  - Rajendra S Pawar Rs. 100.43 Lacs (Previous year Rs. 90.06 Lacs)
  - Vijay K Thadani Rs. 163.20 Lacs (Previous year Rs. 90.37 Lacs)
  - P Rajendran Rs. 108.38 Lacs (Previous year Rs. 126.85 Lacs)
14. Other Expenses includes:
  - Renuka Thadani Rs. 7.20 Lacs (Previous year Rs. 6.24 Lacs)
  - Veena Oberoi Rs. 4.32 Lacs (Previous year Rs. 4.32 Lacs)
  - Pace Industries Private Limited Rs. 4.32 Lacs (Previous year Rs. 4.32 Lacs)
  - Donations to NIIT Institute of Information Technology Rs. 715 Lacs (Previous year Rs. 150 Lacs)
15. Other Income includes:
  - NIIT Institute of Information Technology Rs. 8.68 Lacs (Previous year Nil)
16. Includes Loans Received from:
  - NIIT Insurance Technologies Limited, UK Rs. 701.63 Lacs ( Previous year Nil)
  - NIIT Technologies Inc., USA Rs. 910.56 Lacs (Previous year Nil)
17. Includes Loans Received repaid to:
  - NIIT Technologies Inc., USA Rs. 910.56 Lacs (Previous year Nil)
  - NIIT Insurance Technologies Limited, UK 701.63 Lacs (Previous year Nil)
18. Includes Interest Paid to:
  - NIIT Technologies Inc. , USA Rs. 7.11 Lacs (Previous year Nil)
  - NIIT Insurance Technologies Limited, UK Rs. 5.46 Lacs (Previous year Nil)
19. Commitment to support NIIT Institute of Information Technology to meet the shortfall if any in their project.

### c) Balance as on March 31, 2011

| Nature of Transactions | Associates                | Key Managerial Personnel | Relatives of Key Managerial Personnel | Parties in which Key Managerial Personnel of the Group are interested | Total                        |
|------------------------|---------------------------|--------------------------|---------------------------------------|---|------------------------------|
|                        | (Rs.)                     | (Rs.)                    | (Rs.)                                 | (Rs.)   | (Rs.)                        |
| Receivable             | 24,628,113<br>(8,667,337) | -<br>(-)                 | -<br>(-)                              | 12,712,484<br>(444,266,262)   | 3 7,340,597<br>(452,933,599) |
| Payable                | 21,517,072<br>(6,992,932) | -<br>(6,000,000)         | -<br>(-)                              | 1,768,742<br>(2,194,883)  | 23,285,814<br>(15,187,815)   |

26. The Group is internally developing software tools, platforms and content/courseware. The Investments would expand the business of the Group in existing and new markets, enhance capabilities of its products and software and offer more technology based learning products/ solutions to the customers in future. The Group is confident of its ability to generate future economic benefits out of the above mentioned assets. The costs incurred towards the development is as follows:

| Particulars                        | Year ended<br>March 31, 2011 (Rs.) | Year ended<br>March 31, 2010 (Rs.) |
|------------------------------------|------------------------------------|------------------------------------|
| Salary and Other employee benefits | 363,101,468                        | 292,629,448                        |
| Professional Charges               | 74,661,734                         | 51,165,699                         |
| Rent                               | 26,097,168                         | 19,670,305                         |
| Electricity and Water              | 1,946,176                          | 4,810,385                          |
| Direct Production Overheads        | 97,228,921                         | 12,740,906                         |
| Other Expenses                     | 19,376,120                         | 17,110,360                         |
| <b>Total</b>                       | <b>582,411,587</b>                 | <b>398,127,103</b>                 |



## SCHEDULE '23': Notes to Consolidated Accounts for the year ended March 31, 2011 (Contd.)

### 27. SEGMENT INFORMATION

#### Primary Segment information – Business Segment

The sub businesses are fully aligned to global learning business of the Group and the same are being viewed by the management as a single primary segment, i.e. learning business segment.

#### Secondary Segment information – Geography

The secondary segment information in relation to the geographies is as follows;

(Amount in Rs. Lacs)

| Particulars       | Revenue from Customers by location of customers | Carrying amount of segment assets by location of the assets | Additions to fixed assets |
|-------------------|---|---|---------------------------|
| India             | 60,976<br>(60,502)                              | 82,177<br>(75,029)  | 5,063<br>(6,292)          |
| America           | 54,512<br>(51,255)                              | 57,910<br>(54,157)  | 3,906<br>(3,056)          |
| Europe            | 2,967<br>(2,377)                                | 1,656<br>(1,364)  | 2<br>(-)                  |
| Rest of the world | 6,373<br>(5,801)                                | 3,000<br>(2,622)  | 52<br>(146)               |
| <b>Total</b>      | <b>124,828<br/>(119,935)</b>                    | <b>144,743<br/>(133,172)</b>                                | <b>9,023<br/>(9,494)</b>  |

Previous year figures are given in parenthesis.

### 28. TAXATION

- Upon finalization of Income Tax Return of the Company for Assessment year 2010-11 an amount of Rs. 31.54 Lacs (net) has been charged during the year.
- During the year the Company has provided for an amount of Rs. 15 Lacs pertaining to Tax Payable as per Norwegian Tax Laws and a similar amount has been reduced from the Tax Expense as the same shall be claimed as a relief under section 90 of the Indian Income Tax Act, 1961.

**SCHEDULE '23': Notes to Consolidated Accounts for the year ended March 31, 2011 (Contd.)**

- iii. Break up of Deferred Tax Assets/ Liabilities and reconciliation of current year deferred tax credit is as follows:

**GEOGRAPHY : INDIA**
**(Amount in Rs. Lacs)**

| Particulars  | Balance as at<br>01.04.2010 | Charged/ (Credited)<br>to Profit and Loss<br>Account | Balance as at<br>31.03.2011 |
|--|-----------------------------|--|-----------------------------|
| <b>Deferred Tax Liabilities:</b>   |                             |  |                             |
| a) Tax impact of difference between carrying amount of fixed assets in the financial statements and as per the income tax calculation.   | 977                         | (432)  | 545                         |
| <b>Total (A)</b>   | <b>977</b>                  | <b>(432)</b>   | <b>545</b>                  |
| <b>Deferred Tax Assets:</b>  |                             |  |                             |
| a) Tax impact of expenses charged in the financial statements but allowable as deductions in future years under income tax:  |                             |  |                             |
| - Provision for doubtful debts and Advances  | (622)                       | 222  | (400)                       |
| - Provision for Inventory  | (18)                        | (3)  | (21)                        |
| - Provision for Compensated Absences, Bonus and Gratuity and other timing differences  | (272)                       | (4)  | (276)                       |
| - Deferred Income on sale and lease back transaction   | (51)                        | 12   | (39)                        |
| - Provision for Employee Reimbursements on claim basis   | -                           | (79)   | (79)                        |
| b) Tax impact of difference between carrying amount of fixed assets in the financial statements and as per the income tax calculation which originate during the tax holiday period but which reverses after the tax holiday period. | (20)                        | 3  | (17)                        |
| <b>Total (B)</b>   | <b>(983)</b>                | <b>151</b>   | <b>(832)</b>                |
| <b>Net Deferred Tax Liabilities/ (Assets) (A+B)</b>  | <b>(6)</b>                  | <b>(281)</b>   | <b>(287)</b>                |
| Previous year  | (677)                       | 671  | (6)                         |

