

ANNUAL REPORT 2013-14  
NIIT LIMITED

# Ride the Winds of change



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**NIIT**

# 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.

The logo consists of the letters "NIIT" in a bold, blue, sans-serif font. The letters are closely spaced and have a slight shadow effect, giving them a three-dimensional appearance as if they are floating above or attached to the page.

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# CHAIRMAN'S MESSAGE

Dear Shareowners,

The decisive mandate of the general elections of 2014, has been received well and there is an all round improvement in sentiments. However last year was the second successive year of sub-five percent growth in GDP, and 2014 continues to be a challenging period for the Indian economy.

While the economic headwinds of last year led to a weakness in hiring across verticals, especially the IT sector, the mood is expected to change this year. IT is on the horizon of the new government and is expected to be a key focus area. This positive sentiment is expected to have a spill-over effect on IT hiring, which is projected to pick up during the year.

## FINANCIAL PERFORMANCE

Despite the sluggish Indian economy and adverse market conditions, NIIT improved its operating profit by 19 percent last year compared to 2012-13. In a tough year, this was no mean achievement. It was the result of the company's decision to convert challenges into opportunities and 'Ride the winds of change'. Your Company successfully weathered the storm, finding new ways to grow and thrive. It drew on its pioneering DNA to bring New Ideas to market and create innovative products that delivered More Value to learners. This helped your Company achieve a net revenue of Rs. 951 crore last year and a PAT of Rs. 17.8 crore.

The final quarter of the last year in fact, recorded the highest momentum as PAT increased by 415 percent. This upswing was led in large part by your Company's Corporate Learning Solutions business that grew its revenues by 41 percent, alongside an order intake of USD 21.8 million. The other positives of the last quarter included an 85 percent YoY increase in EBITDA and an addition of 371 schools in the portfolio of the company's School Learning Solutions (SLS) division.

## BUSINESS OPERATIONS

The last year saw your Company continue to build on its four Platforms for growth—Corporate, Individuals, Schools and Skills, represented by Managed Training Services (MTS), Cloud Campus, nGuru and Yuva Jyoti, respectively. The focus was on proving Liquidity, Profitability and Capital Efficiency, which helped NIIT to perform reasonably well in all segments and recover growth and margins for the business.

Corporate Learning Solutions (CLS) remained a key revenue driver for NIIT, based on a robust pipeline of fresh orders that reflected strong customer confidence. Managed Training Services (MTS), which added seven new global clients to its portfolio and took their total number to 21, led the transformation of the CLS business. With strong growth last year, CLS now accounts for 42 percent of NIIT's revenue.

Your Company successfully rode the winds of change in the Individual Learning Solutions segment as well, bringing new-ness into existing brands. Predominant among these was Cloud Campus, which embraced change to improve reach. During the financial year, your Company expanded the umbrella of Cloud Campus, going beyond just IT training and taking the number of ILS courses to 96. These included a slew of programs in the areas of Banking, Global Finance, Management and Digital and Social Media Marketing.

The new Cloud Campus with an enhanced portfolio of programs enabled NIIT's Career Building Solutions (CBS) business to grow its non-tech revenues, taking cumulative enrolments to around 60,000.

Recently your Company extended the flagship GNIIT program, with the launch of 'Revolution GNIIT'. This path-breaking offering maximizes career opportunities for Class XII and college students by making available a wide range of future-ready courses in Banking & Finance, Digital Marketing & Social Media, Cloud & Mobile Software Engineering, Big Data & Business Analytics, e-Commerce & Business Administration and Cloud Computing & IT Management.

Your Company increased traction and visibility within the arena of Banking and Finance training with NIIT Institute of Finance and Banking experiencing strong demand for its programs last year. Robust hiring by partner banks enabled the institute to



place 8,407 students over a 12 month period, notching up a growth of 42 percent in banking placements and establishing its students as the 'First Choice' for recruiters.

Fresh order intake, driven by innovations in the existing nGuru suite of products, enhanced significant segments of your Company's School Learning Solutions (SLS) business. The cutting-edge nGuru solutions, including Math Lab Plus & IT Wizard Plus, enabled SLS to strengthen its foothold and leadership position within the non-government schools segment. SLS signed up 668 private schools during the year for the nGuru offerings. As an empanelled member of the CBSE (Central Board of Secondary Education), your Company also trained 9,029 teachers and school principals on CCE (Continuous and Comprehensive Evaluation).

Your Company's vocational skills training initiative—NIIT Yuva Jyoti (NYJ), established in partnership with National Skill Development Corporation (NSDC), continued to gain momentum, expanding its reach to over 50 locations and training more than 16,000 students since commencement. NYJ had a strong order intake of Rs 183 million during the year and execution is expected to ramp up in the coming quarters.

## THE ROAD AHEAD

Going forward, changing technology trends and increase in just-in-time hiring of skilled workers, are expected to create new opportunities for the training sector. Your Company will remain focused on its four platforms of growth, expanding market share in these segments as the overall economic environment improves both in India and across the world.

The Corporate Training market in the USA and Europe for instance, is expected to create an opportunity of USD 125 billion, based on increased spending by companies. Organizations are realizing that outsourcing to specialist training companies can help them improve efficiency and increase effectiveness. Your Company's growth in this domain—driven by a significant order book and fast expansion in Managed Training Services—is therefore expected to continue.

In the months ahead, NIIT's ILS business is expected to enhance market coverage owing to Cloud Campus. Now offering a wider range of products, especially non-tech and multiple stream modular programs, Cloud Campus is becoming a convenient choice for its target segment. In the future, Cloud Campus will be further fine-tuned to the changing needs of learners.

The current year will see NIIT consolidating its gains and generating superior returns for all stakeholders. Your Company will continue to drive growth through asset-light business models and its consistent pursuit of the four platforms of growth.

I would like to thank you all for remaining by our side and providing us your unstinting support as we traversed through turbulent waters, stayed on course and continued to ride the winds of change.

**Rajendra S Pawar**  
Chairman  
NIIT Limited



# CORPORATE INFORMATION

## BOARD OF DIRECTORS



**Rajendra S Pawar**  
Chairman &  
Managing Director



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



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



**Surendra Singh**  
Director



**Sanjay Khosla**  
Director



**Madhabi Puri Buch**  
Director



**Anand Sudarshan**  
Director



**Geeta Mathur**  
Director

CIN: L74899DL1981PLC015865

**COMPANY SECRETARY**  
RAJESH ARORA

**GROUP CHIEF FINANCIAL OFFICER**  
ASHOK ARORA

**CHIEF FINANCIAL OFFICER**  
ROHIT KUMAR GUPTA

**AUDITORS**  
PRICE WATERHOUSE

**BANKS**  
INDIAN OVERSEAS BANK  
ICICI BANK  
STANDARD CHARTERED BANK  
CITIBANK NA  
BNP PARIBAS  
WELLS FARGO BANK  
BANK OF THE WEST  
LLYODS TSB BANK PLC

**REGISTERED OFFICE**  
8, BALAJI ESTATE, FIRST FLOOR  
GURU RAVI DAS MARG, KALKAJI  
NEW DELHI 110 019, INDIA  
EMAIL (INVESTOR SERVICES): [investors@niit.com](mailto:investors@niit.com)  
PHONE: +91 11 41675000  
FAX: + 91 11 41407120

**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)



**NIIT AT A**

# **GLANCE**

**2013-2014**



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

- ❖ Presence in 40 countries worldwide
- ❖ Impacted over 35 Million learners
- ❖ Impacted over 17,000 schools
- ❖ One of the largest learning content development facilities in the world
- **For Individuals**  
Instructor-led Training, Synchronous Learning, Computer-based Training and e-Learning programmes for IT, Banking and Financial Services, Knowledge Process Outsourcing (KPO), Business Process Management (BPM), Executive Management Education, Digital Marketing, Business Analytics, Vocational Skills, School Learning Solutions and Communication and Professional Life Skill:
  - ❖ NIIT announced 'ReVOLUTION GNIIT'- a path-breaking GNIIT program that maximises career opportunities for class XII and college students by offering a range of future-ready courses in -Banking and Finance, Digital Marketing and Social Media, Cloud & Mobile Software Engineering, Big Data and Business Analytics, e-Commerce & Business Administration and Cloud Computing & IT Management
  - ❖ Introduced "India's first Cloud Campus"
  - ❖ The NIIT Cloud Campus enabled courses will help create a pool of trained professionals for today's globalized knowledge economy
  - ❖ NIIT has partnered with Digital Marketing Institute (DMI), the global leaders in training professionals in digital marketing, to offer digital marketing education and professional certification in offer digital marketing education and professional certification in offer digital marketing education and professional certification in
  - ❖ 'NIIT Edgeineers', a range of specialized programmes, provide cutting-edge career for engineering graduates and IT professionals
  - ❖ Express Diplomas and 'Post Graduate Programme in IT' for graduates looking for a quick start in IT careers.
  - ❖ Degrees in alliance with Universities
  - ❖ Scholarship programs and National IT Aptitude Test (NITAT), India's largest and most widely recognized IT Aptitude Test

- ❖ 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)

### ▪ For Corporations

#### Learning Solutions for Enterprises:

- ❖ NIIT Learning Solutions for Enterprises is a market-leading learning outsourcing business that provides Managed Training Services including Content Development and Curriculum Design, Learning Administration, Learning Delivery, Strategic Sourcing, Learning Technology and Advisory Services
- ❖ NIIT Institute of Process Excellence Limited, a NIIT-GENPACT venture (NIIT Uniqua), delivers training solutions focused on measurable business outcomes. Based on a deep understanding of the specific challenges of the Business Process Management industry (BPM), Uniqua's comprehensive range of training outsourcing services is customized for the business processes, knowledge and technology services industry workforce.
- **For Colleges and Universities: NIIT Careers@Campus**
  - ❖ Employability Enhancement Programs for college students on campus
  - ❖ Courses on Engineering Design, Embedded Systems and Information Technology
  - ❖ Foundation Skills in IT in association with NASSCOM
  - ❖ Support for courses on Engineering Mathematics and IT courses in line with curriculum
  - ❖ Placement Preparation
  - ❖ Blended Learning Delivery - Synchronous Learning, instructor-led and hands-on practice.
- **For Government and Private Schools**
  - ❖ NIIT nGuru is a holistic range of School Learning Solutions that aims to make the vital process of teaching and learning simpler, thus bringing back the joy of learning to students. NIIT has extended its nGuru range of solutions to 19 states, touching 88 cities and over 17,000 government and private schools in the country. It is an integrated and comprehensive teaching, learning and education resource planning solution for the schools that has been designed to address the needs of all key stakeholders within the education realm Students, Teachers, School management and Parents

- ❖ NIIT nGuru solutions for schools utilizes appropriate technology as backbone and encompasses all the possible components required to service the present and future learning needs of a school. NGuru suite consists of **Interactive Classrooms** an end to end Teaching Learning solution for classrooms that uses elements of interactivity, automation and web links library; **Math Lab Plus** 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 Plus** equips the students with core computer knowledge and IT skills; **Quick School** an Education Resource Planning solution for school management and various training programs aimed at professional development for teachers (including CCE and IPICT).

## ▪ Hole-in-the-Wall Education Ltd. (HiWEL)

Hole-in-the-Wall Education Ltd. (HiWEL) was established as an organization (a subsidiary of NIIT Ltd.) in 2001 with its mission, "To bridge the digital divide by offering exciting and effective education and learning experience through innovative technologies to the underserved groups." Hole-in-the-Wall Learning Stations thus became a wholesome tool in itself that allowed children to have access to education and at the same time, learn the use of computers and its application. Currently more than 500 such learning stations have been set up across Asia and Africa.

## ▪ Skill Building Solutions (SBS)

- ❖ NIIT Yuva Jyoti, an initiative between NIIT & National Skills Development Corporation (NSDC), with a mission to transform over 7 million youth through Skill Development by 2022
- ❖ Skill Building Solutions (SBS) focuses on providing industry/Job specific training to unemployed youth of India mainly from low and middle income households in semi-urban and rural areas and make them employable. SBS is the key future growth engine of NIIT towards being a truly Global Talent Transformation company
- ❖ During the financial year under review, SBS strengthened its presence in Retail, BPO, IT and informal sector and ventured into Banking & Telecom sector
- ❖ SBS added new locations to its network to take total reach to more than 50 locations in key cities in India with over 16,000 students trained, since

commencement. SBS is also leveraging NIIT network for expanding its reach. Skills development programs are gaining traction within communities and enrolments are beginning to ramp up.

## ▪ NIIT Foundation (NF)

NIIT Foundation (NF) was set up in 2005 by the promoters of NIIT with the key objective of providing world-class education and training to the under-served communities in India by building sustainable training models. NF's mission is to positively impact the underprivileged of the country through its educational process. To give this vision a concrete shape, NF has in place a number of initiatives to better understand the issues at the grassroots level. NIIT Foundation offers the following projects:

- ❖ Skill Development Centers have been successful in bridging the gap between the underserved youth and the industry. Since 2008, NF has worked closely with local communities and industry players to create sustainable models that can then be made available to other institutions and also to the world at large. NF has grown from one center in one state in 2008 to 25 such centers across 9 states of India. Till date NF has impacted more than 45,000 youth across these locations with placements in top corporates
- ❖ NReach through this program NF reaches out to other NGOs working in education and employability and offers them IT training, courseware and certification support. NF has partnered with over 150 NGOs to structure their existing IT training and also provide qualitative interventions that are being delivered to the children and youth associated with them
- ❖ Hole-in-the-Wall Learning Stations besides setting up training centers, NIIT Foundation also installs award winning Hole-in-the-Wall learning stations. These help in bridging the digital divide and work very well for marginalized children between 6 to 14 years of age - particularly girls and those who have dropped out, are at a high risk of dropping out of school
- ❖ Volunteering NF creates a platform for individuals/employees of NIIT and other corporates to engage with underserved youth and share their time, skills and expertise. This is a structured, yet flexible program that matches the need of the volunteer as well as the youth/center.

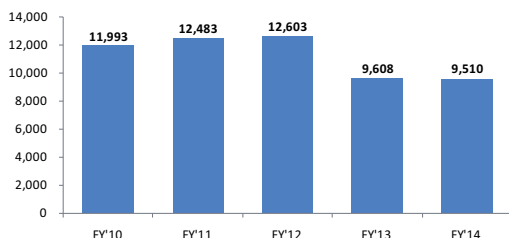
- **Alliances with global IT majors**
  - ❖ Cisco, IBM, Microsoft, Oracle, SAS, Tally, Prometric, Pearson VUE, Digital Marketing Institute (Ireland) and Skill Soft
- **Certified for ISO 9001:2008, ISO 14001:2004, and ISO 27001:2005**
- **Recent Awards and Acknowledgements**
  - ❖ NIIT received 'Top IT Training Company Award 2013' for the 20th
  - ❖ NIIT ranked as 'India's Most Trusted Training Brand' in Brand Trust Report, India Study, 2014, undertaken by Trust Research Advisory for the second consecutive year
  - ❖ NIIT has been recognized as the "Best Training Institution" at the Indian Education Awards 2014, by Leading Industry Association - Franchise India
  - ❖ NIIT has been ranked as the 4th Best Company to Work in India 2013-14, by Great Place to Work Institute
  - ❖ NIIT nGuru has been recognized as the "Best Interactive Solution Provider" at the National Education Excellence Awards 2014 by leading industry body ASSOCHAM (Associated Chambers of Commerce and Industry of India)
  - ❖ NIIT Foundation Bags "Best CSR Practices Award in Skill Development" 2014 by National CSR
  - ❖ NIIT USA was ranked among TrainingIndustry.com's 2014 Top 20 Content Development Companies
  - ❖ NIIT USA was ranked among TrainingIndustry.com's 2014 Top 20 IT Training Companies and among the Top 20 Companies in Training Outsourcing
  - ❖ NIIT's 10th National IT Aptitude Test conducted in more than 200 cities in 2014. NITAT, introduced in 2004 to enable graduates & undergraduate students to gauge their aptitude for a career in the IT sector, has reached over 10,50,000 candidates since inception
  - ❖ NIIT's Bhavishya Jyoti Scholarship, Annual Scholarship Test 2013 was conducted across the country. Bhavishya Jyoti Scholarship was launched by NIIT in 1991 to enable financially challenged meritorious students to pursue a career in computers and add to the nation's trained manpower base of skilled IT

professionals. Bhavishya Jyoti is one of India's most recognized and trusted scholarship programme with 22 years of market presence and almost 4 lakh students have benefited from the scholarship till date

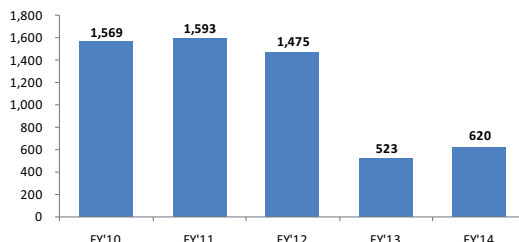
- ❖ NIIT announced the 14th IT Scholarship in Nigeria, to reward meritorious students seeking a global career in IT
- ❖ Rajendra S Pawar, founder and Chairman, NIIT Group has been honored as the 'IT Gem of India' at INFOCOM 2013, India's largest IT & Telecom event, by the ABP Group
- ❖ NIIT China launched a Global Talent Development centre in Haikou city of Hainan province, to train skilled manpower for the growing IT industry in the country
- ❖ NIIT reaffirmed itself as a Youth connect brand, through the hugely successful social media campaign #Wish4Vishy [www.wish4vishy.com](http://www.wish4vishy.com). The campaign became a national movement with wishes pouring in for NIIT MindChampion Viswanathan (Vishy) Anand prior to the World Chess Championship 2013, reaching out to over 60 lakh fans and well-wishers of Vishy across the globe
- ❖ NIIT USA honored with Brandon Hall Excellence Gold Award 2013 in the Best Training Program for the Extended Enterprise Category jointly with Allstate for Allstate ABI
- ❖ NIIT nGuru - ICR@Home, has been acknowledged for the 2nd consecutive year at the World Education Summit 2013 for best 'Use of Assistive Technologies in Education'
- ❖ NIIT Imperia received "Best Telecom & Satellite Learning Providers in Education" award at the National Education Excellence Awards 2013 by leading industry body ASSOCHAM (Associated Chambers of Commerce and Industry of India)
- ❖ NIIT IFBI recognized as 'Most Innovative Recruitment Management initiative' at the Talent & HR Leadership Conference Awards by ET Now at World HRD Congress 2013
- ❖ NIIT IFBI received 'Best Training School in Banking and Financial Services Course' Award at Education Excellence Award 2013.