**SCHEDULE '23': Notes to Consolidated Accounts for the year ended March 31, 2011 (Contd.)**
**GEOGRAPHY : USA**
**(Amount in Rs. Lacs)**

| Particulars  | Balance as at<br>01.04.2010 | Charged/<br>(Credited) to Profit<br>and Loss Account | Currency<br>Translation<br>Adjustment | Balance as at<br>31.03.2011 |
|--|-----------------------------|--|---------------------------------------|-----------------------------|
| <b>Deferred Tax Liabilities:</b>   |                             |  |                                       |                             |
| a) Tax impact of difference between carrying amount of fixed assets in the financial statements and as per the income tax calculation. | 79                          | 57   | (2)                                   | 134                         |
| b) Impact of expenses prepaid in financial statements but allowed as deduction in current year   | 1,179                       | 167  | (19)                                  | 1327                        |
| <b>Total (A)</b>   | <b>1,258</b>                | <b>224</b>   | <b>(21)</b>                           | <b>1,461</b>                |
| <b>Deferred Tax Assets:</b>  |                             |  |                                       |                             |
| a) Tax impact of expenses charged in the financial statements but allowable as deductions in future years under income tax:            |                             |  |                                       |                             |
| - Provision for doubtful debts and Advances  | (104)                       | (7)  | 1                                     | (110)                       |
| - Provision for Compensated Absences, Bonus and Gratuity and other timing differences  | (241)                       | (276)  | 10                                    | (507)                       |
| - Difference in carrying amount of Goodwill  | (127)                       | -  | 1                                     | (126)                       |
| - Deferred Revenue   | (1,273)                     | 129  | 14                                    | (1,130)                     |
| b) Carry forward unabsorbed losses/ depreciation   | (2,347)                     | (70)   | 32                                    | (2,385)                     |
| <b>Total (B)</b>   | <b>(4,092)</b>              | <b>(224)</b>   | <b>58</b>                             | <b>(4,258)</b>              |
| <b>Net Deferred Tax Liabilities/ (Assets) (A+B)</b>  | <b>(2,834)</b>              | <b>-</b>   | <b>37</b>                             | <b>(2,797)</b>              |
| Previous year  | (2,695)                     | (478)  | 339                                   | (2,834)                     |

**Note:** Company is confident of recoverability of carrying value of deferred tax asset created on carried forward losses as the future taxable profits, based on orders in hand and anticipated revenue based on Previous years revenue trends, are sufficient to realize the deferred tax asset as at the year end.

**SCHEDULE '23': Notes to Consolidated Accounts for the year ended March 31, 2011 (Contd.)**
**GEOGRAPHY : CHINA & OTHERS**
**(Amount in Rs. Lacs)**

| Particulars   | Balance as at<br>01.04.2010 | Charged/<br>(Credited) to Profit<br>and Loss Account | Currency<br>Translation<br>Adjustment | Balance as at<br>31.03.2011 |
|---|-----------------------------|--|---------------------------------------|-----------------------------|
| <b>Deferred Tax Liabilities:</b>  |                             |  |                                       |                             |
| a) Others   | 50                          | 147  | -                                     | 197                         |
| <b>Total (A)</b>  | <b>50</b>                   | <b>147</b>   | <b>-</b>                              | <b>197</b>                  |
| <b>Deferred Tax Assets:</b>   |                             |  |                                       |                             |
| a) Tax impact of expenses charged in the financial statements but allowable as deductions in future years under income tax: |                             |  |                                       |                             |
| - Provision for doubtful debts and Advances   | (52)                        | (37)   | (2)                                   | (91)                        |
| - Provision for Compensated Absences, Bonus and Gratuity and other timing differences                                       | (114)                       | 37   | (3)                                   | (81)                        |
| - Deferred Revenue  | (19)                        | 10   | (1)                                   | (9)                         |
| <b>Total (B)</b>  | <b>(185)</b>                | <b>10</b>  | <b>(6)</b>                            | <b>(181)</b>                |
| <b>Net Deferred Tax Liabilities/(Assets) (A+B)</b>  | <b>(135)</b>                | <b>157</b>   | <b>(6)</b>                            | <b>16</b>                   |
| Previous year   | (67)                        | (125)  | 57                                    | (135)                       |

- i. Deferred Tax Assets and Liabilities are being offset to the extent they relate to taxes on income levied by the same governing tax laws.
- ii. Deferred Tax Asset on long term capital losses has not been considered in absence of virtual certainty of availability of Long term capital gains.

**29. a) Movement of Provision for Doubtful Debts during the year**
**(Amount in Rs. Lacs)**

| Particulars                                    | Year ended<br>March 31, 2011 | Year ended<br>March 31, 2010 |
|--|------------------------------|------------------------------|
| Opening Provision                              | 7,376                        | 8,478                        |
| Add: Additional Provisions created             | 1,577                        | 1,774                        |
| (Less): Bad Debts written off                  | (1,839)                      | (2,209)                      |
| Add/ (Less) : Currency Translation Adjustments | (57)                         | (667)                        |
| Closing Provision                              | 7,057                        | 7,376                        |

- b) Certain overdue debtor balances aggregating to Rs. 6,768.29 Lacs (Previous year Rs. 1,509.10 Lacs) relating to government customers are not provided for based on confirmations/ acknowledgment for services rendered. The management is taking appropriate action for recovery of the amounts and is confident of recovery of the same.