## FINANCIAL HISTORY

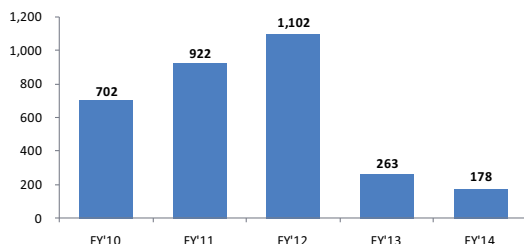
### Revenue (Rs. Mn)



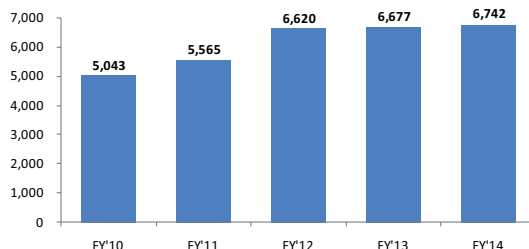
### EBITDA (Rs. Mn)



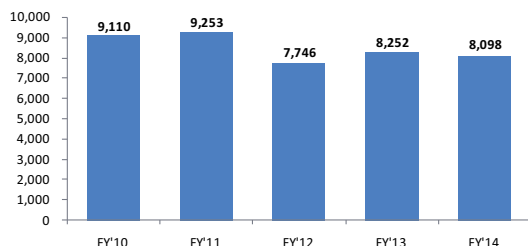
### PAT (Rs. Mn)



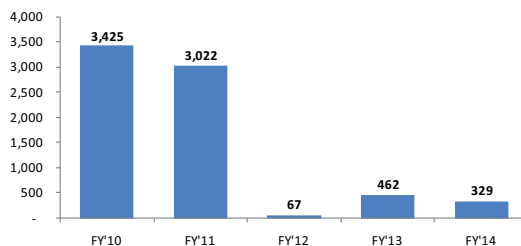
### Net Worth (Rs. Mn)



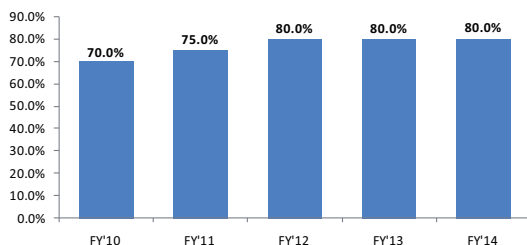
### Capital Employed (Rs. Mn)



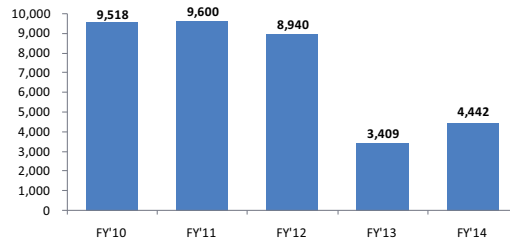
### Net Debt (Rs. Mn)



### Dividend (%)



### M-Cap (Rs. Mn)



Note:-

1. Due to divestment of Element K in October 2011, exceptional items and one-time hardware revenues in both FY'12 and FY'13, the overall financials of the Company for FY'12 and FY'13 are not comparable.
2. Net Debt excludes foreign currency impact on fully hedged foreign currency loan.

## NOTICE

Notice is hereby given that the 31<sup>st</sup> Annual General Meeting of the Members of NIIT Limited will be held on Monday, 7<sup>th</sup> day of July, 2014, at 10:00 A.M. at Mapple 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 Balance Sheet as at March 31, 2014, Statement of Profit and Loss for the financial year ended as on 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. Vijay K Thadani (DIN: 00042527), who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint M/s Price Waterhouse, Chartered Accountants, (Firm 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 Annual General Meeting scheduled to be held in the year 2017 and to authorize the Board of Directors to fix their remuneration on yearly basis.

### SPECIAL BUSINESS

#### 5. PAYMENT OF REMUNERATION TO MR. P RAJENDRAN, COO & WHOLE-TIME DIRECTOR OF THE COMPANY FOR FINANCIAL YEAR 2013-14

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 196, 197, 198, Schedule V and other applicable provisions, if any, of the Companies Act, 2013, (corresponding to erstwhile Sections 198, 269, 309, 310, Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956) and subject to the approval of the Central Government and such other necessary approval(s), consent(s) or permission(s), as may be required, the consent of the Members of the Company be and is hereby accorded to pay the remuneration as set out in the statement annexed hereto, to Mr. P Rajendran (DIN: 00042531), COO & Whole-time Director of the Company, for the financial year 2013-14 in absence of adequate profits.

**RESOLVED FURTHER THAT** the Board of Directors be and are hereby authorized to take all such steps as may be necessary, proper and expedient to give effect to this resolution.”

#### 6. PAYMENT OF COMMISSION TO NON-EXECUTIVE DIRECTORS OF THE COMPANY FOR FINANCIAL YEAR 2013-14

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 Section 197 and other applicable provisions, if any, of the Companies Act, 2013 (corresponding to erstwhile Sections 309 and other applicable provisions, if any, of the Companies Act, 1956) and subject to the approval of the Central Government and such other necessary approval(s), consent(s) or permission(s), as may be required, the consent of the Members of the Company be and is hereby accorded to pay to its Directors (other than Managing / Whole-time Directors of the Company) for the financial year 2013-14, such commission in such manner as may be determined by the Board, in absence of adequate profits, however such aggregate commission shall not exceed Rs. 30,00,000/- (Rupees thirty lakhs only).

**RESOLVED FURTHER THAT** the Board of Directors be and are hereby authorized to take all such steps as may be necessary, proper and expedient to give effect to this resolution.”

#### 7. PAYMENT OF MINIMUM REMUNERATION TO MR. RAJENDRA S PAWAR, CHAIRMAN AND 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 Section II of Part II of Schedule V and other applicable provisions, if any, of the Companies Act, 2013, (including any amendment/modification thereof) and subject to such other necessary approval(s), consent(s) or permission(s), as may be required, the consent of the Members of the Company be and is hereby accorded to pay minimum remuneration to Mr. Rajendra S Pawar (DIN: 00042516), Chairman & Managing Director for the financial year, in which there is inadequacy or absence of profits, during the period commencing from April 1, 2014 till the expiry of his term as Managing Director i.e. January 23, 2017.

**NOTICE (Contd.)**

**RESOLVED FURTHER THAT** the Board of Directors be and are hereby authorized to take all such steps as may be necessary, proper and expedient to give effect to this resolution."

**8. RE-APPOINTMENT OF MR. VIJAY K THADANI AS CEO & WHOLE-TIME 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 196, 197, 198, Schedule V and other applicable provisions, if any, of the Companies Act, 2013, (including any amendment/modification thereof) and subject to such other necessary approval(s), consent(s) or permission(s), as may be required, the consent of the Members of the Company be and is hereby accorded to re-appoint Mr. Vijay K Thadani (DIN: 00042527) as CEO & Whole-time Director of the Company, liable to retire by rotation, for a period of 5 years w.e.f. April 1, 2014 on the terms and remuneration as mentioned in the statement annexed hereto.

**RESOLVED FURTHER THAT** pursuant to Section II of Part II of Schedule V and other applicable provisions, if any, of the Companies Act, 2013, (including any amendment/modification thereof) and subject to such approvals as may be necessary, the Company is authorized to pay minimum remuneration to Mr. Vijay K Thadani, CEO & Whole-time Director for the financial year, in which there is inadequacy or absence of profits, during the period of three years commencing from April 1, 2014 till March 31, 2017.

**RESOLVED FURTHER THAT** the Board of Directors be and are hereby authorized to increase, vary or amend the remuneration (within the allocate grades) including salary, allowances, perquisites and benefits, minimum remuneration and other terms of his appointment, from time to time, as deemed expedient or necessary."

**9. RE-APPOINTMENT OF MR. P RAJENDRAN AS COO & WHOLE-TIME 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 196, 197, 198, Schedule V and other applicable provisions, if any, of the Companies Act, 2013,

(including any amendment/modification thereof) and subject to such other necessary approval(s), consent(s) or permission(s), as may be required, the consent of the Members of the Company be and is hereby accorded to re-appoint Mr. P Rajendran (DIN: 00042531) as COO & Whole-time Director of the Company, liable to retire by rotation, for a period of 5 years w.e.f. April 1, 2014 on the terms and remuneration as mentioned in the statement annexed hereto.

**RESOLVED FURTHER THAT** pursuant to Section II of Part II of Schedule V and other applicable provisions, if any, of the Companies Act, 2013, (including any amendment/modification thereof) and subject to such approvals as may be necessary, the Company is authorized to pay minimum remuneration to Mr. P Rajendran, COO & Whole-time Director for the financial year, in which there is inadequacy or absence of profits, during the period of three years commencing from April 1, 2014 till March 31, 2017.

**RESOLVED FURTHER THAT** the Board of Directors be and are hereby authorized to increase, vary or amend the remuneration (within the allocate grades) including salary, allowances, perquisites and benefits, minimum remuneration and other terms of his appointment, from time to time, as deemed expedient or necessary."

**10. APPOINTMENT OF MR. ANAND SUDARSHAN, AS AN INDEPENDENT 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** pursuant to Section 149, 152 and other applicable provisions of the Companies Act, 2013 and the Rules made thereunder, read with Schedule IV to the Companies Act, 2013, Mr. Anand Sudarshan (DIN: 00827862), who was appointed as an Additional Director of the Company by the Board of Directors w.e.f. October 11, 2013 and who holds office until the date of ensuing Annual General Meeting, in terms of Section 161 of the Companies Act, 2013 and in respect of whom the Company has received a notice in writing from a member under Section 160 of the Companies Act, 2013, signifying his intention to propose Mr. Anand Sudarshan as a candidate for the office of Director of the Company, be and is hereby appointed as an Independent Director of the Company to hold office for 5 consecutive years upto March 31, 2019, not liable to retire by rotation."



## NOTICE (Contd.)

### 11. APPOINTMENT OF MS. GEETA MATHUR, AS AN INDEPENDENT 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** pursuant to Section 149, 152 and other applicable provisions of the Companies Act, 2013 and the Rules made thereunder, read with Schedule IV to the Companies Act, 2013, Ms. Geeta Mathur (DIN: 02139552), who was appointed as an Additional Director of the Company by the Board of Directors w.e.f. April 1, 2014 and who holds office until the date of ensuing Annual General Meeting, in terms of Section 161 of the Companies Act, 2013 and in respect of whom the Company has received a notice in writing from a member under Section 160 of the Companies Act, 2013, signifying his intention to propose Ms. Geeta Mathur as a candidate for the office of Director of the Company, be and is hereby appointed as an Independent Director of the Company to hold office for 5 consecutive years upto March 31, 2019, not liable to retire by rotation."

### 12. APPOINTMENT OF MR. SANJAY KHOSLA, AS AN INDEPENDENT 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** pursuant to Section 149, 152 and other applicable provisions of the Companies Act, 2013 and the Rules made thereunder, read with Schedule IV to the Companies Act, 2013, Mr. Sanjay Khosla (DIN: 00981819), who retires by rotation at the ensuing Annual General Meeting and in respect of whom the Company has received a notice in writing from a member under Section 160 of the Companies Act, 2013, signifying his intention to propose Mr. Sanjay Khosla as a candidate for the office of Director of the Company, be and is hereby appointed as an Independent Director of the Company to hold office for 5 consecutive years upto March 31, 2019, not liable to retire by rotation."

### 13. APPOINTMENT OF MR. SURENDRA SINGH, AS AN INDEPENDENT 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** pursuant to Section 149, 152 and other applicable provisions of the Companies Act, 2013 and the Rules made thereunder, read with Schedule IV to the Companies Act, 2013, Mr. Surendra Singh (DIN: 00003337) whose period of office is liable to determination by retirement of directors by rotation and in respect of whom the Company has received a notice in writing from a member under Section 160 of the Companies Act, 2013, signifying his intention to propose Mr. Surendra Singh as a candidate for the office of Director of the Company, be and is hereby appointed as an Independent Director of the Company to hold office for 5 consecutive years upto March 31, 2019, not liable to retire by rotation."

By Order of the Board  
For NIIT Limited

Place : New Delhi  
Date : May 21, 2014

**Rajesh Arora**  
*Company Secretary*  
Membership No. – FCS 4081



## NOTICE (Contd.)

### NOTES:

1. The Statement pursuant to Section 102(1) of the Companies Act, 2013, in respect of Special Business 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 AT 8, BALAJI ESTATE, FIRST FLOOR, GURU RAVI DAS MARG, KALKAJI, NEW DELHI – 110019, NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING. A BLANK PROXY FORM IS ATTACHED WITH THE ANNUAL REPORT. A PERSON CAN ACT AS PROXY ON BEHALF OF MEMBERS NOT EXCEEDING FIFTY (50) AND HOLDING IN AGGREGATE NOT MORE THAN 10% OF THE TOTAL SHARE CAPITAL OF THE COMPANY.
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, 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 upto and including the date of Annual General Meeting.
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 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 28, 2014 to July 7, 2014, both days inclusive. The dividend as recommended by the Board of Directors, if approved at the Meeting, will be paid to those Members whose names appear in the Company's Register of Members as on July 7, 2014 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 27, 2014 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 make payment of dividend.
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 SH.13).
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 warrant.
11. All unclaimed/unpaid dividend up to the financial year ended on March 31, 2006, have been transferred to the Investor Education and Protection Fund of the Central Government pursuant to Section 205A of the Companies Act, 1956 (corresponding Section 124 of Companies Act, 2013). Members who have not so far encashed dividend warrant(s) for the financial year ended March 31, 2007 and thereafter are requested to approach the Company by writing a letter to the Company at Registered Office address, immediately. As on March 31, 2014, the amount outstanding in unclaimed dividend account for the financial year ended March 31, 2007 is Rs.544,986/-.
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. Pursuant to the provisions of the Companies Act, 2013 read with the Rules framed thereunder, the Company may send notice of general meeting, directors' report, auditors' report, audited financial

**NOTICE (Contd.)**

statements and other documents through electronic mode. Further, pursuant to the first proviso to the Rule 18 of the Companies (Management and Administration) Rule, 2014, the Company shall provide an advance opportunity atleast once in a financial year to the members to register their e-mail address and changes therein. In view of the same, Members are requested to kindly update their e-mail address with depository participants in case of holding shares in demat form. If holding shares in physical form, Members are requested to inform their e-mail ID to the Company.

14. Electronic copy of the Notice of the 31st Annual General Meeting of the Company inter-alia indicating the process and manner of e-voting along with Attendance Slip and Proxy Form is being sent to all the members whose email IDs are registered with the Company/Depository Participants(s) for communication purposes unless any member has requested for a hard copy of the same. For members who have not registered their email address, physical copies of the aforesaid documents are being sent by the permitted mode.

15. Voting through electronic means

In compliance with provisions of Section 108 of the Companies Act, 2013 and Rule of the Companies (Management and Administration) Rules, 2014, the Company is pleased to provide members facility to exercise their right to vote at the 31st Annual General Meeting (AGM) by electronic means and the business may be transacted through e-Voting Services provided by National Securities Depository Limited (NSDL).

The instructions for e-Voting are as under:

- a. NSDL shall be sending the User ID and Password, to those members whose shareholding is in the dematerialized format and whose email addresses are registered with the Company/Depository Participants. For members who have not registered their email address, can use the details as provided in the e-voting instruction being sent along with the Notice.
- b. Open the internet browser and type the following URL: [www.evoting.nsdl.com](http://www.evoting.nsdl.com)
- c. Click on Shareholder-Login
- d. Put User ID and Password as provided in this document and click Login. If you are already registered with NSDL for e-voting then you can use your existing User ID and Password for the Login.
- e. If you are logging in for the first time, the Password change menu will appear. Change the Password with new Password of your choice. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- f. Once the e-voting home page opens, click on e-voting: Active Voting Cycles.
- g. Select "EVEN (Electronic Voting Event Number)" of NIIT Limited.
- h. Once you enter the Cast Vote page will open. Now you are ready for e-voting.
- i. Cast your vote by selecting appropriate option and click on "Submit" and also "Confirm" when prompted.
- j. Upon confirmation, the message "Vote cast successfully" will be displayed.
- k. Once you have voted on the resolution, you will not be allowed to modify your vote.
- l. Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/ Authority Letter etc. together with the attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer through e-mail at [niitscrutinizer@gmail.com](mailto:niitscrutinizer@gmail.com) with a copy marked to [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in).

General Instructions for e-voting:

- i. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Shareholders and e-voting user manual for Shareholders available at the Downloads section of [www.evoting.nsdl.com](http://www.evoting.nsdl.com). You can also contact NSDL via email at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in).
- ii. You can also update your mobile number and e-mail id in the user profile details of the folio which may be used for sending future communication(s).
- iii. The e-voting period commences on Tuesday, July 1, 2014 (9:00 A.M. IST) and ends on Thursday, July 3, 2014 (6:00 P.M. IST). During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of May 30, 2014, may cast their vote electronically. The e-voting module shall be disabled by NSDL for voting thereafter. Once the vote on a resolution is cast by the shareholder, the shareholder shall not be allowed to change it subsequently.

## NOTICE (Contd.)

- iv. The voting rights of Shareholders shall be in proportion to their shares of the paid up equity share capital of the Company as on the record date i.e., May 30, 2014.
- v. Since the Company is required to provide members facility to exercise their right to vote by electronic means, shareholders of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of May 30, 2014 and not casting their vote electronically, may only cast their vote at the 31st Annual General Meeting.
- vi. Mr. Abhinav Khosla, Chartered Accountant (Membership No. 087010) and Partner M/s. S.C.Vasudeva & Co., Chartered Accountants has been appointed as the Scrutinizer to scrutinize the e-voting process in a fair and transparent manner.
- vii. The Scrutinizer shall within a period of not exceeding three (3) working days from the conclusion of the e-voting period unlock the votes in the presence of at least two (2) witnesses not in the employment of the Company and make a Scrutinizer's Report of the votes cast in favour or against, if any, forthwith to the Chairman of the Company.
- viii. The Results shall be declared on or after the 31st Annual General Meeting of the Company. The Results declared along with the Scrutinizer's Report shall be placed on the Company's website [www.niit.com](http://www.niit.com) and on the website of NSDL within two (2) days of passing of the resolutions at the 31st Annual General Meeting of the Company on July 7, 2014 and communicated to NSE and BSE.
16. SEBI vide its Circular No. CIR/MRD/DP/10/2013 dated March 21, 2013 had mandated the companies to use any of the RBI approved electronic mode of payment such as ECS (Local ECS / Regional ECS / National ECS), NEFT, RTGS etc. for distribution of dividends and other cash benefits to investors. The Circular also mandated the companies or their registrar & share transfer agents (RTA) to maintain bank details of investors. In case the securities are held in demat mode, the companies or their RTA shall seek relevant bank details from depositories and in case the securities are held in physical mode, the companies or their RTA shall take necessary steps to maintain updated bank details at their end. The members are requested to ensure that correct and updated particulars of their bank account are available with their respective depository participants and the Company / its RTA to facilitate necessary payments through electronic mode.
17. THE COMPANY WHOLE-HEARTEDLY WELCOMES MEMBERS/ PROXIES AT THE ANNUAL GENERAL MEETING OF THE COMPANY. THE MEMBERS / PROXIES MAY PLEASE NOTE THAT NO GIFTS / GIFT COUPONS WILL BE DISTRIBUTED AT THE ANNUAL GENERAL MEETING.
18. Information pursuant to Clause 49 of the Listing Agreement pertaining to the Directors proposed to be re-appointed vide Item No. 3 and 8 to 13 of the Notice, is as follows:

Name	Vijay K Thadani	P Rajendran	Anand Sudarshan
Date of Birth	February 15, 1951	February 28, 1953	April 19, 1960
Date of Appointment	December 2, 1981	May 1, 1990	October 11, 2013
Qualifications	B. Tech	B. Tech	B.E (Electronics and communication Engineering)
Expertise in specific functional area	Detailed in the Corporate Governance Report for the financial year 2013-14	Detailed in the Corporate Governance Report for the financial year 2013-14	Detailed in the Corporate Governance Report for the financial year 2013-14

## NOTICE (Contd.)

Membership (M)/ Chairmanship (C) of Committees of other public companies (includes only Audit Committee (AC) and Shareholders' /Investor' Grievance Committee (SIGC))	1. NIIT Technologies Limited(SGC-M) 2. NIIT Technologies Limited(AC-M) 3. Scantech Evaluation Services Limited(AC-C) 4. NIIT Institute of Finance Banking and Insurance Training Limited(AC-M) 5. NIIT Institute of Process Excellence Limited(AC-C) 6. NIIT Yuva Jyoti Limited (AC-C)	1. Hole-in-the-Wall Education Limited (AC-M) 2. NIIT Institute of Process Excellence Limited(AC-M) 3. NIIT Yuva Jyoti Limited (AC-M)	None
Number of Equity Shares held in the Company	1,55,000	457,537	NIL
Relationship with other Directors	None	None	None

Name	Geeta Mathur	Sanjay Khosla	Surendra Singh
Date of Birth	November 21, 1966	December 1, 1951	July 21, 1937
Date of Appointment	April 1, 2014	December 21, 2002	March 20, 2001
Qualifications	Chartered Accountant	B.Tech	Masters in Mathematics
Expertise in specific functional area	Detailed in the Corporate Governance Report for the financial year 2013-14	Detailed in the Corporate Governance Report for the financial year 2013-14	Detailed in the Corporate Governance Report for the financial year 2013-14
Directorship held in other public companies (excluding Foreign Companies)	MotherSum Systems Limited	None	1. NIIT Technologies Limited 2. NIIT SmartServe Limited 3. GHCL Limited
Membership (M)/ Chairmanship (C) of Committees of other public companies (includes only Audit Committee (AC) and Shareholders' /Investor' Grievance Committee (SIGC))	MotherSum Systems Limited (AC-M)	None	4. NIIT Technologies Limited (AC-M) 5. NIIT SmartServe Limited (AC-M)
Number of Equity Shares held in the Company	NIL	56,250	NIL
Relationship with other Directors	None	None	None

## STATEMENT IN RESPECT OF SPECIAL BUSINESSES

(Pursuant to Section 102 of the Companies Act, 2013)

### ITEM NO.5

The Members of the Company at the Annual General Meeting held on July 25, 2007 had approved the remuneration payable to the Executive Directors of the Company and the Board of Directors were authorized to revise the same within the overall limits prescribed in this regard.

The Compensation/Remuneration Committee in its meeting held on July 2, 2012 had reviewed the remuneration of the Executive Directors of the Company and recommended to maintain the remuneration for financial year 2012-13, at the same level as of financial year 2011-12.

The Compensation/Remuneration Committee in its meeting held on October 17, 2013 reviewed the remuneration of the Executive Directors for the financial year 2013-14 and after considering the current position of the Company

**NOTICE (Contd.)**

and prevailing market conditions, recommended that the remuneration payable to the Executive Directors in the financial year 2013-14 shall remain same as of financial year 2012-13. The Committee also approved that in case of inadequacy of profits or no profits, the Executive Directors shall be paid minimum remuneration in accordance with Section II(1)(A) of Part II of Schedule XIII of the Companies Act, 1956 i.e. Rs. 24,00,000/- per annum per Executive Director. Accordingly, Mr. P Rajendran was paid this minimum remuneration in the financial year 2013-14.

Mr. P Rajendran is associated with the Company since inception and has contributed towards the growth of Company. The continued association of Mr. P Rajendran provides immense benefits to the Company. Further, Mr. P Rajendran is associated in his professional capacity and does not fulfill any criteria of being a Promoter as envisaged in clause 2(1)(za) of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulation, 2009 as amended from time to time.

The Compensation/Remuneration Committee and the Board in their respective meetings held on May 21, 2014 appreciated the contributions made by Mr. P Rajendran towards the growth and recognition of the Company and considering the same, approved the payment of the entire remuneration, as approved by the Compensation/Remuneration Committee in its meeting held on July 2, 2012, the following remuneration as minimum remuneration to Mr. P Rajendran for the financial year 2013-14.

- I. Basic Salary : Rs.419,000/- per month (Grade : Rs.300,000/- to Rs.700,000/- pm)
- II. HRA : Rs. 335,200/- per month (80% of Basic Salary paid monthly)
- III. Contribution to PF: 12 % of Basic Salary
- IV. Contribution to Superannuation: 13% of Basic Salary
- V. Total of all perquisites (except gratuity): Rs. 3,100,000/- per annum
- VI. Gratuity: as per the scheme of Company

The Information as required under Section II of Part II of Schedule V of the Companies Act, 2013: Refer the statement in Item No. 8 & 9

The payment of remuneration to Mr. P Rajendran as stated above is subject to the approval of the Members and Central Government and the same shall be paid after making the adjustment of remuneration already paid to him.

Except Mr. P Rajendran and his relatives, none of the Director and Key Managerial Personnel of the Company and their relatives is concerned or interested, financially or otherwise in the resolution set out at Item no. 5.

The Board recommends the resolution for your approval.

**ITEM NO. 6**

The Members of the Company at their Annual General Meeting held on July 9, 2010 had approved the payment of commission up to 1% per annum of the net profits of the Company to the Non-Executive Directors for a period of five years with effect from April 1, 2010.

In terms of Section 197 of the Companies Act, 2013, the remuneration payable to Non-Executive Directors cannot exceed 1% of the net profits of the Company unless approved by the Central Government.

The performance of the Company in the last two financial years has been impacted due to a variety of reasons. The slowdown in global and Indian economies has led to short-term downtrend in the education and training industry. Though NIIT's standalone results have taken the maximum impact, it is profitable at the consolidated level.

During the financial year 2013-14, the standalone profits of the Company were not adequate for payment of commission as above to Non-Executive Directors and in view of this, approval of Shareholders and the Central Government would be required to pay the commissions for the financial year 2013-14.

The Board of Directors in their meeting held on May 21, 2014 had approved the said payment of remuneration to the Non-Executive Directors of the Company.

Except the Non-Executive Directors and their relatives, none of the Director and Key Managerial Personnel of the Company and their relatives is concerned or interested, financially or otherwise in the resolution set out at Item no. 6.

The Board recommends the resolution for your approval.

**ITEM NO. 7**

Mr. Rajendra S Pawar, Chairman and co-founder of the Company, was appointed as a Whole-time Director by the Members of the Company w.e.f. December 2, 1981. Subsequently, the Members of the Company re-designated Mr. Rajendra S Pawar as the Managing Director of the Company w.e.f. from April 22, 1998 and thereafter, he was re-appointed as the Managing Director of the Company from time to time. The shareholders of the Company at their Annual General

## NOTICE (Contd.)

Meeting held on July 1, 2011 had re-appointed Mr. Rajendra S Pawar as the Managing Director of the Company for a period of 5 years w.e.f. January 24, 2012 with term valid up to January 23, 2017.

In accordance with Schedule XIII of the Companies Act, 1956, the shareholders of the Company at their Annual General Meeting held on July 1, 2011 had approved the payment of remuneration approved by them as the minimum remuneration, payable in case of inadequacy of profits or no profits, for a period 3 years w.e.f. January 24, 2012. The said shareholder's approval for payment of minimum remuneration to Mr. Rajendra S Pawar in case of inadequacy of profits or no profits, shall expire on January 23, 2015.

The Companies Act, 2013 specifies the revised limits for remuneration, which can be paid to the managerial personnel of the Company in case of inadequacy of profits or no profits and in view of expiry of the current shareholder's resolution for payment of minimum remuneration expiring on January, 2015, it is proposed to obtain a fresh shareholder's approval for payment of minimum remuneration as mentioned hereunder, to Mr. Rajendra S Pawar, from April 1, 2014 till the expiry of his term as Managing Director i.e. January 23, 2017.

The remuneration as set out below was approved by the Compensation/Remuneration Committee and the Board at their respective meetings held on May 21, 2014.

### Remuneration:

Minimum remuneration as prescribed under Section II of Part II of Schedule V of the Companies Act, 2013.

The other Information as required under Section II of Part II of Schedule V of the Companies Act, 2013 is given below:

### I. GENERAL INFORMATION

Refer details given in the Item No. 8 & 9 of the statement annexed to the Notice.

### II. INFORMATION ABOUT THE MANAGING DIRECTOR

#### 1. Background details

Mr Rajendra S Pawar is the Chairman and Co-Founder of the NIIT Group, comprising NIIT Limited, the leading Global Talent Development Corporation, and NIIT Technologies Limited, a Global IT solutions organization.

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 into a leading Global Talent Development Corporation, offering learning solutions to Individuals, Enterprises and Institutions. Spread across 40 countries, NIIT has impacted over 35 million learners since inception.

In recognition of Mr. Pawar's contribution towards changing the IT landscape for the country, the President of India awarded him the Padma Bhushan - one of the highest civilian awards given by the Government of India - in 2011.

Mr Pawar served as a member on the Prime Minister's National Council on Skill Development (2009- 2014) and has also been a part of the PM's National Taskforce (1998), commissioned to develop India into an IT Superpower. He has been chairing the Committee on Policy Framework for Technology Based Education, Government of India.

Actively involved in India's key Chambers of Commerce, Mr Pawar has led several ICT industry fora, including NASSCOM (National Association of Software & Service Companies) as its Chairman in 2011-12, giving voice to the sector's aspirations and goals. At CII (Confederation of Indian Industries), he has also chaired the IT Committee and the Education Committee.

Mr Pawar has been an ardent advocate of leveraging technology to make education accessible to the remotest corners in the country, to educate the vast population of underserved, school-aged children. His passion led to the launch of the Hole-in-the-Wall education (HiWEL) initiative in 1999 with Dr. Sugata Mitra, Chief Scientist emeritus, NIIT. The path-breaking work done by NIIT in spreading computer literacy and improving the quality of education at grass root, through the HiWEL project has earned it the coveted-'Digital Opportunity Award' by World Information Technology Services Alliance (WITSA) in 2008.

Mr Pawar led NIIT to participate in the ambitious human capacity building project for Bhutan - ChiphenRigpel - designed to help the country transition successfully into a modern Knowledge Society. The project in its entirety is expected to provide ICT skills to over a fifth of the population of Bhutan, to help them to become confident and empowered citizens of a connected and ICT enabled world. He has also been an advisor to the Hunan province of China and a member of PIAC (Presidential International Advisory Council) of the Government of South Africa for IT.