**SCHEDULE '23': Notes to Consolidated Accounts for the year ended March 31, 2011 (Contd.)**
**30. EARNINGS PER SHARE**

| Particulars  | Yeare nded<br>March 31, 2011 | Yeare nded<br>March 31, 2010 |
|--|------------------------------|------------------------------|
| Profit attributable to Equity Shareholders (Rs.) -(A)  | 921,795,488                  | 702,304,323                  |
| Weighted average number of Equity Shares outstanding during the year (Nos.) – (B)  | 165,095,597                  | 165,057,116                  |
| Add : Effect of Potential Dilutive Shares (being Stock options) (Nos.)   | -                            | -                            |
| Weighted average shares outstanding considered for determining Diluted Earnings per Share (Nos.) - (C)                         | 165,095,597                  | 165,057,116                  |
| Nominal Value of Equity Shares (Rs.)   | 2/-                          | 2/-                          |
| Basic Earnings per Share (Rs.) (A/B)   | 5.58                         | 4.25                         |
| Diluted Earnings per Share (Rs.) (A/C)   | 5.58                         | 4.25                         |
| <b>EARNINGS PER SHARE [had fair value method been employed for accounting for Employee Stock Options (Refer Note 8 above)]</b> |                              |                              |
| Profit attributable to Equity Shareholders (Rs.) - (D)   | 826,746,138                  | 640,766,330                  |
| Basic Earnings per Share (Rs.) (D/B)   | 5.01                         | 3.88                         |
| Diluted Earnings per Share (Rs.) (D/C)   | 5.01                         | 3.88                         |

**31. LEASES**
**a) Operating Leases**

Total of future Minimum Lease Payments under non-cancelable leases outstanding at the Balance Sheet date:

| Particulars                                  | Amount (Rs.)           |                        |
|--|------------------------|------------------------|
|  | As at<br>March 31,2011 | As at<br>March 31,2010 |
| Not later than 1 year                        | 209,745,032            | 121,925,718            |
| Later than 1 year but not later than 5 years | 694,052,243            | 325,180,473            |
| Later than 5 years                           | 95,394,998             | 151,847,068            |

Aggregate payments during the year under operating leases in respect of equipments, vehicles and premises for office and employees accommodation amounting to Rs. 543,286,488/- (Previous year Rs. 510,278,176/-).

Total of future minimum sublease receipts (in respect of premises) expected to be received under non-cancelable subleases at the closing of the Balance Sheet amount to Rs. 25,380,461/- (Previous year Rs. 34,270,158/-). Sub lease receipts recognised in the statement of Profit and Loss for the year amounted to Rs. 5,908,793/- (Previous year Rs. 8,639,222/-). The sublease has been netted off against the respective lease rental expenses in the Profit and Loss Account.

**b) Finance Leases**

- Asset acquired under finance lease comprising of plant & machinery and furniture & fixtures. There are no exceptional/ restrictive covenants in the lease agreements.

**SCHEDULE '23': Notes to Consolidated Accounts for the year ended March 31, 2011 (Contd.)**

- ii. The minimum lease payment outstanding and their present value at the balance sheet date in respect of plant and machinery and furniture and fixtures that have been capitalised are as follows:

| Particulars                                  | Minimum lease payments<br>(Rs.) | Present value of lease payments<br>(Rs.) |
|--|---------------------------------|--|
| Not later than 1 year                        | 43,058,115<br>(47,521,398)      | 31,041,707<br>(32,387,557)               |
| Later than 1 year but not later than 5 years | 115,794,302<br>(143,664,950)    | 98,841,600<br>(116,076,911)              |

| Particulars                     | Amount (Rs.)                 |
|---------------------------------|------------------------------|
| Minimum Lease Payments as above | 158,852,417<br>(191,186,348) |
| Less : Finance Charge           | 28,969,110<br>(42,721,880)   |
| Present Value of Lease Payments | 129,883,307<br>(148,464,468) |

Previous year figures are given in parenthesis.

32. Previous year figures have been regrouped/ reclassified to conform to current year classifications.

**Signatures to the Schedule '1' to '23' above**

For and on behalf of the Board

**For Price Waterhouse**

Firm Registration No. : 301112E  
Chartered Accountants

**Rajendra S Pawar**

Chairman and Managing Director  
DIN - 00042516

**Vijay K Thadani**

CEO & Whole-time Director  
DIN - 00042527

**Usha Rajeev**

Partner  
Membership No. F-087191

**Ashok Arora**

Group Chief Financial Officer

**Jitender Mahajan**

Chief Financial Officer

**Rajesh Arora**

Company Secretary

Place : New Delhi

Date : May 10, 2011

# NIIT Limited



## Financial Summary of Subsidiary Companies as at March 31, 2011

(Pursuant to General Circular No. 2/2011 dated February 8, 2011 issued by Ministry of Corporate Affairs)

(Amount in Rs.)