Mr. Pawar's contributions have been widely



## NOTICE (Contd.)

acknowledged by the industry and he has been conferred prestigious awards like- the 'IT man of the Year' by IT industry journal, Dataquest; 'Master Entrepreneur of the Year' by Ernst & Young in 1999 and the 'IT Gem of India' at INFOCOM 2013, India's largest IT & Telecom convention, by the ABP Group, to name a few.

Known for promoting industry-academia alliances, Mr Pawar has been working closely with the country's well-known educational institutions. He is on the Board of Governors of India's premier institutions- the Indian School of Business (ISB) Hyderabad, IIM Bangalore, member of the University Court of Delhi University, and the Scindia School.

Having revolutionized the IT Training industry, Mr Pawar is involved in shaping a new model in Higher Education, the not-for-profit NIIT University. He is currently chairing the Committee on Policy Framework for Technology Based Education, Government of India.

In recognition of his contribution towards changing the IT landscape in India, in 2011, Mr. Pawar was awarded the Padma Bhushan, one of the highest civilian awards given by the Government of India.

### 2. Past remuneration

2011-12	Rs. 15,155,886
2012-13	Rs. 6,139,276
2013-14	Rs. 2,643,080

### 3. Recognition or awards

- IT Gem of India' at INFOCOM 2013, India's largest IT & Telecom event, by the ABP Group
- Edupreneurs' par excellence Award 2013 in the special mention category by Dr. ShashiTharoor, MoS for Human Resource Development. By Engineering Watch
- Prestigious Nayudamma Award 2012, for continued contribution to the IT industry in India
- Rewarded with the Padma Bhushan award in 2011 by the President of India for revolutionizing the IT landscape in India
- HRD Excellence Award 2002 by the National HRD Network
- PHDCCI Distinguished Entrepreneurship Award 2000
- Ernst & Young Master Entrepreneur of the Year award 1999
- IT Man of the Year 1998 award instituted by IT industry journal, Dataquest
- IIT Delhi Distinguished Alumnus Award 1995

- Bank of India Award for Excellence in Management
- 'The Global India Splendor Award' on the occasion of 60th year of India's independence

### 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

In case of inadequacy of profits, minimum remuneration as stated hereinabove.

The Company intends to pay double the amount prescribed under Section II of Part II of Schedule V of the Companies Act, 2013 and hence it is proposed to pass the special resolution in this regard.

### 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 the Mr. Rajendra S 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 their meeting held on May 21, 2014.

### 7. Pecuniary relationship directly or indirectly with the Company or relationship with managerial personnel, if any

Mr. Rajendra S Pawar has no pecuniary relationship directly or indirectly with the Company except to the extent of his remuneration and shareholdings in the Company.

### III. OTHER INFORMATION

Refer the statement in Item No. 8 & 9 annexed to the Notice.

The payment of remuneration to Mr. Rajendra S Pawar as stated above is subject to the approval of the Members.

Except Mr. Rajendra S Pawar and his relatives, none of the Director's and Key Managerial Personnel of the Company and their relatives is concerned or interested, financially or otherwise in the resolution set out at Item no. 7.

The Board recommends the resolution for your approval.



## NOTICE (Contd.)

### ITEM NO. 8 & 9

The Members of the Company had appointed Mr. Vijay K Thadani and Mr. P Rajendran as Whole-time Directors of the Company w.e.f. December 15, 1981 and May 1, 1990 respectively. As the Companies Act, 1956 does not mandate any limitation on the term of Whole-time Director, thus, there was no limit assigned to the term of Mr. Vijay K Thadani and Mr. P Rajendran as Whole-time Directors of the Company.

The Ministry of Corporate Affairs, Government of India had notified the new Companies Act, 2013 ('the Act') on August 29, 2013 and notified many of its provisions w.e.f. April 1, 2014, thereby replacing the corresponding provisions of the Companies Act, 1956.

In terms of Section 196(2) of the Act, the term of the managing director, whole-time director or manager shall not exceed five years at a time and accordingly, the Company was required to re-appoint Mr. Vijay K Thadani and Mr. P Rajendran as Whole-time Directors of the Company for a period of 5 years w.e.f. April 1, 2014.

The shareholders of the Company had approved the remuneration payable to Mr. Vijay K Thadani and Mr. P Rajendran at their Annual General Meeting held on July 25, 2007 and within the grades approved by the shareholders, the Compensation/Remuneration Committee approved the remuneration payable to Mr. Vijay K Thadani and Mr. P Rajendran at its meeting held on May 22, 2011.

The remuneration as set out below was approved by the Board and Compensation/Remuneration Committee at its meeting held on May 21, 2014.

Name of the Whole-time Director	Mr. Vijay K Thadani	Mr. P Rajendran
Basic Salary	Rs. 602,000/- p.m. (In the grade of Rs. 300,000/- pm – Rs. 1,000,000 p.m.)	Rs. 419,000/- p.m. (In the grade of Rs. 300,000/- pm – Rs. 1,000,000/- p.m.)
HRA	Rs. 481,600/- p.m. (up to 80% of the Basic Salary)	Rs. 335,200/- p.m. (up to 80% of the Basic Salary)

### Perquisites, Benefits and Allowances:-

In addition to the basic salary, shall 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:

- Contribution to Provident Fund, Superannuation Fund or Annuity Fund: As per the rules of the Company as applicable to the Managing Director and Whole-time Directors.
- 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, Group Term Insurance, 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/ broadband facility at residence. However, the Company shall bill him, the charges relating to personal long distance calls and charges for using the office cars and phones for private purposes.

The other Information as required under Section II of Part II of Schedule V of the Companies Act, 2013 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

## NOTICE (Contd.)

4	Financial performance based on given indicators	(Rs. in Million)			
		Particulars	FY 13-14	FY 12-13	FY 11-12
		Total	5,819.81	7080.79	7843.87
		Revenue			
		Profit After Tax	(77.79)	11.57	962.54
5	Foreign investments or Collaborators, if any	The Company has made investments in the following overseas subsidiaries:- 1. NIIT Antilles NV, Netherlands Antilles 2. NIIT USA Inc., USA 3. NIIT Limited, UK			

## II. INFORMATION ABOUT THE WHOLE-TIME DIRECTORS

### 1. Background details

Mr. Vijay K Thadani	P. Rajendran
<p>Vijay K. Thadani is the Chief Executive Officer of NIIT Ltd, a leading Global Talent Development Corporation. As the co-founder of NIIT Group, he has built an organization that is recognised for its visionary role in bringing the benefits of Information Technology, both as a professional skill and as a learning tool, to the masses.</p> <p>Vijay led the Group's globalization efforts since 1991, taking the NIIT flag to over 40 countries. He serves on the Board of NIIT Technologies Limited, a leading SEI-CMMi Level 5 assessed IT Solutions organisation, servicing customers in the USA, Europe, Japan, Asia Pacific, and India. Vijay has been actively engaged with many Industry Associations. He served as President of the Indian IT industry association, MAIT, chaired the Indian Government's Committee on National Information Infrastructure and has been</p>	<p>P. Rajendran Chief Operating Officer and Co-founder of NIIT Ltd, is part of the core team that has developed the organisation and brought it to its present position of international standing, since its inception in 1981. He is an alumnus of Indian Institute of Technology, Delhi.</p> <p>Mr. P Rajendran leads the People &amp; Infrastructure initiatives and the School Solutions Business at NIIT. A people-person and a believer in leveraging Information Technology for Human Resources competitiveness, he has helped NIIT emerge as one of the most exciting places to work.</p> <p>Mr. P Rajendran is actively associated with industry associations like CII and FICCI. of 'Economic Consultant' to Chongqing, world's largest city in the People's Republic of China</p>

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, as the Chairman of CII National Committee on Education, India and as the Chairman of CII Northern Region for 2011- 2012.

He also served as the Chairman of the National Accreditation Board for Education and Training (NABET), under the aegis of the Quality Council of India and as the Chairman of Board of Governors of Indian Institute of Information Technology (IIIT), Allahabad. Vijay is the co-founder of the not-for-profit, NIIT University established in 2009 with a vision of being the leading centre of innovation and learning in emerging areas of the Knowledge Society. He is also a member of the India Advisory Board of the Maastricht University, Netherlands, India Advisory Board of Project Management Institute (PMI), USA and the Governing Council of All India Management Association (AIMA). A 'Distinguished Alumnus' of the premier Indian Institute of Technology, Delhi, Vijay was honored with the position

## NOTICE (Contd.)

### 2. Past remuneration

	Mr. Vijay K Thadani	Mr. P Rajendran
2011-12	Rs. 30,801,334	Rs. 22,664,363
2012-13	Rs. 9,699,578	Rs. 6,305,871
2013-14	Rs. 2,686,005	Rs. 2,730,605

### 3. Recognition or awards

Mr. Vijay K Thadani	Mr. P Rajendran
Bank of India Award for Excellence in Management 1999 -IIT Delhi Distinguished Alumnus award 1999	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, Best Education Company to Work with' at Indian Education Awards 2011 and '4th Best Company to work for in India' by Great India to Work Institute 2013-14

### 4. Job profile and his suitability

Mr. Vijay K Thadani	Mr. P Rajendran
Mr. Vijay K Thadani being the Chief Executive Officer and Whole time Director of the Company is responsible for leading NIIT's strategic alliance initiative, the technology partnership initiative and leveraging growth opportunities in addition to overseeing the finance legal and secretarial, investor relations functions and Global Learning Business	Mr. P Rajendran being the Chief Operating Officer and Whole-time Director of the Company assists the CEO in the management of operations of the Company and in addition, he leads the corporate teams engaged in Human Resources, Commercial Services and the School Learning Solutions Business.

### 5. Remuneration proposed

As per the details given in the Item No. 8 & 9 of the statement annexed to the Notice.

The Company intends to pay double the amount prescribed under Section II of Part II of Schedule V of

the Companies Act, 2013 and hence it is proposed to pass the special resolutions in this regard.

### 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 the Whole-time Directors 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 their meeting held on May 21, 2014.

### 7. Pecuniary relationship directly or indirectly with the Company or relationship with managerial personnel, if any

The Whole-time Directors have no pecuniary relationship directly or indirectly with the Company except to the extent of their remuneration and shareholdings in the Company.

## III. OTHER INFORMATION

**1. Reasons of loss or inadequate profits:** The performance of the Company in the last two financial years has been impacted due to slowdown in global and Indian economies. The situation has aggravated further due to short-term downtrend in the education industry. NIIT being the market leader, has been most affected by it. With its foresight and years of experience in this sphere, NIIT has still been able to remain profitable at the consolidated level. However, the standalone profits have been impacted negatively.

### 2. Steps taken or proposed to be taken for improvement:

The Company will remain committed to generating superior returns for its stakeholders. NIIT would continue to drive growth through asset light business models and release cash by exiting capital intensive business models.

### 3. Expected increase in productivity and profits in measurable terms:

NIIT's margins are low in the financial year 2013-14 due to adverse impact of operating leverage in ILS business. As demand for IT training picks up, the margins and profits would improve. NIIT's operating margin for financial year 2013-14 is 7% which grew 108 basis points compared to the previous year. The positive trend is expected to continue.

**NOTICE (Contd.)**

The payment of remuneration to Whole-time Directors as stated above is subject to the approval of the Members.

Except Mr. Vijay K Thadani & Mr. P Rajendran and their relatives, none of the Director and Key Managerial Personnel of the Company and their relatives is concerned or interested, financially or otherwise in the resolution set out at Item no. 8 & 9.

The Board recommends the resolution for your approval.

**ITEM NO. 10**

Mr. Anand Sudarshan was appointed as an Additional Director of the Company w.e.f. October 11, 2013 and pursuant to the provisions of Section 161(1) of the Companies Act, 2013 and Article 61 of the Articles of Association of the Company, he shall hold office of the Director, as such, up to the date of ensuing Annual General Meeting. The Company has received a notice in writing from a Member of the Company along with a deposit of Rs. 1,00,000 proposing the candidature of Mr. Anand Sudarshan under the provisions of Section 160 of the Companies Act, 2013.

The Board considers that it is in the interest of the Company to continue to have the benefit of rich experience and expertise of Mr. Anand Sudarshan. Accordingly, the Board recommends his appointment as an Independent Director of the Company to hold office for 5 consecutive years upto March 31, 2019, not being liable to retire by rotation.

Further, in the opinion of the Board, Mr. Anand Sudarshan fulfills the conditions specified in the Companies Act, 2013 and Rules made thereunder for his appointment as an Independent Director of the Company and is independent of the management. Copy of the draft letter for appointment of Mr. Anand Sudarshan as an Independent Director setting out terms and conditions would be available for inspection without any fee by the members at the Registered Office of the Company during normal business hours from Monday to Friday.

Except Mr. Anand Sudarshan and his relatives, none of the Director and Key Managerial Personnel of the Company and their relatives is concerned or interested, financially or otherwise in the resolution set out at Item no. 10. The Board recommends the resolution for your approval.

**ITEM No. 11**

Ms. Geeta Mathur was appointed as an Additional Director of the Company w.e.f. April 1, 2014 and pursuant to the provisions of Section 161(1) of the Companies Act, 2013 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 ensuing Annual General Meeting. The Company has received a notice in writing from a Member of the Company along with a deposit of Rs. 1,00,000 proposing the candidature of Ms. Geeta Mathur under the provisions of Section 160 of the Companies Act, 2013.

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. Geeta Mathur. Accordingly, the Board recommends her appointment as an Independent Director of the Company to hold office for 5 consecutive years upto March 31, 2019, not being liable to retire by rotation.

Further, in the opinion of the Board, Ms. Geeta Mathur fulfills the conditions specified in the Companies Act, 2013 and Rules made thereunder for his appointment as an Independent Director of the Company and is independent of the management. Copy of the draft letter for appointment of Ms. Geeta Mathur as an Independent Director setting out terms and conditions would be available for inspection without any fee by the members at the Registered Office of the Company during normal business hours from Monday to Friday.

Except Ms. Geeta Mathur and her relatives, none of the Director and Key Managerial Personnel of the Company and their relatives is concerned or interested, financially or otherwise in the resolution set out at Item no. 11. The Board recommends the resolution for your approval.

**ITEM No. 12**

Mr. Sanjay Khosla retires by rotation at the ensuing Annual General Meeting under the erstwhile applicable provisions of Companies Act, 1956. In terms of Section 149 and other applicable provisions of the Companies Act, 2013, Mr. Sanjay Khosla being eligible and offering himself for appointment, is proposed to be appointed as an Independent Director for five consecutive years upto March 31, 2019. A notice has been received from a member proposing Mr. Sanjay Khosla as a candidate for the office of Director of the Company.

In the opinion of the Board, Mr. Sanjay Khosla fulfills the conditions specified in the Companies Act, 2013

## NOTICE (Contd.)

and rules made thereunder for his appointment as an Independent Director of the Company and is independent of the management. Copy of the draft letter for appointment of Mr. Sanjay Khosla as an Independent Director setting out terms and conditions would be available for inspection without any fee by the members at the Registered Office of the Company during normal business hours from Monday to Friday.

The Board considers that his continued association would be of immense benefit to the Company and it is desirable to continue to avail services of Mr. Sanjay Khosla as an Independent Director.

Accordingly, the Board recommends the appointment Mr. Sanjay Khosla as an Independent Director of the Company to hold office for 5 consecutive years upto March 31, 2019, not being liable to retire by rotation.

Except Mr. Sanjay Khosla and his relatives, none of the Director and Key Managerial Personnel of the Company and their relatives is concerned or interested, financially or otherwise, in the resolution set out at Item No. 12. The Board recommends the resolution for your approval.

### ITEM No. 13

Mr. Surendra Singh is a director whose period of office is liable to determination by retirement of directors by rotation under the erstwhile applicable provisions of the Companies Act, 1956. In terms of Section 149 and other applicable provisions of the Companies Act, 2013, Mr. Surendra Singh being eligible and offering himself for appointment, is proposed to be appointed as an Independent Director for five consecutive years upto March 31, 2019. A notice has been received from a member proposing Mr. Surendra Singh as a candidate for the office of Director of the Company.

In the opinion of the Board, Mr. Surendra Singh fulfills the conditions specified in the Companies Act, 2013 and rules made thereunder for his appointment as an Independent Director of the Company and is independent of the management. Copy of the draft letter for appointment of Mr. Surendra Singh as an Independent Director setting out terms and conditions would be available for inspection without any fee by the members at the Registered Office of the Company during normal business hours from Monday to Friday.

The Board considers that his continued association would be of immense benefit to the Company and it is desirable to continue to avail services of Mr. Surendra Singh as an Independent Director.

Accordingly, the Board recommends the appointment Mr. Surendra Singh as an Independent Director of the Company to hold office for 5 consecutive years upto March 31, 2019, not being liable to retire by rotation.

Except Mr. Surendra Singh and his relatives, none of the Director and Key Managerial Personnel of the Company and their relatives is concerned or interested, financially or otherwise, in the resolution set out at Item No. 13. The Board recommends the resolution for your approval.

By Order of the Board  
For **NIIT Limited**

Place : New Delhi  
Date : May 21, 2014

**Rajesh Arora**  
*Company Secretary*  
Membership No. – FCS 4081

# NIIT Limited

## DIRECTORS' REPORT

Dear NIIT Shareowner,

Your Directors take pleasure in presenting the 31st Annual Report along with the audited statement of accounts for the financial year ended March 31, 2014.

### Financial Highlights

The highlights of your Company's financial results for the financial year April 1, 2013 to March 31, 2014 are as follows:

(Rs. Mn.)

Particulars	NIIT Limited-Group (Consolidated)		NIIT Limited (Standalone)	
	2013-14	2012-13	2013-14	2012-13
Net Sales (Income from operations)	9510	9608	5202	6415
Other Income	102	94	618	666
Total Income	9612	9702	5820	7081
Total Expenditure	9164	9344	5178	6219
Profit before depreciation and taxes	448	358	642	861
Depreciation and Amortisation	779	864	680	782
Exceptional Items (Net)	67	(174)	19	2
Net tax provision	93	(433)	59	69
Net profit before share of Associates' Profit & Minority Interest	(357)	(247)	(78)	12
Share of Associates' Profit and Minority Interest	535	509	-	-
Net Profit	178	263	(78)	12
Basic EPS (Rs.)	1.08	1.59	(0.47)	0.07
Diluted EPS (Rs.)	1.08	1.59	(0.47)	0.07

During the year, your Company's consolidated income from operations was Rs. 9510 million as against Rs. 9608 million in the previous year, Operating Profit Rs. 620 million as against Rs. 523 million in the previous year, and Net Profit (after Associates' Profit) Rs. 178 million as against Rs. 263 million in the previous year.

The income from operations for the year under review for the Company on a stand-alone basis was Rs. 5,202 million as compared to Rs. 6,415 million in the previous year and Net Profit of Rs. (-) 78 million as against Rs. 12 million in the previous year.

### Business Operations

In the financial year 2013-14, India's economy continued to face headwinds with high interest rates and sticky inflation. Increased volatility in forex rates led to increased operational risks and the impending general elections added to increased uncertainty and slowed down customer decision making. As a result economic growth has remained tepid with second successive year of less than 5% growth in GDP.

In the Corporate Learning Solutions business, your Company continues to focus on Managed Training Services (MTS). Revenue from CLS grew 31% driven by 45% growth in MTS. Business is ramping up with addition of 7 new customers during the year, taking number of global MTS customers to 21. Revenue visibility has improved to USD 176 million. Operating margins were up 39%, showing an improvement of 73 basis points compared to 12% last year.

Individual Learning Solutions' offerings included training and career building services in IT, BFSI, Executive Management, Business Process Management and Professional life skills. For this, your Company leverages its presence across India, China and other developing countries to offer programs to improve employability for its students. Your company has tie-ups and alliances with leading technology companies and domain experts across the world to bring training on relevant areas first to the market. During the year under review, student sentiment towards IT Training remained weak as hiring by IT sector continued to decline. While companies have indicated that hiring would improve in 2014-15, on ground activity remained muted. This impacted enrolments for NIIT's IT training programs. NIIT is now building a strong portfolio of Non-Tech programs which had a strong growth during the year and now contributed 26% to revenue from Individual Learning Solutions.

In the School Learning Solutions business, your Company provides solutions and services for technology enabled learning & teaching for schools, teachers' training and learning for underserved children. The Company offered NIIT nGuru solution comprising 'Interactive Classrooms', 'Math lab' and 'IT Wizard' for students and 'Quick School' as an Education Resource Planning solution for school management. Revenue from Schools was impacted by expiry of four large projects for IT and IT-based education in state government schools. Business mix has now changed with 57% of revenue contribution from the non-government segment compared to 47% last year. During the year, SLS signed up 668 schools for providing nGuru solutions with an order intake of Rs. 909 million.

In Skill Building Solutions, your Company has an objective of enhancing skills and employability of youth across India, with emphasis on job oriented training for applicants mainly from low and middle income households in semi-urban and rural areas. The Company has developed skills development curriculum for new sectors like Retail, Hospitality, Auto



# NIIT Limited

## DIRECTORS' REPORT (Contd.)

Retail, Showroom Retail, BPO and other informal sectors. The programs offered are aligned to Sector Skill Councils and mapped to National Vocational Education Qualification Framework (NVEQF). The Company expanded its reach to over 50 locations and has started to leverage NIIT's reach to scale up operations.

### Future Plans

Your Company's businesses are aligned to attractive markets. The business is well diversified, both in terms of its service offerings and geographic spread. Strong performance from Corporate Training Business and Non-Tech programs in Individual Learning Solutions has helped your company to offset impact of continuing weakness in IT training and has been able to improve its operating profit.

To revive growth in Individual Learning Solutions, the Company has launched 'ReVOLUTION GNIIT'- a path-breaking GNIIT program that maximizes career opportunities for class XII and college students by offering a range of future-ready courses in Banking and Finance, Digital Marketing and Social Media, Cloud & Mobile Software Engineering, Big Data and Business Analytics, e-Commerce & Business Administration and Cloud Computing & IT Management. The new course architecture improves flexibility and convenience for the students.

You company continues its twin focus on improving capital allocation and generation of free cash flows. The flows will continue to be in the four platforms of growth – Managed Training Services in Corporate Learning Solutions, Cloud Campus in Individual Learning Solutions, nGuru solutions Schools Learning Solutions and Yuva Jyoti range of training in Skills Building Solutions.

### Dividend

Your Directors have recommended a dividend of Rs.1.60 per equity share of Rs. 2 each for approval of the Members at the ensuing Annual General Meeting.

### Transfer to Reserves

Your Company has not transferred any sum to the General Reserve.

### Awards and Accolades

During the year, the NIIT Brand received accolades from across the world recognizing and commending various aspects of the Company. Some of them are listed below:

- NIIT received 'Top IT Training Company Award 2013' for the 20th year in succession by Cybermedia publications.

- NIIT was recognized as the "Best Training Institution" at the Indian Education Awards 2014, by the Leading Industry Association - Franchise India.
- NIIT was ranked as the 4th Best Company to Work in India 2013-14, by Great Place to Work Institute.
- NIIT nGuru was recognized as the "Best Interactive Solution Provider" at the National Education Excellence Awards 2014 by leading industry body ASSOCHAM (Associated Chambers of Commerce and Industry of India).
- NIIT Foundation received "Best CSR Practices Award in Skill Development" 2014 by National CSR.
- NIIT USA was ranked among TrainingIndustry.com's 2014 Top 20 IT Training Companies and among the Top 20 Companies in Training Outsourcing.
- NIIT reaffirmed itself as a Youth connect brand, through the highly successful social media campaign #Wish4Vishy at [www.wish4vishy.com](http://www.wish4vishy.com). The campaign became a national movement with wishes pouring in for NIIT MindChampionViswanathan (Vishy) Anand prior to the World Chess Championship 2013, reaching out to over 60 lakh fans and well-wishers of Vishy across the globe.
- NIIT USA was honored with Brandon Hall Excellence Gold Award 2013 in the 'Best Training Program for the Extended Enterprise Category' jointly with Allstate.
- NIIT IFBI recognized as 'Most Innovative Recruitment Management Initiative' at the Talent & HR Leadership Conference Awards by ET Now at World HRD Congress 2013.

### Subsidiary Companies

As per the provisions of Section 212 of the Companies Act, 1956, your Company is required to attach the Directors' Report, Auditors' Report, Balance Sheet, Statement of Profit and Loss and other documents of the subsidiary companies to its Balance Sheet. However, the Ministry of Corporate Affairs, Government of India vide its General Circular No. 2/2011 dated February 8, 2011, has granted a general exemption under Section 212(8) of the Companies Act, 1956 to all the companies from annexing the annual accounts and other documents/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 above-mentioned 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 2013-14.



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 detailed information, will be made available to the Members of the Company/subsidiary Companies seeking such information at any point of time. The annual accounts of the subsidiaries are also available for inspection for any Member, during the business hours, at the Registered Office of the Company and subsidiary companies and the same can be accessed from the website of the Company <http://www.niit.com/india/training/investors/Pages/financial-performance.aspx>.

### 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 Companies Act, 1956 read with the Companies (Accounting Standards) Rules, 2006. The consolidated financial statements together with Auditors' Report thereon form part of the Annual Report.

### Transfer of Amounts to Investor Education and Protection Fund

Pursuant to the provisions of Section 205A(5) and 205C of the Companies Act, 1956, relevant amounts which remained unpaid or unclaimed for a period of seven years have been transferred by the Company, from time to time on due dates, to the Investor Education and Protection Fund.

Pursuant to the provisions of Investor Education and Protection Fund (Uploading of information regarding unpaid and unclaimed amounts lying with companies) Rules, 2012, the Company has uploaded the details of unpaid and unclaimed amounts lying with the Company as on July 1, 2013 (date of last Annual General Meeting) on the website of the Company <http://www.niit.com/india/training/investors/Pages/investor-information.aspx>

### Corporate Social Responsibility

In alignment with the provisions of the Companies Act, 2013, your directors have constituted the Corporate Social Responsibility Committee of the Board of Directors, with Mr. Surendra Singh as Chairman and Mr. Rajendra S Pawar, Mr. Vijay K Thadani, Mr. Anand Sudarshan and Ms. Geeta Mathur as other members.

The said Committee has been entrusted with the responsibility of formulating and monitoring the Corporate Social Responsibility Policy of the Company, which will include inter-alia activities to be undertaken

by the Company, monitoring the implementation of the framework of the policy and recommending the amount to be spent on CSR activities.

### Corporate Governance

Your Company's philosophy on Corporate Governance envisages the highest level 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. Your Company has also implemented several best corporate governance practices as prevalent globally, such as the Whistle Blower Policy and Code of Conduct and Ethics.

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 separate section titled 'Report on Corporate Governance'. 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 Report on Corporate Governance.

### 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 this Report.

### Directors

Mr. Anand Sudarshan (DIN 00827862) and Ms. Geeta Mathur (DIN 02139552) have been inducted as Additional Directors on the Board of the Company w.e.f October 11, 2013 and April 1, 2014 respectively. According to the provisions of Section 161(1) of the Companies Act, 2013, Additional Directors shall hold office up to the date of the ensuing Annual General Meeting of the Company. The Company has received requisite notice in writing from members proposing appointment of Mr. Anand Sudarshan and Ms. Geeta Mathur as Directors of the Company.

In terms of the provisions of Section 149, 152(6) and other applicable provisions of the Companies Act, 2013, an independent director shall hold office upto a term of five consecutive years on the Board of the Company and shall not be liable to retire by rotation. In view of the same, your Directors are seeking appointment of Mr. Surendra Singh (DIN 00003337), Mr. Sanjay Khosla (DIN 00981819), Mr. Anand Sudarshan (DIN 00827862) and Ms. Geeta Mathur (DIN 02139552) as Independent Directors for a period of five consecutive years upto March 31, 2019.

The Company has received declarations from all the independent directors confirming that they meet with

the criteria of independence as prescribed under Section 149(6) of the Companies Act, 2013 and Clause 49 of the Listing Agreement. The details of the proposal for appointment of independent directors are mentioned in the statement under Section 102 of the Companies Act, 2013, annexed to the Notice of the 31st Annual General Meeting of the Company.

As per the provisions of Section 152(6) of the Companies Act, 2013, Mr. Vijay K Thadani (DIN 00042527) will retire in the ensuing Annual General Meeting and being eligible, offer himself for re-appointment.

Further, in terms of the provisions of Section 196(2) of the Companies Act, 2013, no company shall appoint or re-appoint any person as its managing director, whole-time director or manager for a term exceeding five years at a time. Mr. Vijay K Thadani (DIN 00042527) and Mr. P Rajendran (DIN 00042531) were appointed as Whole-time Directors of the Company w.e.f. December 2, 1981 and May 1, 1990 respectively and now in view of the aforesaid provision, their term as Whole-time Directors of the Company needs to be revised to five years. Accordingly, the Board of Directors recommends the revision in their term and re-appointment for a period of 5 years w.e.f. April 1, 2014.

Ms. Madhabi Puri Buch (DIN 00016299) has expressed her wish to discontinue as a Director of the Company after the ensuing Annual General Meeting and hence the Board has not recommended her re-appointment as independent director.

### Directors' Responsibility Statement

As required under Section 217(2AA) of the Companies Act, 1956, 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, 2014 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 Companies Act, 1956, 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 Companies Act, 1956, 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 the 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 equipment. The requirement of disclosure of particulars with respect to conservation of energy as prescribed in Section 217(1)(e) of the Companies Act, 1956 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 Information Technology 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 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

- Activities relating to exports, initiatives taken to

## DIRECTORS' REPORT (Contd.)

### 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 range of subjects for widely varied audience. The Company will continue to strengthen its presence in USA, Europe, China, Africa, South East Asia, Maldives etc. with a view to increase exports.

### ii) Total foreign exchange earned and used

The details of foreign exchange earnings and outgo are mentioned in Notes Nos.31 to 34 contained in the Notes to Accounts forming part of the Balance Sheet and Statement of Profit and Loss for the financial year ended March 31, 2014.

### Public Deposits

In terms of the provisions of Section 58A of the Companies Act, 1956 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

As required by Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975, the particulars of employees form part of this report. However, as permitted by Section 219(1)(b)(iv) of the Companies Act, 1956, the report is being sent excluding the statement containing the particulars to be provided under Section 217(2A) of the Companies Act, 1956. Any member interested in obtaining such particulars may inspect the same at the Registered Office of the Company or write to the Company Secretary of the Company for a copy thereof.

### Auditors and Auditors' Report

The Auditors, M/s. Price Waterhouse, Chartered Accountants (Firm Registration Number FRN 301112E) retire at the ensuing Annual General Meeting and have confirmed their eligibility and willingness to accept office, if re-appointed.

The notes on financial statements 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 innovation 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 is to develop a sense of ownership among the employees within the organization and to align your Company's stock option scheme with the best practices in the Industry. 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-I and form part of this report.

The Nomination and Remuneration Committee has granted 1,490,000 Employee Stock Options (Grant IX) at Rs.35.40 per share to the eligible employees under ESOP-2005 in May 2014.

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.