| Name of the Subsidiary Company                                   | Currency # | Share Capital<br>[Refer Note 2 below] | Reserves<br>[Refer Note 3 below] | Total Assets<br>[Refer Note 4 below] | Total Liabilities | Details of Investment<br>(Except in case of Investment<br>in Subsidiary) | Turnover<br>[Refer Note 7 below] | Profit/ (Loss)<br>Before Taxation | Provision for Tax/<br>Deferred tax charge/(credit) | Profit After Tax | Proposed Dividend |
|--|------------|---------------------------------------|----------------------------------|--------------------------------------|-------------------|--|----------------------------------|-----------------------------------|--|------------------|-------------------|
| NIIT Online Learning Limited                                     | INR        | 4,387,998                             | 1,244,539                        | 5,683,827                            | 51,290            | 3,836,865<br>[Refer note 5 below]  | -                                | (150,908)                         | -  | (150,908)        | -                 |
| Hole-in-the-Wall Education Limited                               | INR        | 86,000,070                            | (116,344,229)                    | 39,001,585                           | 69,345,744        | -  | 27,716,310                       | (9,116,530)                       | -  | (9,116,530)      | -                 |
| Scantech Evaluation Services Limited                             | INR        | 99,100,000                            | 50,805,950                       | 246,833,299                          | 96,927,349        | 98,198,200<br>[Refer note 6 below]                                       | -                                | 111,529,575                       | 3,509,232  | 108,020,343      | 83,244,000        |
| NIIT Institute of Finance Banking and Insurance Training Limited | INR        | 100,333,340                           | (170,146,394)                    | 79,906,636                           | 149,719,690       | -  | 293,650,166                      | (12,260,944)                      | -  | (12,260,944)     | -                 |
| NIIT (USA) Inc., USA   | USD        | 1,136,130,696                         | (459,785,549)                    | 2,402,439,285                        | 1,726,094,138     | -  | 1,351,013,338                    | 47,704,585                        | 5,451,084  | 42,253,501       | -                 |
| NIIT Ventures Inc., USA  | USD        | 4,661                                 | (172,463,184)                    | 1,358,570,268                        | 1,531,028,791     | -  | -                                | (22,294,891)                      | -  | (22,294,891)     | -                 |
| Element K India Private Limited                                  | INR        | 320,120                               | 105,240,695                      | 129,510,590                          | 23,949,775        | -  | 148,870,731                      | 14,583,070                        | 3,425,000  | 11,158,070       | -                 |
| Element K Corporation, USA                                       | USD        | 466,151                               | (1,175,473,947)                  | 1,995,764,916                        | 3,170,772,712     | -  | 3,619,902,595                    | 128,623,583                       | 6,564,686  | 122,058,897      | -                 |
| Element K (UK) Limited   | GBP        | 77,771                                | (11,386,858)                     | 49,038,638                           | 60,347,725        | -  | 61,689,197                       | (25,020,273)                      | -  | (25,020,273)     | -                 |
| Element K Canada Inc.  | CAD        | 388                                   | (34,768,403)                     | 54,051,281                           | 88,819,296        | -  | 244,741,882                      | 10,649,761                        | -  | 10,649,761       | -                 |
| PT NIIT Indonesia, Indonesia                                     | IDR        | 7,560,000                             | (6,663,318)                      | 896,682                              | -                 | -  | -                                | -                                 | -  | -                | -                 |
| NIIT Antilles NV, Netherlands Antilles                           | USD        | 1,644,127,480                         | (1,000,309,415)                  | 918,361,499                          | 274,543,434       | -  | 546,647,431                      | 25,650,930                        | 2,159,046  | 23,491,884       | -                 |
| NIIT Malaysia Sdn Bhd, Malaysia                                  | MYR        | 71,098,787                            | (17,578,368)                     | 67,135,391                           | 13,614,972        | -  | 5,815,539                        | 1,101,142                         | -  | 1,101,142        | -                 |
| NIIT GC Limited, Mauritius                                       | USD        | 97,181,720                            | (80,921,844)                     | 59,765,603                           | 43,505,727        | -  | 1,103,200                        | (2,081,365)                       | -  | (2,081,365)      | -                 |
| NIIT China (Shanghai) Limited, Shanghai                          | CNY        | 10,250,891                            | 62,259,567                       | 180,687,793                          | 108,177,335       | -  | 223,310,698                      | 3,417,959                         | (651,126)  | 4,069,085        | -                 |
| NIIT Wuxi Service Outsourcing Training School                    | CNY        | 2,702,016                             | 40,818,012                       | 73,887,589                           | 30,367,561        | -  | 117,493,809                      | 31,605,956                        | 8,801,411  | 22,804,545       | -                 |
| NIIT Limited, U.K.   | GBP        | 12,649,466                            | 9,255,833                        | 199,367,017                          | 177,461,718       | -  | 230,445,865                      | 8,065,756                         | 3,080,484  | 4,985,272        | -                 |
| Evolv Services Limited   | INR        | 14,607,733                            | (2,772,156)                      | 63,781,324                           | 51,945,747        | -  | 97,798,478                       | (3,176,440)                       | -  | (3,176,440)      | -                 |
| NIIT Institute of Process Excellence Limited                     | INR        | 180,000,000                           | (172,963,240)                    | 54,940,139                           | 47,903,379        | -  | 87,947,709                       | (63,363,240)                      | -  | (63,363,240)     | -                 |
| Chongqing NIIT Education Consulting Limited                      | CNY        | 3,681,180                             | 6,326,731                        | 36,156,650                           | 26,148,739        | -  | 39,480,598                       | 7,618,581                         | 1,394,124  | 6,224,457        | -                 |
| Wuxi NIIT Information Technology Consulting Limited              | CNY        | 5,732,480                             | (312,814)                        | 6,908,197                            | 1,488,531         | -  | -                                | (70,115)                          | -  | (70,115)         | -                 |
| Changzhou NIIT Information Technology Consulting Limited         | CNY        | 3,434,150                             | (1,407,483)                      | 3,646,770                            | 1,620,103         | -  | 9,007,886                        | (773,991)                         | (74,647)   | (699,344)        | -                 |
| Su Zhou NIIT Information Technology Consulting Limited           | CNY        | 3,435,200                             | (3,373,687)                      | 5,177,644                            | 5,116,131         | -  | 3,215,538                        | (3,411,386)                       | (38,474)   | (3,372,912)      | -                 |

# Local currency of the respective entity in which financials are made.

### Notes:

1. Amount in foreign currency in the Financial Statement of the subsidiaries mentioned above have been converted in Indian Rupee equivalent as per the generally accepted accounting principles in India.
2. Includes Employees Stock Option Outstanding and share application money.
3. Reserves include Currency Translation Reserve.
4. Total asset includes miscellaneous expenditure to the extent not written off.
5. Amount represents investment in Mutual Funds.
6. Amount represents investment in NIIT Technologies Limited Rs. 974.98 Lacs and Rs. 7 Lacs in Mutual Funds.
7. Turnover does not include Other Income.

Indian rupee equivalents of the foreign currencies mentioned in the above table as on March 31, 2011 is as follows:

1 IDR = 0.0051 INR      1 CNY = 6.7848 INR      1 BHD = 117.7578 INR  
1 CAD = 45.6995 INR      1 USD = 44.4000 INR      1 GBP = 71.2818 INR  
1 MYR = 14.6777 INR

# NOTES

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# NOTES

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# NOTES

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# NIIT

## NIIT Limited

Regd. Office : B-234, Okhla Ind. Area, Phase-I, New Delhi 110020

### PROXY FORM

Folio No. \_\_\_\_\_ DP-ID No. \_\_\_\_\_ Client ID No. \_\_\_\_\_  
I/We \_\_\_\_\_ of \_\_\_\_\_ in the  
district of \_\_\_\_\_ being a member/members of NIIT Limited, hereby appoint  
\_\_\_\_\_ of \_\_\_\_\_ in the district of  
\_\_\_\_\_ or failing him/her \_\_\_\_\_  
of \_\_\_\_\_ in the district of \_\_\_\_\_ as my/our Proxy  
to vote for me/us on my/our behalf at the Annual General Meeting of the Company to be held at 10.00 A.M.,  
at Parkland Exotica, Khasra No.123, Chattarpur Mandir Road, Satbari, New Delhi 110 074, on Friday, the  
1st day of July, 2011.

Affix  
Revenue  
Stamp here

Signature of Proxy

Signature of Member(s)

*Note : Proxies, in order to be effective must be deposited at the Registered Office of the Company not less than 48 hours before the commencement of the Meeting.*



# NIIT

## NIIT Limited

Regd. Office : B-234, Okhla Ind. Area, Phase-I, New Delhi 110020

### ATTENDANCE SHEET

(This attendance sheet duly filled in, to be handed over at the meeting)

Folio No. \_\_\_\_\_ DP-ID No. \_\_\_\_\_ Client ID No. \_\_\_\_\_

Name of the attending member (in block letters) \_\_\_\_\_

Name of Proxy(s) (in Block Letters) (to be filled in, if a proxy attends instead of the member) \_\_\_\_\_

No. of Shares held \_\_\_\_\_

I hereby record my presence at the Annual General Meeting being held at 10:00 A.M., at Parkland Exotica,  
Khasra No.123, Chattarpur Mandir Road, Satbari, New Delhi 110 074, on Friday, the 1st day of July, 2011

Member's/Proxy's Signature  
(to be signed at the time of handing over this sheet)

*Note: 1. Please bring this form with you to the Annual General Meeting  
2. The Registration Counter shall open at 09.00 A.M.*

**NO GIFTS / GIFT COUPONS WILL BE DISTRIBUTED AT THE MEETING**



# GLOBAL OPERATIONS



**Africa**

Botswana  
Ghana  
Libya  
Liberia  
Nigeria  
Senegal  
South Africa  
Sudan  
Zimbabwe  
Egypt

**Americas**

Canada  
Cuba  
El Salvador

Honduras  
Jamaica  
Mexico  
Nicaragua  
Peru  
USA

**Asia**

Afghanistan  
Bangladesh  
Bhutan  
Brunei  
Cambodia  
China  
India  
Indonesia

Iran  
Laos  
Malaysia  
Maldives  
Nepal  
Oman  
Qatar  
Sri Lanka  
Thailand  
Vietnam

**Europe**

Kazakhstan  
UK  
Norway

## AMERICAS

### United States of America

#### Principal Office:

#### NIIT (USA) Inc.

1050 Crown Pointe Parkway  
5th Floor Atlanta, GA 30338, USA  
Phone: +1 770 551 9494  
Fax: +1 770 551 9229

### Element K Corporation

500 Canal View Blvd  
Rochester, NY 14623, USA  
Phone: +585 240 7500  
Fax: +585 240 7760

### Cognitive Arts

500, Davis Drive, Suite 650  
Evanston, Illinois 60201, USA  
Phone: +1 847 425 8500  
Fax: +1 847 425 8510

### Netherlands Antilles

NIIT Antilles N.V.  
Landhuis Joonchi  
Kaya Richard J. Beaujon Z/N  
P.O. Box 837, Curacao  
Netherlands Antilles  
Phone: +599 9 736 6277  
Fax: +599 9 736 6161

### Canada

#### Element K Canada, Inc.

199 Bay Street, Suite 2800  
Toronto, ON M5L 1A9, Canada  
Phone: +585-240-7500  
Fax: +585-240-7760

## EUROPE

### United Kingdom

#### NIIT Limited

Wallbrook Building 5th Floor  
195 Marsh Wall, London  
E14 9SG United Kingdom  
Phone: +44 0 2070 335900  
Fax: +44 0 2070 335961

### Element K (UK) Limited

12B Talisman Business Centre  
Bicester, Oxon OX26 6HR, UK  
Phone: +585 240 7500  
Fax: +585 240 7760

## ASIA

### China

#### NIIT China (Shanghai) Ltd.

12C, Long Feng Mansion  
1566, Yan An West Road  
Shanghai -200052, PRC  
Phone: +86 21 52581540  
Fax: +86 21 52581541

### India

#### Registered Office

#### NIIT Limited

B-234 Okhla Industrial Area  
Phase-1, New Delhi 110 020, India  
Phone: +91 11 41407000  
Fax: +91 11 26817344

#### Corporate Office

#### NIIT Limited

85, Sector 32 Institutional  
Gurgaon 122 001, India  
Phone: +91 124 4293000  
Fax: +91 124 4293333

### Evolv Services Ltd.

A-11, Sector 2, Noida 201 301  
Phone: +91 120 2535055  
Fax: +91 120 2535058

### Malaysia

#### NIIT Malaysia Sdn Bhd

Suite G05  
2310 Century Square  
Jalan Usahawan  
63000 Cyberjaya  
Selangor, Malaysia  
Phone: +60 3 83135200  
Fax: +60 3 83135201

## MIDDLE EAST

### Dubai

#### NIIT Antilles NV Middle East (Branch)

Dubai Airport Free Zone  
Office No.531, 6EA East Wing  
PO Box – 293566  
Dubai, UAE  
Phone: +9714-4211369

## AFRICA

### Mauritius

#### NIIT GC Ltd.

6th Floor, Tower A,  
1 CyberCity,  
Ebene, Mauritius  
Phone: +230 403 6000  
Fax: +230 403 6060

### South Africa

#### NIIT Antilles NV

10 Casa Bella  
Stiglingh Road  
Morning Side  
Sandton, 2196  
Johannesburg, South Africa  
Phone: + 2778 7295762  
Fax: + 2711 8075008



Registered Office: NIIT Limited, B-234, Okhla Industrial Area Phase-I, New Delhi 110 020, India. Phone: +91 11 41407000; Fax: +91 11 26817344

## NOTICE

Notice is hereby given that the Twenty Eighth Annual General Meeting of the Members of NIIT Limited will be held on Friday, 1<sup>st</sup> day of July, 2011 at 10.00 A.M. at Parkland Exotica, Khasra No. 123, Chattarpur Mandir Road, Satbari, New Delhi – 110074, to transact the following business:

### ORDINARY BUSINESS

1. To receive, consider and adopt the Profit and Loss Account for the financial year ended March 31, 2011 and Balance Sheet as at that date together with the Reports of the Auditors and the Directors thereon.
2. To declare dividend on equity shares.
3. To appoint a Director in place of Mr. P. Rajendran, who retires by rotation and, being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. Vijay K. Thadani, who retires by rotation and, being eligible, offers himself for re-appointment.
5. To appoint M/s Price Waterhouse, Chartered Accountants, (registration number FRN301112E), as Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting and to authorize the Board of Directors to fix their remuneration.

### SPECIAL BUSINESS

#### 6. APPOINTMENT OF MS. MADHABI PURI BUCH, AS DIRECTOR OF THE COMPANY

To consider and, if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution**:

**"RESOLVED THAT** Ms. Madhabi Puri Buch, who was appointed as an Additional Director of the Company by the Board of Directors under Article 61 of the Articles of Association of the Company with effect from November 3, 2010 and who holds office, as such, under the said Article and pursuant to the provisions of Section 260 of the Companies Act, 1956 ('the Act') upto the date of this Annual General Meeting, and who is eligible for appointment under the relevant provisions of the Act, and in respect of whom the Company has

received a notice in writing from a member under Section 257 of the Act signifying his intention to propose her as a candidate for the office of the Director, be and is hereby appointed as a Director of the Company, liable to retire by rotation."

#### 7. RE-APPOINTMENT OF MR. RAJENDRA S. PAWAR AS MANAGING DIRECTOR OF THE COMPANY

To consider and, if thought fit, to pass, with or without modification(s), the following resolution as a **Special Resolution**:

**"RESOLVED THAT** pursuant to the provisions of Sections 198, 269, 309, 310, 311, 316, 317, Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 ('the Act') (including any amendment and /or re-enactment thereof), the Company hereby approves the re-appointment of Mr. Rajendra S. Pawar as Managing Director of the Company for a period of 5 (five) years with effect from January 24, 2012 on the terms and at remuneration as detailed in Explanatory Statement annexed hereto.