For and on behalf of the Board  
**Rajendra S Pawar**

*Chairman &*

*Managing Director*

*DIN - 00042516*

Place : New Delhi

Date : May 21, 2014

### Annexure I to the Directors' Report

Information relating to NIIT ESOP-2005 under SEBI (Employee Stock Option Scheme & Employees Stock Purchase Scheme) Guidelines, 1999 (As on March 31, 2014)

(a) Options granted	Grant I – 555,350*	FY 2005-06	
	Grant II – 46,200*	FY 2005-06	
	Grant III – 115,000*	FY 2007-08	
	Grant IV – 1,282,050**	FY 2008-09	
	Grant V – 5,597,410**	FY 2009-10	
	Grant VI – 543,720**	FY 2009-10	
	Grant VII – 156,060**	FY 2010-11	
	Grant VIII – 100,000**	FY 2012-13	
*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			
** The options are granted on shares of face value of Rs. 2 per share			
(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
	Grant VIII ***	2.00	45.05
	# Closing price on the National Stock Exchange of India Limited.		
	* at approx. 23.45% discount to market price.		
	** at market price.		
***at approx. 96% discount to market price.			
(c) options vested	No of shares		
	Pre bonus & split	Post bonus & spit	
	Grant I	519,050	-
	Grant II	26,350	-
	Grant III	-	456,581
	Grant IV	-	1,237,050
	Grant V	-	5,393,922
	Grant VI	-	377,950
	Grant VII	-	70,040
	Grant VIII	-	50,000
	Total	545,400	7,585, 543
(d) options exercised	No of shares		
	Pre bonus & split	Post bonus & spit	
	Grant I	413,357	453,002
	Grant II	21,800	34,125
	Grant III	-	-
	Grant IV	-	-
	Grant V	-	-
	Grant VI	-	-
	Grant VII	-	-
	Grant VIII	-	50,000
	Total	435,157	537,127

## DIRECTORS' REPORT (Contd.)

(e) the total number of shares arising as a result of exercise of option	No of shares		
	Pre bonus & split	Post bonus & spit	
	Grant I	413,357	453,002
	Grant II	21,800	34,125
	Grant III	-	-
	Grant IV	-	-
	Grant V	-	-
	Grant VI	-	-
	Grant VII	-	-
	Grant VIII	-	50,000
Total	435,157	537, 127	
(f) options lapsed (includes options not vested based on performance parameter)	No of shares		
	Pre bonus & split	Post bonus & spit	
	Grant I	40,300	309,696
	Grant II	19,850	-
	Grant III	-	862,500
	Grant IV	-	1,282,050
	Grant V	-	3,602,477
	Grant VI	-	413,680
	Grant VII	-	120,060
	Grant VIII	-	25000
Total	60,150	6,615,463	
(g) variation of terms of options	Nil		
(h) money realized by exercise of options	Rs. 91,621,258/-		
(i) total number of options in force	2,185,973(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:  No. of employees covered : 15 No. of options granted to such personnel: 238,450 (Pre Bonus and Split) 618,725 (Post Bonus and Split)  ^ Only summary given because of sensitive nature of information *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'	0.07		

## DIRECTORS' REPORT (Contd.)

(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. 2.2 (ix) and 26 contained in the Notes to Accounts forming part of the Balance Sheet and Statement of Profit and Loss for the financial year ended on 31 March, 2014
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(m) Weighted-average exercise prices and weighted-average fair values of options shall be disclosed separately for options whose exercise price either equals or exceeds or is less than the market price of the stock	Grant (Rs.)	I*	II*	III*	IV	V	VI	VII	VIII
Weighted average exercise price		24.00	31.60	121.62	88.70	72.20	69.20	67.65	2.00
Weighted average fair value		13.15	9.63	37.23	32.09	34.47	32.71	31.57	40.17
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:

	Grant I	Grant II	Grant III	Grant IV	Grant V	Grant VI	Grant VII	Grant VIII
I. risk-free interest rate	7%	7%	7.93%	9.24%	6.89 %	6.50%	7.55%	8.19%
II. expected life	2.5 years	2.5 years	2.5 years	2.5 years	3.5 years	3.5 years	3.5 years	4 years
III. expected volatility	14%	14%	45.47%	51.81%	66.48 %	66.23%	63.20%	44.02%
IV. expected dividends	Not considered	Not considered	2.79%	2.04%	1.76 %	1.76 %	1.76%	2.55%
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	Rs. 45.05

### Environment

Financial Year 2013-14 was a challenging year for India's economy with a second successive year of less than 5% growth in GDP. The roller coaster ride in forex rates contributed to enhanced operational risks. The uncertainty caused by impending General elections in India further impacted customer decision making. The economy continues to be constrained by high interest rates and sticky inflation.

These economic headwinds led to a continued weakness in hiring of talent across sectors. IT sector saw a further decline in net additions last year as companies remained focused on improving utilization rates despite improving volume growth. While IT companies are projecting a pickup in hiring in the coming year, sentiment towards IT Training remained weak as on-ground hiring activity remained muted.

However, changing technology trends and increase in just-in-time hiring of skilled workers are creating new opportunities for the training sector.

Corporate Training market in USA and Europe continues to see increased spending by companies. Companies are realizing that outsourcing to specialist training companies can help them improve efficiency and increase effectiveness.

### Company Performance

NIIT responded to economic and market headwinds with increased efforts in cost rationalization and continued focus on its Four identified Platforms of growth. During the year, strong growth in Corporate Learning Solutions (CLS) and Beyond-IT(Banking and Financial Services, Business Process Management, Executive Management Education etc.) programs in Individual Learning Solutions (ILS) helped NIIT overcome impact of weaker sentiment for IT training and of completion of large Government School contracts.

It may be noted that to ensure appropriate comparison, the financial analysis presented in MD&A is based on like to like basis which excludes hardware pass through revenue.

Revenue(Net Revenue) in FY14 was marginally higher than Revenue achieved in FY13. System Wide Revenue, which includes share of revenue for Business Partners, was Rs 14,065 million. System Wide Revenue was lower as compared to last year due to lower contribution from ILS.

The company improved its operating profit (EBITDA) by 19% in FY14 versus last year. Aggressive cost optimization, efficiencies achieved due to Cloud Campus implementation and strong US dollar helped to offset cost inflation and adverse impact of operating leverage in ILS. Operating profit for the second half

of FY14 improved by 85%, as compared to second half of FY13. The Company's performance for FY14 is reflected in the following table:

**Table 1: Profit & Loss Statement (on a like to like basis)**

Rs. Million	FY14	FY13	YoY
<b>System Wide Revenue</b>	<b>14,065</b>	<b>15,260</b>	<b>-8%</b>
<b>Net Revenue</b>	<b>9,510</b>	<b>9,433</b>	<b>1%</b>
Operating Expenses	8,890	8,910	0%
<b>EBITDA</b>	<b>620</b>	<b>523</b>	<b>19%</b>
EBITDA%	7%	6%	98 bps
Depreciation	779	864	-10%
Net Other Income	-106	-339	233 mn
<b>Profit before Tax</b>	<b>-264</b>	<b>-680</b>	<b>416 mn</b>
Tax	93	-433	-526 mn
<b>Operational Net Profit</b>	<b>-357</b>	<b>-247</b>	<b>-45%</b>
Share of Profits from Associates	534	509	5%
<b>PAT</b>	<b>178</b>	<b>263</b>	<b>-32%</b>
<b>Basic EPS (Rs.)</b>	<b>1.1</b>	<b>1.6</b>	<b>-32%</b>

A detailed discussion of NIIT's performance is given in the subsequent paragraphs.

### Organization Overview

NIIT offers lifelong learning services, with education and training solutions for Individuals, Corporate customers and Schools.

**Figure 1: Organization Overview**

School Learning Solutions 16%	Individual Learning Solutions 42%	Skills Building Solutions New Business	Corporate Learning Solutions 42%
Academics	Employability		Productivity
<ul style="list-style-type: none"> <li>Multimedia Teaching &amp; Learning Content</li> <li>IT Learning</li> <li>Teacher Training</li> <li>School Management Services</li> </ul>	<ul style="list-style-type: none"> <li>IT, Business Process Management, Banking &amp; Finance, Management Education</li> <li>Professional Life Skills</li> </ul>	<ul style="list-style-type: none"> <li>Vocational Skills</li> <li>9 Service Sectors including IT/ITES, Retail Finance, Hospitality etc.</li> </ul>	<ul style="list-style-type: none"> <li>Managed Training Services</li> <li>Learning Delivery</li> <li>Custom Learning Solutions</li> </ul>

*Percentages reflect share of Net Revenue for the business, on continuing business basis (rounded to nearest integer)*

➤ **Corporations:** NIIT is one of the few companies in the world that have end-to-end capability for comprehensive learning solutions. Learning and Development is increasingly seen by corporations as a key arsenal for business success. Therefore, they are demanding both greater efficiency and effectiveness from their training functions. Corporations are



increasing outsourcing to specialist training firms to achieve their goals. NIIT's Corporate Learning Solutions (CLS) business provides end-to-end training services to global corporations.

➤ **Individuals:** NIIT is one of the largest providers of vocational and professional skills training to young adults worldwide, and is the acknowledged market leader in India.

- **College Students, Graduates and Working Professionals:** NIIT's Individual Learning Solutions (ILS) business provides professional life skills to college students, graduates and working professionals in India, China and other emerging economies. ILS offers training for IT, Banking and Financial Services, KPO and Business Process Management in addition to Management Education.

- **Non College going students:** NIIT's Skill Building Solutions (SBS) business launched in FY12 in equity partnership with National Skills Development Corporation(NSDC), aims to primarily address the non-college student population in India, across nine selected areas in the Service sectors including IT/ITES, Media & Entertainment, Education & Training Services, BFSI, Retail, Hospitality, Healthcare, Telecom and the Informal Sectors, offering both career and foundation courses.

➤ **Schools:** NIIT is one of the leading players in the Schools Education segment in India. Schools are increasingly relying on technology based solutions to improve learning experience for their students. As a service provider to schools, NIIT is uniquely positioned to take advantage of this trend. The focus here is on improving the effectiveness of school education and academic performance of students. NIIT's School Learning Solutions (SLS) business addresses the schools space in India.

With strong growth in FY14, CLS contributes the largest percentage of total NIIT's revenue, closely followed by ILS. Business wise split of revenue, on a continuing business basis and excluding pass through Revenue is provided for both FY14 and FY13.

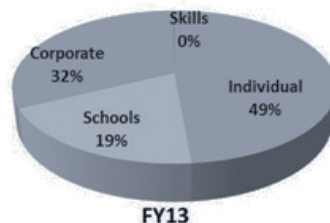
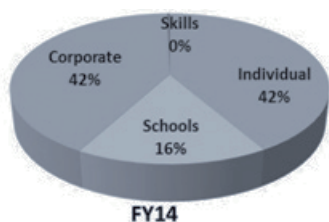
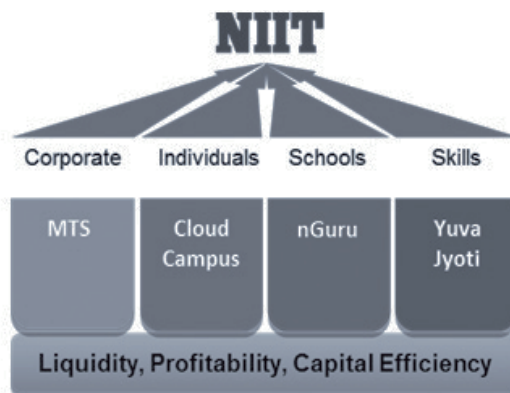


Figure 2: Business Mix (Net Revenue)

#### Business Overview

During the year, NIIT continued to strengthen its Four Platforms of growth along with focus on improving Liquidity, Profitability and Capital Efficiency. Despite headwinds in certain parts of the business, each of the Four Growth Platforms performed well, and helped in recovery of growth and margins for the business.

Figure 3: Platforms of Growth



During the year

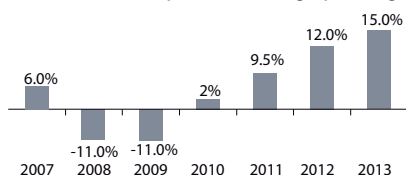
- The company added 7 new global customers for its Managed Training Services (MTS) offering, taking the total number of MTS customers to 21.
- The number of ILS courses offered on Cloud Campus increased to 96. Over 59,000 students have enrolled for programs delivered on Cloud Campus since launch.
- SLS signed up 668 schools during the year for its nGuru suite of products. SLS has provided nGuru solutions to over 2,000 private schools over the last three years.
- SBS business increased its reach from 34 locations to 56 locations. Over 19,000 students have enrolled for courses offered by SBS since launch.

NIIT has been exiting capital intensive business models that had adversely impacted cash flows over the last few years. During the year, 4 large Government School (GSA) contracts were completed. The company did not pursue new GSA contracts or renewal of the completed contracts. While this impacted revenue during the year, the company is beginning to see an improvement in capital efficiency and liquidity with release of working capital tied up in these projects. The reduction in capital intensity of the business resulted in generation of positive free cash flows during the year.

#### Corporate Learning Solutions

Global spending on Corporate Training has been gaining momentum over the last few years. In 2013, corporate spending is estimated to have grown at 15 percent over the previous year. Spending on training by companies in USA is estimated at over 85 billion US Dollars and combined with Europe, represents a 125 billion US Dollar opportunity, with increasing amounts being outsourced to specialist training companies. This outsourcing is driven by demand for increased efficiency and increased effectiveness.

Figure 4: Growth in Corporate Training Spending in USA



CLS delivers innovative solutions that help clients accelerate business impact. NIIT's Managed Training Services (MTS) as a part of CLS, are built on the sound principles of running training like a business. NIIT's team of learning professionals is helping the world's leading companies transform their training function through training outsourcing services that reduce costs, add measurable value, provide rock-solid operations and increase business impact while allowing customers to redirect resources and energy into core business functions.

Figure 5: MTS Revenue (in Rs. Million)



Figure 6: Managed Training Services



MTS is leading transformation of the CLS business. CLS added 7 new MTS customers during FY14, taking the number of Global MTS customers to 21, versus 14 at the end of the previous year. CLS business grew 31% year over last year, driven by 45% growth in MTS. MTS now contributes 79% to CLS business mix. Margins improved by 73 basis points to 12% versus last year.

Figure 7: Transformation in CLS



Table 2: Financials for Corporate Learning Solutions

Rs. Million	FY14	FY13	YoY
Net Revenue	3,971	3,037	31%
Operating Expenses	3,499	2,698	30%
EBITDA	472	339	39%
EBITDA%	12%	11%	73 bps

In FY14, the business had an order intake of 76.1 million US Dollars, an increase of 22% year over year. The closing order book stood at 64.7 million US Dollars. Of this, 71 percent is executable during FY15. CLS ended the year with a total revenue visibility of 176 million US Dollars.

#### Individual Learning Solutions

NIIT's offerings for Individuals include training for IT and Beyond-IT, which include Business Process Management, Banking & Finance, Management Education and Professional Life Skills. For this, NIIT leverages its global presence across India, China and other developing countries for improving skills and employability of college going students, graduates and working professionals.

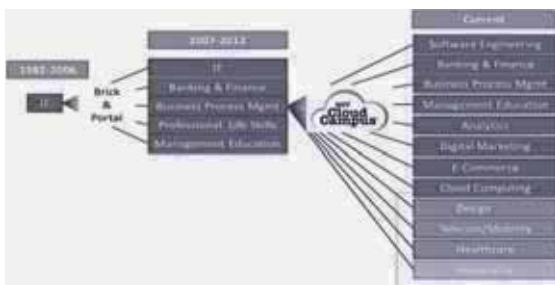
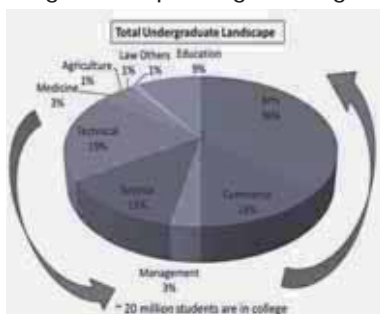
The market for such training remains hugely underpenetrated in India and other emerging economies. India has over 20 million students enrolled in colleges at the undergraduate level. With GER (Gross Enrolment Ratio) at 18%, which is much lower than the world average (about 29%), this is set to go up. The Government of India is targeting a GER of 30% by 2021

Figure 8: India - GER in Higher Education



NIIT is increasing its addressable market through introduction of courses in Beyond-IT training.

Figure 9: Expanding Coverage



During FY14, NIIT witnessed strong demand for Beyond-IT courses across Financial Services, Business Process Management and Executive Management Education, which partially offset the decline in IT training. Revenue from Beyond-IT products grew 34% over last year and contributed 26% to ILS Revenue, versus 17% last year.

The company successfully countered the adverse impact of operating leverage on margins through capacity rationalization and increased operating efficiency through Cloud Campus.

Figure 10: NIIT Cloud Campus Feature Set



Cloud Campus is NIIT's investment into the future and is the identified platform of growth in the Individual Learning Solutions business. The training market is evolving, and there is a need to:

- Address rapidly changing learner needs: Students are looking for greater flexibility in schedules and in devices, and want On-Demand learning
- Address multiple skills: With growth in service sectors, there has been an explosion of diverse skill needs

Cloud Campus delivery platform helps NIIT address these needs and achieve higher scalability with available resources, lower the delivery cost and achieve better capacity utilization.

Figure 11: Transformation in ILS

Past	Transformation
IT Training	Multiple Domains
In-College and Fresh Graduates	Working Professionals as well
Instructor Led Delivery	Cloud Campus
GNIIT	'Revolution GNIIT'

### MANAGEMENT DISCUSSION AND ANALYSIS (Contd.)

#### ➤ Information Technology (IT)

Despite headwinds, IT remains a preferred career choice for graduates in India. While enrolments have been impacted due to tepid hiring by the IT sector, changing technology trends and increase in just-in-time hiring of skilled workers are creating new opportunities for the training sector. NIIT is using the opportunity to rationalize its product portfolio and launch New-Age programs with higher realization. Advanced programs launched during the year such as Business Analytics, which target working professionals, received a good response.