**RESOLVED FURTHER THAT** pursuant to the paragraphs (B) and (C) of Section II (1) of Part II of Schedule XIII and other applicable provisions, if any, of the Act and subject to such approvals as may be necessary, the Company be and is hereby authorized to pay the minimum remuneration, as detailed in the Explanatory Statement, to Mr. Pawar for that financial year, in which there is inadequacy or absence of profits, during the period of three years from the effective date of his appointment.

**RESOLVED FURTHER THAT** the Board of Directors be and is hereby authorised to increase, vary or amend the remuneration (within the allocated grades) including salary, allowances, perquisites and benefits, minimum remuneration and other terms of his appointment, from time to time, as deemed expedient or necessary."

By Order of the Board  
For NIIT Limited

Place : New Delhi  
Dated : May 23, 2011

**Rajesh Arora**  
Company Secretary

**NOTICE (Contd.)****NOTES:**

1. The Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of Special Businesses as set out above to be transacted at the Meeting is annexed hereto and forms part of this Notice.
2. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER. PROXIES, IN ORDER TO BE EFFECTIVE, MUST BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING. A BLANK PROXY FORM IS ATTACHED WITH ANNUAL REPORT.
3. Corporate Members intending to send their authorised representatives to attend the Meeting are requested to send a certified true copy of the Board Resolution authorizing their representative to attend and vote on their behalf at the Meeting.
4. All the documents referred in the Notice along with explanatory statement, Annual Report as well as Annual Accounts of the subsidiary companies and Register of Directors' Shareholding are open for inspection, during the business hours, at the Registered Office of the Company.
5. Statutory Auditors' certificate certifying that the Company's stock option plan has been implemented in accordance with the SEBI (Employees Stock Option Scheme and Employees Stock Purchase Scheme) Guidelines, 1999, and in accordance with the resolutions passed by the Members, will be available at the Meeting for inspection by the Members.
6. The Register of Members and Share Transfer Books of the Company shall remain closed during the Book Closure period, i.e. from June 24, 2011 to July 1, 2011 (both days inclusive). The dividend as recommended by the Board of Directors, if declared at the Meeting, will be paid to those Members whose names appear in the Company's Register of Members as on July 1, 2011, for shares held in physical form and the list of beneficial owners as furnished by the Depositories (NSDL and CDSL) as of the close of business hours on June 23, 2011 for shares held in electronic form.
7. While Members holding shares in physical form may write to the Company for any change in their address and bank mandates, Members having shares in electronic form may inform any change in address and bank details to their depository participant(s) immediately so as to enable the Company to dispatch dividend warrants at correct address.
8. The Members holding shares in the same name or same order of names under different folios are requested to send the share certificates for consolidation of such shares to the Company.
9. The Members desirous of appointing their nominees for the shares held by them may apply in the Nomination Form (Form 2B).
10. In order to provide protection against fraudulent encashment of dividend warrants, Members holding shares in physical form are requested to provide their bank account number, name and address of the bank/branch to enable the Company to incorporate the same in the dividend warrants.
11. All unclaimed/unpaid dividend up to the financial year ended on September 30, 2002, have been transferred to the Investor Education and Protection Fund (IEPF) of the Central Government pursuant to Section 205A of the Companies Act, 1956. Members who have not so far encashed dividend warrant(s) for the financial year ended March 31, 2004 and thereafter are requested to approach the Company by writing a letter to the Company at Registered Office address, immediately.  
  
The Members are also requested to apply for revalidation / issue of demand drafts for the unclaimed / unpaid amount against sale proceeds of fractional shares, which was payable on account of demerger scheme. Such request for revalidation / issue of demand draft shall be sent to the Company on or before October 12, 2011, after which any unclaimed / unpaid amount against sale proceeds of such fractional shares will be transferred by the Company to IEPF and no claim shall lie against the Company or IEPF after the said transfer.



## NOTICE (Contd.)

12. The Members desirous of obtaining any information/ clarification concerning the accounts and operations of the Company are requested to address their questions in writing to the Company Secretary at least ten days before the Annual General Meeting, so that the information required may be made available at the Annual General Meeting.

13. The Ministry of Corporate Affairs ("MCA") has taken a 'Green Initiative in the Corporate Governance' by allowing paperless compliances by companies vide its Circular Nos. 17/2011 dated April 21, 2011 and 18/2011 dated April 29, 2011 stating that the service of official documents by the companies to its members can be made through electronic mode.

Considering the move taken by the MCA as a welcome step for the society at large, the Company henceforth propose to send various notices/ documents like Notices of General Meetings, Audited Financial Statements, Auditor's Report, Directors' Report, Financial Results, etc. in

electronic form to the e-mail IDs provided by the Member with their depository participants.

All the officials' documents including Annual Report of the Company, circulated to the Members of the Company through electronic mode, will be made available on the Company's website i.e. [www.niit.com](http://www.niit.com). The Members holding shares in electronic mode may update their e-mail IDs with their depository participants to ensure that the Annual Reports and other documents reach them at their preferred e-mail IDs and where the shares are held in physical form, please get your e-mail IDs updated in the records of the Company. In this regard, the Members can also register/update their e-mail IDs at the website of the Company i.e. [www.niit.com/investorrelations](http://www.niit.com/investorrelations).

**14. THE COMPANY WHOLE-HEARTEDLY WELCOMES MEMBERS/PROXIES AT THE ANNUAL GENERAL MEETING OF THE COMPANY; HOWEVER, THE MEMBERS/PROXIES MAY PLEASE NOTE THAT NO GIFTS/ GIFT COUPONS WILL BE DISTRIBUTED AT THE ANNUAL GENERAL MEETING.**

15. Information pursuant to Clause 49 of the Listing Agreement pertaining to the Directors proposed to be appointed/re-appointed vide Item Nos. 3, 4, 6 and 7 of the Notice, are as follows:

| Particulars  | Mr. P. Rajendran  | Mr. Vijay K. Thadani   | Mr. Rajendra S. Pawar   | Ms. Madhabi Puri Buch  |
|--|---|--|---|--|
| Date of Birth  | February 28, 1953   | February 15, 1951  | March 6, 1951   | January 12, 1966   |
| Date of Appointment  | May 1, 1990   | December 2, 1981   | December 2, 1981  | November 3, 2010   |
| Qualifications   | B.Tech  | B.Tech   | B.Tech  | PGDM (MBA) from IIM, Ahmedabad & B.A. (Hons.) Mathematics & Economics      |
| Expertise in specific functional area  | Detailed in the Corporate Governance Report for the financial year 2010-11  | Detailed in the Corporate Governance Report for the financial year 2010-11   | Detailed in the Corporate Governance Report for the financial year 2010-11  | Detailed in the Corporate Governance Report for the financial year 2010-11 |
| Directorship held in public companies (excluding Foreign Companies and NIIT Limited) | i. Hole-in-the-Wall Education Limited<br>ii. NIIT Institute of Finance Banking and Insurance Training Limited<br>iii. NIIT Network Services Limited<br>iv. Pace Services Limited<br>v. IT Infrastructure Development Corporation Limited<br>vi. NIIT Institute of Process Excellence Limited<br>vii. Element K India Private Limited (Subsidiary of Public Company) | i. NIIT Technologies Limited<br>ii. Scantech Evaluation Services Limited<br>iii. Institute of Quality Limited<br>iv. NIIT Institute of Finance Banking and Insurance Training Limited<br>v. Evolv Services Limited<br>vi. NIIT Institute of Process Excellence Limited | i. NIIT Technologies Limited<br>ii. NIIT Online Learning Limited<br>iii. Hole-in-the-Wall Education Limited<br>iv. Institute of Quality Limited<br>v. NIIT SmartServe Limited<br>vi. NIIT GIS Limited<br>vii. NIIT Institute of Process Excellence Limited<br>viii. Scantech Evaluation Services Limited<br>ix. Pace Services Limited<br>x. IT Infrastructure Development Corporation Limited | None   |

**NOTICE (Contd.)**

|  |   |   |   |      |
|--|---|---|---|------|
| Membership (M)/<br>Chairmanship (C)<br>of Committees of<br>public companies<br>(includes only Audit<br>Committee (AC)<br>and Shareholders' /<br>Investors' Grievances<br>Committee (SIGC))<br>other than NIIT<br>Limited | i. Pace Services Limited<br>(AC-M)<br>ii. Hole-in-the-Wall<br>Education Limited<br>(AC-C)<br>iii. NIIT Institute of Process<br>Excellence Limited<br>(AC-M) | i. NIIT Technologies<br>Limited (SIGC-M)<br>ii. NIIT Institute of<br>Finance Banking and<br>Insurance Training<br>Limited (AC-M)<br>iii. Scantech Evaluation<br>Services Limited<br>(AC-C)<br>iv. NIIT Institute of<br>Process Excellence<br>Limited (AC-C) | i. Pace Services Limited<br>(AC-C)<br>ii. Scantech Evaluation<br>Services Limited(AC-M)<br>iii. Hole-in-the-Wall<br>Education Limited(AC-M)<br>iv. NIIT SmartServe<br>Limited(AC-M) | None |
| Number of Equity<br>Shares held in the<br>Company  | 4,57,537  | 1,55,000  | 1,55,000  | NIL  |
| Relationship with<br>other Directors   | None  | None  | None  | None |

**EXPLANATORY STATEMENT**

(PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956)

**ITEM NO. 6**

Ms. Madhabi Puri Buch was appointed as an Additional Director of the Company w.e.f. November 3, 2010 and pursuant to the provisions of Section 260 of the Companies Act, 1956 ('the Act') and Article 61 of the Articles of Association of the Company, she shall hold office of the Director, as such, up to the date of this Annual General Meeting. The Company has received a notice in writing from a Member of the Company along with a deposit of Rs. 500 proposing the candidature of Ms. Madhabi Puri Buch for office of Director under the provisions of Section 257 of the Act.

The Board considers that it is in the interest of the Company to continue to have the benefit of rich experience and expertise of Ms. Madhabi Puri Buch.

None of the Directors of the Company other than Ms. Madhabi Puri Buch is interested or concerned in the resolution.

The Board recommends the resolution for your approval.

**ITEM NO. 7**

The Members of the Company had appointed Mr. Rajendra S. Pawar as Whole-time Director with effect from December 2, 1981. The Members of the Company had re-designated Mr. Pawar as Managing

Director of the Company with effect from April 22, 1998. The remuneration and terms of appointment of the Managing Director was revised by the Members of the Company on various occasions and the last of such revisions was made at 24th Annual General Meeting held on July 25, 2007.

The current tenure of Mr. Pawar as Managing Director of the Company will expire on January 23, 2012. The Board of Directors of the Company at their meeting held on May 22, 2011, had approved the re-appointment of Mr. Pawar as Managing Director of the Company for a further period of 5 (five) years w.e.f. January 24, 2012. The appointment of the Managing Director is subject to approval of the Members.

Further, the remuneration proposed to be paid to Mr. Pawar is within the same grade, which was approved by the Members at their meeting held on July 25, 2007 and this will give flexibility to the Board of Directors to decide the remuneration to be payable to the Managing Director during his tenure. Any change in the remuneration of the Managing Director shall be subject to approval of the Board of Directors based upon the overall performance of the Company and the recommendation of the Compensation / Remuneration Committee.

The Board of Directors of the Company, on the recommendation of the Compensation / Remuneration Committee, proposed to pay the following remuneration to Mr. Pawar, Managing Director

**NOTICE (Contd.)**

w.e.f. January 24, 2012 as per the terms and conditions mentioned below:

**I. Basic Salary :** Rs. 3,61,500 p.m. (in the grade of Rs. 3,00,000 p.m. to Rs. 7,00,000 p.m.)

**II. Perquisites, Benefits and Allowances:-**

The Managing Director, in addition to the basic salary, shall be entitled to the following perquisites, benefits and allowances -

**Part A:**

Performance Linked Bonus: Annually payable as proposed by the Compensation / Remuneration Committee and approved by the Board of Directors, based on parameters of performance.

**Part B:**

- a. Contribution to Provident Fund, Superannuation Fund or Annuity Fund: As per the rules of the Company as applicable to the Executive Directors.
- b. Gratuity: which shall be limited to half a month's salary for each completed year of service, as per the scheme of the Company.

**Part C:**

Company Leased Accommodation/House Rent Allowance, Electricity, Gas, Water, Hard and Soft Furnishings, Books, Periodicals, Journals and Consumables, Medical Reimbursement, Leave Travel Assistance, Fees of Clubs and Medical Insurance: As per the schemes of the Company applicable to the Executive Directors.

**Part D:**

Company's cars with drivers and telephone, internet and/or broadband facility at residence. However, the Company shall bill the Managing Director, the charges relating to personal long distance calls and charges for using the office cars and phones for

private purposes.

Provided that the aggregate of the aforesaid basic salary, perquisites, benefits and allowances, as per the Scheme of the Company applicable to the Executive Directors, shall not exceed five percent individually and ten percent collectively of the Company's net profit of that financial year as provided under the provisions of Sections 198 and 309 read with Schedule XIII of the Companies Act, 1956 ('the Act') and other applicable provisions, if any.

**III. Minimum Remuneration**

The Schedule XIII of the Act, provides that where in any financial year during the currency of tenure of the Managing Director, a company has no profits or its profits are inadequate, it may pay the remuneration upto the limits prescribed therein provided the minimum remuneration payable to such Managing Director, is approved by the Members by way of a special resolution and said resolution is valid for a period of three years from the effective date of his re-appointment.