Demand for Executive Management programs continues to grow and is reflected in the strong growth for Imperia during the year. NIIT Imperia now offers over 20 courses in association with leading institutions including IIMs and companies such as Google and KPMG.



#### ➤ NIIT Institute of Finance Banking and Insurance (IFBI)

IFBI, started in equity partnership with ICICI Bank in FY07, is the leading training provider for skills in the banking sector. Over the last 7 years, IFBI has placed more than 30,000 students in Private Sector Banks.

Demand for IFBI programs grew at a rapid pace during FY14, with strong hiring by partner banks. In addition, new programs launched during the year such as Global Finance and Accounts received good response from students. Training of Sales Officers, launched last year, grew well and along with new programs, is expected to drive growth.



#### ➤ NIIT Institute of Process Excellence (NIIT Uniqua)

Uniqua is NIIT's offering for Business Process Management/KPO training, in joint venture with Genpact. Uniqua focuses on the ITeS sector and has increased its offerings as well as the customer base during the year. The business had robust growth and profitability during the year



#### Revolution GNIIT

For college students in India, NIIT has recently launched the 'Revolution GNIIT' program. Revolution GNIIT builds on Multiple Stream Modular Program architecture and takes the flagship GNIIT course beyond the traditional IT / Software Engineering streams. The main highlights of the new Revolution GNIIT program are:

- Multiple Career Options in most sought-after fields
- Future ready skills set for Careers of the Future
- Dual qualification with any under graduate program
- Credit based Multiple Stream Modular Program academic architecture
- Delivery on Cloud Campus



#### ➤ NIIT Imperia - Centre for Advanced Learning

NIIT Imperia offers Management and Leadership development programs to working professionals.





The new programs offered by NIIT take advantage of this Multiple Stream Modular Programs to expand the size of addressable market for NIIT, and the increased flexibility in the course structure makes it much more convenient for the students. This credit based architecture enables students to combine modular programs to achieve a Professional Certification in the steam of their choice. NIIT believes that this would help to revive growth for ILS business.

#### ➤ China and Other Emerging Economies

In FY14, NIIT China continued with its strategy to focus on sustainable growth through improved operational efficiencies. The Company achieved robust revenue growth in Suzhou, Changzhou and Chongqing New Software Zone markets along with margin improvement. The Company also strengthened its operations in Wuxi as well as rationalized capacity in certain other provinces. In the NIIT Inside model, the agreement for universities & vocational colleges under Jiangsu Provincial Department of Education was renewed. NIIT offered the new multi-track GNIIT curriculum to be embedded in these universities with effect from the academic year 2014-15.



Demand for IT training remained weak in ROW (Rest of the World) markets. Funding for development projects also remained constrained. NIIT had implemented a tighter credit policy last year, which it continued in FY14. Given the long payment cycles, NIIT de-emphasized new development projects in the ROW market.



But there were regions that did well. There was expansion of the channel footprint in Nigeria with the launch of 6 new retail centers with Cloud offerings. The Cloud campus offerings also gained traction in Indonesia and Vietnam.

The financial performance of ILS is indicated in the table below. Revenue was down 14% versus last year. However, capacity consolidation, cost management and efficiencies due to cloud campus implementation helped the company to counter adverse impact of operating leverage, and led to improvement in operating margins by 106 basis points.

Table 3: Financials for Individual Learning Solutions

Rs. Million	FY14	FY13	YoY
Net Revenue	3,957	4,582	-14%
Operating expenses	3,812	4,463	-15%
EBITDA	145	119	21%
EBITDA%	4%	3%	106 bps

At the end of the year, the pending order book stood at Rs. 1,859 million, of which 66 percent is executable over the next 12 months.

#### School Learning Solutions

SLS provides technology-based teaching and learning solutions to private schools, ICT programs in government schools and professional development for teachers.

NIIT nGuru suite of products is the chosen Platform of growth for NIIT in the Schools segment. The nGuru suite includes 'Interactive Classrooms Cloud' for teachers, 'Math lab' and 'IT Wizard' for students and 'Quick School Cloud' an Education Resource Planning solution for school management.



India has over 1.2 million schools in the country. Of these approximately 1 million are government owned and government aided schools. The remaining are owned and operated by private trusts and societies.

A large number of schools are adopting technology-based solutions to improve learning experience for their students. Capex driven models, which were drivers of this adoption over the last few years, are now being replaced by IP-based subscription models. Starting last year, NIIT has de-emphasized hardware-based solutions, as part of its drive to improve capital efficiency and liquidity. While this has resulted in sales cycles becoming longer for its ICR product, revenue from Non-Government schools grew at a modest pace with improved profitability, liquidity and capital efficiency.

Figure 12: Transformation in SLS



During the year, SLS signed up 668 private schools. Revenue from Non-GSA grew 4% year over year and now contributes 57% to SLS business mix. NIIT continued to enhance the nGuru suite of offerings.

Figure 13: Share of Revenue from Non-GSA



Overall, revenue from SLS business was down 14% compared to last year, on planned reduction of business from government schools. Four contracts were completed during the year. Reduction of overall volumes led to lower margins for SLS for the year.

SLS recorded an order intake of Rs. 909 million in FY14. At the end of the year, the Order book for this business stood at Rs. 4,413 million. Of this, 27% percent is executable during FY15.



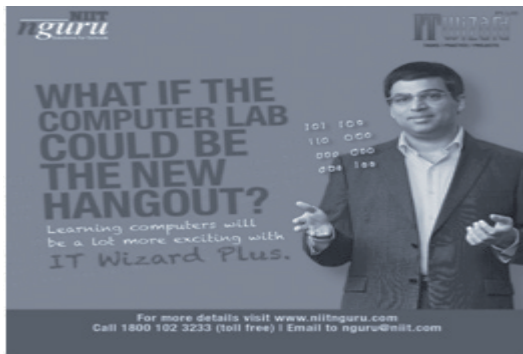


Table 4: Financials for School Learning Solutions

Rs. Million	FY14	FY13	YoY
Net Revenue*	1,554	1,805	-14%
Operating Expenses	1,456	1,648	-12%
EBITDA	99	156	-37%
EBITDA%	6%	9%	-232 bps

\*Financials on a like to like basis, excluding pass through revenue

#### Skill Building Solutions

NIIT Yuva Jyoti Limited (NYJL) is NIIT's venture in equity partnership with National Skills Development Corporation. NYJL is engaged in the business of providing vocational training to youth across various sectors, and aims to build an inclusive, enabled and skilled society.



Skill building presents a large opportunity, given low penetration of formal vocational training in the country. India plans to train over 500 million people by the year 2022, while the annual capacity to train is less than 5 million a year representing a 10x gap in demand and supply. To motivate youth to acquire vocational skills, Government of India has allocated Rs. 10,000 million under the STAR (Standard Training Assessment and Reward) scheme. Sector Skill Councils are running this program under the umbrella of NSDC. The scheme is expected to benefit 1 million people. Each tested/assessed and certified candidate would get an average of Rs 10,000 to cover training costs.



During the year, SBS expanded its presence to over 50 locations. SBS is also leveraging NIIT network for expanding its reach. The Company also established a large number of local tie-ups for placement of trained students. SBS offers a variety of courses for Retail, BPM, IT, Telecom, Accounting etc.

#### Transformation

Achieve scale by leveraging NIIT's reach

Programs aligned to Sector Skills Councils (SSCs)

Courses mapped to NVEQF

Skills development programs are gaining traction within communities and enrolments are beginning to ramp up. SBS had a strong order intake of Rs. 183 million during the year. Execution is expected to ramp up in the coming quarters.

#### Awards and Acknowledgements

- NIIT received 'Top IT Training Company Award 2013' from Dataquest. NIIT has won this award continuously since 1993.
- NIIT ranked as 'India's Most Trusted Training Brand' in Brand Trust Report, India Study, 2014, undertaken by Trust Research Advisory for the second consecutive year.
- NIIT has been recognized as the "Best Training Institution" at the Indian Education Awards 2014, by Leading Industry Association - Franchise India.
- NIIT has been ranked as the 4th Best Company to Work in India 2013-14, by Great Place to Work Institute.

## MANAGEMENT DISCUSSION AND ANALYSIS (Contd.)

- NIIT NGuru has been recognized as the “Best Interactive Solution Provider” at the National Education Excellence Awards 2014 by ASSOCHAM.
- NIIT was ranked among TrainingIndustry.com’s 2013 Top 20 Companies in Training Outsourcing, in IT Training and in Content Development.
- NIIT reaffirmed itself as a Youth connect brand, through the hugely successful social media campaign #Wish4 Vishy [www.wish4vishy.com](http://www.wish4vishy.com). The campaign became a national movement with wishes pouring in for NIIT Mind Champion Viswanathan (Vishy) Anand prior to the World Chess Championship 2013, reaching out to over 60 lakh fans and well-wishers of Vishy across the globe.
- NIIT USA won the Brandon Hall Excellence Gold Award 2013 in the Best Training Program for the Extended Enterprise Category jointly with Allstate for Allstate ABI.
- NIIT USA was awarded the Brandon Hall Excellence in Learning 2013 Silver Award in the Best Custom Content category jointly with Shell for Shell Lead, Prepare, Apply.
- NIIT NGuru – ICR@Home, has been acknowledged for the 2nd consecutive year at the World Education Summit 2013 for the best ‘Use of Assistive Technologies in Education’.
- NIIT Imperia received “Best Telecom & Satellite Learning Providers in Education” award at the National Education Excellence Awards 2013 by leading industry body ASSOCHAM (Associated Chambers of Commerce and Industry of India).
- NIIT IFBI was recognized as ‘Most Innovative Recruitment Management initiative’ at the Talent & HR Leadership Conference Awards by ET Now at World HRD Congress 2013.
- NIIT IFBI received ‘Best Training School in Banking and Financial Services Course’ Award at Education Excellence Award 2013.
- NIIT USA received the Gold at the Chief Learning Officer (CLO) magazine’s annual “Chief Learning Officer Learning In Practice” Awards.
- NIIT Foundation bagged the “Best CSR Practices Award in Skill Development” 2014 by National CSR.
- Rajendra S Pawar, Founder and Chairman of the NIIT Group, has been honored as the ‘IT Gem of India’ at INFOCOM 2013, India’s largest IT & Telecom event by the ABP Group.
- NIIT HiWEL received the prestigious Mac Arthur 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.

### Consolidated Financials of the Company

The consolidated financial summary for FY14 is as follows:

Rs. Million	FY14	FY13	YoY
<b>System wide Revenue</b>	<b>14,065</b>	<b>15,435</b>	<b>-9%</b>
<b>Net Revenue</b>	<b>9,510</b>	<b>9,608</b>	<b>-1%</b>
<b>Operating Expenses</b>	<b>8,890</b>	<b>9,085</b>	<b>-2%</b>
- Personnel Cost	2,618	2,634	-1%
- Professional and Technical Outsourcing Expenses	2,748	2,419	14%
- Purchase of Stock in Trade	604	1,189	-49%
- Other Expenses excluding Finance Costs	2,919	2,843	3%
<b>EBITDA</b>	<b>620</b>	<b>523</b>	<b>19%</b>
<b>EBITDA%</b>	<b>7%</b>	<b>5%</b>	<b>108 bps</b>
Depreciation & Amortization	779	864	-10%
Net Other Income (including Exceptional Items)	(106)	(339)	233 mn
<b>Profit Before Taxes</b>	<b>(264)</b>	<b>(680)</b>	<b>416 mn</b>
Taxes	93	(433)	526 mn
Share of Associate Profits/ Profits attributable to Minority shareholders	534	509	5%
<b>Profit After Taxes Attributable to Equity Holders</b>	<b>178</b>	<b>263</b>	<b>-32%</b>
<b>Basic EPS (Rs.)</b>	<b>1.1</b>	<b>1.6</b>	<b>-32%</b>

Due to Exceptional items in both FY13 and FY14 and one time pass through revenue, the overall financials of the Company for FY13 and FY14 are not comparable

### Revenue

In FY14, the Company recorded revenue of Rs 9,510 million, which was lower by 1 percent as compared to last year. On a like to like basis (excluding pass through revenue), the revenue in FY14 was Rs. 9,510 million versus Rs. 9,433 million in FY13, representing an increase of 1%. Growth was impacted by completion of 4 government school contracts and by weak sentiment for IT training.

### Operating Expenses

On an overall basis, the operating expenses decreased 2 percent year over year. On a continuing basis and excluding impact of pass through Revenue, the operating expenses were Rs. 8,890 million versus Rs. 8,910 million in FY13. Cost management efforts undertaken during the year helped to offset cost and wage inflation.

### Depreciation

For the year, depreciation is Rs. 779 million, lower by 10% compared to last year on account of closure of 4 large government schools projects and reduced capital intensity of the business. The company has a policy of periodically reviewing its intangible assets. In line with the policy the company has taken an additional provision of Rs. 30 million in FY14, which is included in the depreciation.

### Taxes

During FY14, the Company has made a tax provision of Rs. 93 million. This includes tax amounting to Rs. 50 million on dividend paid by NIIT USA to NIIT Limited.

During FY13, the Company had reversed a part of the tax provision in relation to the divestment of Element K.

### Net other income

The net other income in FY14 reflects:

- Interest expenses net of income from deposits and mutual funds for the Company
- Foreign exchange gains / (losses)
- Miscellaneous income
- Exceptional Items

The interest and financial expense for FY14 stood at Rs.176 million compared to Rs. 163 million for FY13. In addition, NIIT had interest income amounting to Rs 64 million on delayed payments under certain GSA contracts. During the year, the Company recorded a net foreign exchange loss of Rs. 87 million compared to a loss of Rs. 77 million booked in FY13.

Exceptional items, amounting to Rs 67 million for FY14, include:

- Reversal of indemnity provision amounting to Rs. 134 million w.r.t. divestment of Element K in FY12.
- Expenses amounting to Rs 52 million on account of legal and professional expenses in connection with sale of Element K.
- Provision for expenses amounting to Rs. 31 million related to claims w.r.t. acquisition of Cognitive Arts by NIIT USA in 2003.
- Provision of Rs. 105 million for courseware inventory w.r.t transition to Cloud Campus from printed courseware. This includes provision for inventory held by NIIT of Rs. 24 million, and Rs. 81 million related to courseware held by Business Partners.
- Gain of Rs 120 million due to currency translation benefit on repurchase of part of equity by NIIT USA, Inc.

Exceptional items for FY13, included indemnity provision and related expenditure of Rs. 174 million related to divestment in Element K.

### Detailed Analysis of Consolidated Balance Sheet as on March 31, 2014

Rs. Million	31-Mar-14	31-Mar-13
<b>Sources of Funds</b>		
Share Capital	330	330
Minority Interest	76	49
Reserves & Surplus	6,412	6,347
<b>Net Worth</b>	<b>6,818</b>	<b>6,726</b>
Secured Loans	1,212	1,451
Unsecured Loans	67	74
<b>Loan funds</b>	<b>1,280</b>	<b>1,525</b>
<b>Total</b>	<b>8,098</b>	<b>8,252</b>
<b>Application of Funds</b>		
<b>Fixed Assets</b>		
Gross Block	6,547	7,001
Depreciation	4,693	4,797
<b>Net Block</b>	<b>1,855</b>	<b>2,204</b>
Capital Work in Progress	178	126
Investment	2,897	2,357
Net Current Assets	3,093	3,411
Deferred Tax Assets	75	153
<b>Total</b>	<b>8,098</b>	<b>8,252</b>

The analysis in this MDA does not conform specifically to the new Schedule VI format and has been regrouped for analysis

### Balance Sheet Strengthening

Steps taken by NIIT to strengthen its balance sheet are beginning show results:

- Tighter credit policy and improved collection efficiency led to reduction in Account Receivables by Rs. 1,092 million during the year. DSO improved from 155 to 114 days.
- Net fixed assets reduced by Rs. 350 million reflecting shift to asset light business models. Investments in fixed assets during the year were Rs. 434 million as compared to Rs. 807 million in FY13.
- Net Debt reduced to Rs. 329 million as compared to Rs. 462 million last year. Gross debt reduced from Rs 1,525 million to Rs 1,280 million. Debt /Equity Ratio improved to 0.19.



### Share Capital

During the year, the share capital of the Company increased by Rs. 0.1 million due to issuance of shares to employees upon exercise of vested options.