In accordance with the provisions of Schedule XIII and other applicable provisions of the Act, the Compensation/ Remuneration Committee and the Board of Directors at their respective meetings held on May 22, 2011 have approved that the remuneration as detailed above, be paid as minimum remuneration to Mr. Pawar, in the absence or inadequacy of profits in any financial year during the period of three years from the effective date of his re-appointment. The payment of minimum remuneration is subject to necessary consent/ sanction of the Central Government, if required.

The above may be treated as an abstract of terms of remuneration under Section 302 of the Act in respect of the Managing Director of the Company.

**NOTICE (Contd.)**

The Information as required under Part II of Schedule XIII is given below:

**I. GENERAL INFORMATION**

|  |   |                     |                     |                     |
|--|---|---------------------|---------------------|---------------------|
| 1. Nature of Industry  | Information Technology Services   |                     |                     |                     |
| 2. Date or expected date of commencement of commercial production  | Not Applicable (The Company is an existing Company.)  |                     |                     |                     |
| 3. In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus | Not Applicable  |                     |                     |                     |
| 4. Financial performance based on given indicators   | Particulars   | 2010-11<br>(Rs. Mn) | 2009-10<br>(Rs. Mn) | 2008-09<br>(Rs. Mn) |
|  | Total Revenue   | 6,480.14            | 6,251.72            | 5,456.17            |
|  | Profit after tax  | 497.40              | 311.70              | 472.11              |
| 5. Export performance and net foreign exchange collaborations  | The Company had made export of services and products of Rs. 825.24 million during the financial year 2010-11 and had earned net foreign exchange earning of Rs. 294.35 million during the financial year 2010-11.                         |                     |                     |                     |
| 6. Foreign investments or collaborators, if any.   | <p>The Company has direct investments in the following overseas subsidiaries:</p> <ol style="list-style-type: none"> <li>1. NIIT Antilles NV, Netherlands Antilles</li> <li>2. NIIT USA Inc., USA</li> <li>3. NIIT Limited, UK</li> </ol> |                     |                     |                     |

**II. INFORMATION ABOUT THE MANAGING DIRECTOR**

|                       |   |
|-----------------------|---|
| 1. Background details | <p>Mr. Rajendra S. Pawar is the Chairman and co-founder of the Company. A distinguished alumnus of the premier Institute of Information Technology, Delhi, he is known for promoting industry-academia alliances and has been working closely with the country's well-known educational institutions. An established thought leader in the industry, Mr. Pawar is the current Chairman of the industry body National Association of Software and Service Companies (NASSCOM).</p> <p>Set up in 1981, the Company pioneered the computer education market in India, creating a completely new industry segment and taking it to consolidation and maturity. Mr. Pawar has played a leadership role in nurturing the Company and building it into a leading Global Talent Development Corporation. Acknowledging his contribution to the IT industry in India, Mr. Pawar has been awarded the country's prestigious civilian honour, Padma Bhushan by the President of India in 2011.</p> |
|-----------------------|---|

**NOTICE (Contd.)**

|   |   |                  |
|---|---|------------------|
|   | <p>Mr. Pawar is a member on the Prime Minister's National Council on Skill Development; has served on the PM's National Taskforce commissioned to develop India into an IT Superpower; is an advisor to the Human province of China; and was a member of PIAC (Presidential International Advisory Council) of the Government of South Africa for IT.</p> <p>Mr. Pawar is actively involved in India's key Chambers of Commerce and has led several ICT industry initiatives, giving voice to the sector's aspirations and goals. He is currently a member of the International Business Council of the World Economic Forum.</p> <p>Recognising his pioneering and entrepreneurial work in the education and software sectors, Global Business Intelligence firm, Ernst &amp; Young conferred on Mr. Pawar its prestigious Master Entrepreneur of the Year Award in 1999. His contributions to the IT industry in India have also earned him the IT Man of the Year award instituted by IT industry journal, Dataquest. He serves on the Board of Governors of Indian Institute of Technology, Delhi, Indian School of Business, Indian Institute of Management, Bangalore and the Scindia School. He is also a member of Planning Commission's task force on skill development.</p> |                  |
| 2. Past remuneration:   | Financial Years   | Amount (in Rs.)* |
|   | 2010-11   | 10,043,379       |
|   | 2009-10   | 9,005,903        |
|   | 2008-09   | 10,982,061       |
|   | * Mr. Pawar, being the Chairman and Managing Director of NIIT Technologies Limited, also draws remuneration from that company.  |                  |
| 3. Recognition or awards  | <ul style="list-style-type: none"> <li>Rewarded with the Padma Bhushan award in 2011 by the President of India for revolutionizing the IT landscape in India.</li> <li>Ernst &amp; Young Master Entrepreneur of the Year award 1999.</li> <li>IT Man of the Year 1998 award instituted by IT industry journal, Dataquest.</li> </ul>  |                  |
| 4. Job profile and his suitability  | Mr. Pawar plays a major role in providing thought leadership and strategic inputs to the Company in addition to helping shape new business and driving the strategic HR program in the Company.   |                  |
| 5. Remuneration proposed  | As per details herein above given in the Explanatory Statement.   |                  |
| 6. Comparative remuneration profile with respect to industry, size of the Company, profile of the position and person (in case of expatriates the relevant details would be w.r.t. the country of his origin) | The remuneration payable to Mr. Pawar has been benchmarked with the remuneration being drawn by similar positions in IT industry and has been considered by the Compensation /Remuneration Committee of the Company at its meeting held on May 22, 2011.  |                  |

**NOTICE (Contd.)**

|  |   |
|--|---|
| 7. Pecuniary relationship directly or indirectly with the Company, or relationship with the managerial personnel, if any | Mr. Pawar has no pecuniary relationship directly or indirectly with the Company except to the extent of his shareholdings in the Company. |
|--|---|

**III. OTHER INFORMATION**

|  |  |
|--|--|
| 1. Reasons of loss or inadequate profits                             | The Company has shown a profit from its operations in the current year and it is expected to earn profits in the future years also. This is an enabling provision for payment of remuneration in the scenario of loss/inadequacy of profits. |
| 2. Steps taken or proposed to be taken for improvement               | Not Applicable   |
| 3. Expected increase in productivity and profits in measurable terms | Not Applicable   |

Although your Company has shown growth and profit from its operations in the previous financial year and is expected to earn profits in the future years also, it is proposed to approve the above in order to enable the Company to pay the remuneration to its Managing Director in the eventuality of loss/inadequacy of profits.

Mr. Pawar is not related to any other Director on the Board of the Company.

None of the Directors of the Company other than

Mr. Pawar is interested or concerned in the resolution.

The Board recommends the resolution for your approval.

By Order of the Board  
For **NIIT Limited**

Place : New Delhi  
Dated : May 23, 2011

**Rajesh Arora**  
Company Secretary