### 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

At the year end, the total debt of the Company stood at Rs. 1,280 million compared to Rs. 1,525 million in March'13.

As of March 31, 2014 the Company had a Net Debt balance of Rs. 399 million (Rs. 329 million, excluding foreign currency impact on fully hedged foreign currency loan) as compared to a net debt of Rs. 462 million as of March 31, 2013.

As per the new balance sheet format, Rs. 1,048 million is reflected as Long term borrowings, Rs. 16 million as short term borrowings and Rs. 216 million as current maturities of long term borrowing (grouped under Other Current liabilities).

### Fixed Assets

As of the beginning of the year, the net block stood at Rs. 2,204 million. During the year, the Company invested Rs. 434 million in fixed assets including capitalization of the opening capital work in progress. The addition was for the following:

- |   |                 |
|---|-----------------|
| a) New initiatives and products:        | Rs. 199 million |
| b) Project related capital expenditure: | Rs. 53 million  |
| c) Capacity expansion and upgradation:  | Rs. 135 million |
| d) Normal capital expenditure:          | Rs. 47 million  |

In addition, the Capital Work in Progress stood at Rs. 178 million as of March'14. This included intangible assets under development as well as capital advances (now regrouped under long term loans and advances). The Net block stood at Rs. 1,855 million on March 31, 2014.

### Investments

At the year end, the investments stood at Rs. 2,900 million which included the holding value of:

- a) NIIT Technologies Limited: Rs.2,896.6 million

- b) Investments in debt schemes of mutual funds:Rs. 3.5 million

While investments in NIIT Technologies Limited have been classified as non-current investments, investments in mutual funds are reflected as current assets.

### Deferred Tax assets

At the year end, the net deferred tax assets were Rs. 75 million. This is primarily due to the Tax impact arising from timing difference in amount of provisions carried in the financial statements and allowed on actual write off as per the income tax calculation.

### Net Current Assets

The elements of net current assets were as follows:

#### ➤ Inventories

Inventories mainly comprise training materials including educational software used by the Company for imparting IT-ITES training and education in schools. Over the year, due to streamlining of operations, the value of the inventory held by the Company decreased from Rs. 96 million to Rs. 55 million.

#### ➤ Trade Receivables

The total receivables of the Company were at Rs. 2,977 million down Rs. 1092 million compared to Rs. 4,069 million as on March 31, 2013, representing 114 days sales outstanding. The decrease is attributable to implementation of tight credit policy and improved collection from customers in government sector.

Of the total, an amount of Rs. 435 million has been classified as non-current based on the due dates of debtors

#### ➤ Cash and Bank

The cash and bank balances as on March 31, 2014 stood at Rs. 877 million compared to Rs. 1,059 million as on March 31, 2013. Including mutual fund investments, the cash balance of the Company stood at Rs.881 million as compared to Rs. 1,063 million as of March 31, 2013. During the year the Company:

- Generated Rs. 772 million from operations as compared to Rs. 464 million in FY13
- Utilized Rs. 498 million for investment activities sale/ purchase of fixed assets & mutual funds. Investments in Fixed Assets reduced from 807 million in FY13 to Rs. 434 million
- Utilized Rs. 457 million in financing activities including payment of interest and dividend, repayment of debt and proceeds of new debt.

The Cash & Bank balance includes Non-Current Cash & Bank balances of Rs 270 million in FY14 and Rs 55 million in FY13. The same is excluded from Cash Flow as per Schedule VI

### ➤ Other Current Assets

Other current assets included interest receivable and unbilled revenue. The balance as on March 31, 2014 stood at Rs. 722 million, as compared to Rs. 768 million in the previous year. Of this, Rs. 60 million has been classified as non-current.

### ➤ Loans and Advances

Loans and advances primarily included advances to suppliers, deferred expenses, rent advances, security deposits given for premises as well as advance tax paid. As of March 31, 2014, total loans and advances stood at Rs. 1,568 million compared to Rs. 1,247 million in March 31, 2013. Based on the realization time horizon of the loans and advances, an amount of Rs. 714 million has been classified as non-current.

### ➤ Sundry Creditors

Sundry Creditors decreased from Rs.2,246 million in FY13 to Rs. 1,816 million in FY14.

### ➤ Other Current Liabilities

Other Current Liabilities reduced from Rs. 900 million in FY13 to Rs. 814 million in FY14. Other Current Liabilities consists of advances from customers, security deposits, deferred revenue and other liabilities.

### ➤ Provisions

The total provisions reduced from Rs. 685 million in FY13 to Rs. 481 million in FY14. The outstanding amount included Rs. 309 million for the proposed dividend of Rs. 1.60 per equity share of Rs. 2 and the dividend distribution tax thereon; compensated absences provision of Rs. 107 million and gratuity provision of Rs. 5 million. In addition there is Rs. 60 million as provision for indemnity provided to the buyers of Element K.

### Accounting Policies

The Company has selected the accounting policies described in the notes to accounts, which have been consistently applied, 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, 2014 and of the profit or loss of the Company for that year.

### 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 arm's 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.

### Human resources

The Company has been built on the foundation of people being the key driver for the growth of the organization. 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 FY14, the Company continued to focus on improving people productivity through training and development of its people. Role of the NIIT manager was a specific intervention that was made to orient all people managers to the NIIT way of Talent Management. Training was made more relevant for the business, for the function and for the individual NIITian.

NIIT was recognized by Great Place to Work institute as the 4th best company to work for in India for inspiring trust amongst NIITians, for instilling pride in them, and for creating an environment within the workplace that promotes camaraderie.

In the financial year, the company rationalized operations across its businesses, achieved greater alignment of functional competencies across businesses and created a flatter organization structure by delayering of management levels. As of the year end, the people count stood at 2,942(excluding project staff) with 58% percent in direct roles, 19% percent in Sales and Marketing, and the balance in indirect roles.

### Future Outlook

The Company remains focussed on its Four Platforms of growth

- o Corporate: Managed Training Services
- o Individuals: Cloud Campus
- o Schools: nGuru
- o Skills: Yuva Jyoti



➤ **Corporate:** Corporate Training is a large growing market and companies are increasingly relying on specialist training companies to derive efficiency and effectiveness in their training spending. Growth is expected to continue, driven by significant order book and strong growth in Managed Training Services.

➤ **Individuals:** Cloud Campus is enabling NIIT to expand market coverage and offer a wider range of products that are more convenient for the target segment. The company expects that growth in Beyond-IT products and Multiple Stream Modular Programs would help recover growth in the business.

➤ **Schools:** NIIT has de-emphasized capex driven business models to improve capital efficiency. Completion of existing large contracts and growth in business from the non-Government schools sector will result in significant improvement in the business mix in favor of Non-GSA. New-age products in the nGuru product suite are expected to drive growth in Revenue and margin improvement for the business.

➤ **Skills:** Building: Strong emphasis by Government of India on skilling and job creation is expected to lead to strong growth in enrolments. Increasing capacity utilization would drive margin improvement.

**Overall:** The company remains committed to generating superior returns for its stakeholders. NIIT would continue to drive growth through focus on the Four Platforms of growth and release cash by exiting capital intensive business models. This approach has already helped NIIT consolidate its leadership position in the industry with reduced dependence on single sector.

**Risk and concerns:** As the Company operates in multiple countries, NIIT is exposed to a variety of risks across its different lines of businesses. NIIT has a comprehensive and robust enterprise wide risk management structure in place which encompasses practice relating to identification, assessment, monitoring and mitigation of various risks to key business objectives. Enterprise Risk Management (ERM) at NIIT aims to enable all the businesses to recognize the risks much in advance, to minimize adverse impacts of risks on the major businesses and also help the businesses seize emerging market opportunities. This ERM framework has been designed to provide an appropriate and adequate mitigation from any adverse consequences.

Through the said ERM mechanism, the Company aims to achieve an optimum balance between risk and reward, with a clear underlying objective of maximizing shareholder value.

The continuous and speedy changes in the area of technology have now become a normal process and have, therefore, necessitated a dynamic change in the Company's business and delivery models.

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 for each business activity, along with a mitigation strategy for the same. The mitigation strategy is simultaneously put in place by the respective business group for each of the identified risks while finalizing strategic and operational parameters of the business. The compliances and assurance of the risk mitigation strategies are addressed by the Internal Audit and Assurance Group. The risks matrix framework is reviewed at regular intervals during the year to ensure and establish the status of the risks identified and for any addition or deletion.

The major and significant risks identified by the Company in two broad categories:

- **External Risks:** Political, Environment, Macroeconomic, Exchange Fluctuation, Competition, Legal and Technology Obsolescence; and
- **Internal Risks:** Business Concentration, Investment Process, Human Resource, Research and development, Regulatory compliances and Financial Reporting.

### Internal Control Systems and its adequacy:

The Company has adopted global practices for evaluating and reporting on internal controls, based on its operational experience in multiple countries. 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, and strengthen the ability of internal controls to function most optimally. The evaluation of internal controls is an integral part of the plan for Audit & Assurance Organization.

**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.*



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. Your Company 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 in a dynamic environment and in challenging times.

### BOARD OF DIRECTORS

#### Composition of Board

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 and the Companies Act, 2013.

The Names and Categories of the Directors on the Board, their attendance at Board Meetings held during the Financial Year 2013-14 and at the Last Annual General Meeting and the number of Directorship and Committees Chairmanship/ Membership held by them are given hereunder:

Name of Director & DIN	Designation	Category	No of Board Meetings during the Financial Year 2013-14		No. of Directorships in other Indian Companies*	No. of Membership/ Chairmanship in other Board Committees**		Whether attended last AGM
			Held	Attended		Member	Chairman	
Mr. Rajendra S Pawar (00042516)	Chairman and Managing Director	Promoter & Executive Director	6	5	7	3	0	Yes
Mr. Vijay K Thadani (00042527)	Chief Executive Officer and Whole-time Director	Promoter & Executive Director	6	6	7	3	3	Yes
Mr. P Rajendran (00042531)	Chief Operating Officer and Whole-time Director	Executive Director	6	6	5	2	1	Yes
Mr. Surendra Singh (00003337)	Director	Non-Executive Independent Director	6	6	3	2	0	Yes
Mr. Sanjay Khosla (00981819)	Director	Non-Executive Independent Director	6	2	0	0	0	No
Ms. Madhabi Puri Buch (00016299)	Director	Non-Executive Independent Director	6	3	1	0	0	No
Mr. Anand Sudarshan*** (00827862)	Director	Non-Executive Independent Director	6	3	0	0	0	NA

\* Directorships do not include private companies, companies incorporated under Section 8 of the Companies Act, 2013 (corresponding Section 25 of the Companies Act, 1956) and companies incorporated outside India.

\*\* Board Committees for this purpose includes only Audit committee and Stakeholders Relationship Committee of public limited companies.

\*\*\* Appointed as Additional Director, w.e.f. October 11, 2013 and 3 meetings were held during his tenure in financial year 2013-14.

### Notes:

1. No Director is related to any other Director on the Board in terms of the definition of 'relative' given under the Companies Act, 2013 and its rules thereto.
2. Ms. Geeta Mathur (DIN: 02139552) was appointed as an Additional Director of the Company w.e.f. April 1, 2014.

Your Company is managed and guided by a professional Board presently comprising Eight Directors out of which Five are Independent Directors, constituting more than half of the Board's total strength. The Directors are eminent persons with considerable professional expertise and experience. The Independent Directors of the Company meet all the criteria mandated by Clause 49 of the Listing Agreement and the Companies Act 2013. 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; and
- Ensuring full investor satisfaction.

A brief profile and role of each Director is given below:

### Mr. Rajendra S Pawar

**Designation:** Chairman and Managing Director

**Profile:** Mr. Rajendra S Pawar is the Chairman and Co-Founder of the NIIT Group, comprising NIIT Limited, the leading Global Talent Development Corporation, and NIIT Technologies Limited, a Global IT solutions organization.

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 into a leading Global Talent Development Corporation, offering learning solutions to Individuals, Enterprises and Institutions. Spread across 40 countries, NIIT has impacted over 35 million learners since inception.

In recognition of Mr. Pawar's contribution towards changing the IT landscape for the country, the President of India awarded him the Padma Bhushan - one of the highest civilian awards given by the Government of India - in 2011.

Mr. Pawar served as a member on the Prime Minister's National Council on Skill Development (2009- 2014) and has also been a part of the PM's National Taskforce (1998), commissioned to develop India into an IT Superpower. He has been chairing the Committee on Policy Framework for Technology Based Education, Government of India.

Actively involved in India's key Chambers of Commerce, Mr. Pawar has led several ICT industry fora, including NASSCOM (National Association of Software & Service Companies) as its Chairman in 2011-12, giving voice to the sector's aspirations and goals. At CII (Confederation of Indian Industries), he has also chaired the IT Committee and the Education Committee.

Mr. Pawar has been an ardent advocate of leveraging technology to make education accessible to the remotest corners in the country, to educate the vast population of underserved, school-aged children. His passion led to the launch of the Hole-in-the-Wall education (HiWEL) initiative in 1999 with Dr. Sugata Mitra, Chief Scientist emeritus, NIIT. The path-breaking work done by NIIT in spreading computer literacy and improving the quality of education at grass root, through the HiWEL project has earned it the coveted- 'Digital Opportunity Award' by World Information Technology Services Alliance (WITSA) in 2008.

Mr. Pawar led NIIT to participate in the ambitious human capacity building project for Bhutan - ChiphenRiggel - designed to help the country transition successfully into a modern Knowledge Society. The project in its entirety is expected to provide ICT skills to over a fifth of the population of Bhutan, to help them to become confident and empowered citizens of a connected and ICT enabled world. He has also been an advisor to the Hunan province of China and a member of PIAC (Presidential International Advisory Council) of the Government of South Africa for IT.

Mr. Pawar's contributions have been widely acknowledged by the industry and he has been conferred prestigious awards like- the 'IT man of the Year' by IT industry journal, Dataquest; 'Master Entrepreneur of the Year' by Ernst & Young in 1999 and the 'IT Gem of India' at INFOCOM 2013, India's largest IT & Telecom convention, by the ABP Group, to name a few.

Known for promoting industry-academia alliances, Mr. Pawar has been working closely with the country's well-known educational institutions. He is on the Board of Governors of India's premier institutions- the Indian School of Business (ISB) Hyderabad, IIM Bangalore,

member of the University Court of Delhi University, and the Scindia School.

Having revolutionized the IT Training industry, Mr Pawar is involved in shaping a new model in Higher Education, the not-for-profit NIIT University.

Mr Pawar studied at the Scindia School, Gwalior and graduated from the country's prestigious engineering institution, IIT, Delhi in 1972 where he pursued the B. Tech programme in electrical engineering. At the Scindia School he received the 'Madhav Award' in 1999 and the Distinguished Alumnus Award at IIT in 1995. He has also been awarded an Honorary Doctoral Degree by the Rajiv Gandhi Technical University in 2005.

**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. Vijay K. Thadani is the Chief Executive Officer of NIIT Limited. As a Co-founder of the NIIT Group, he has built an organization that is recognised for its visionary role in bringing the benefits of Information Technology, both as a professional skill and as a learning tool, to the masses. He also serves on the Board of NIIT Technologies Limited, its software and services arm. Mr. Thadani has led the Group's globalization efforts since 1991, taking the NIIT flag to over 40 countries.

An acknowledged industry thought-leader, Mr. Thadani has served as President of MAIT (Manufacturers' Association for Information Technology) and as Chairman of the Indian Government's Committee on National Information Infrastructure. He 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).

Mr. Thadani has Chaired the IT Committee of the Confederation of Indian Industry (CII) in USA, the CII National Committee on Education, India and the CII Northern Region for 2011- 2012.

Mr. Thadani served as the Chairman of the National Accreditation Board for Education and Training (NABET), and the Board of Governors of Indian Institute of Information Technology (IIIT), Allahabad.

Co-founder of NIIT University, a new model in higher education, Mr. Thadani is on Board of leading

education institutions, including on the India Advisory Board of the Maastricht University, Netherlands; India Advisory Board of Project Management Institute (PMI), USA and the Governing Council of All India Management Association (AIMA).

A 'Distinguished Alumnus' of the premier Indian Institute of Technology, Delhi, Mr. Thadani was honored with the position of 'Economic Consultant' to Chongqing, world's largest city in the People's Republic of China.

**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 Skill 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, NIIT Institute of Finance Banking and Insurance Training Limited, NIIT Yuva Jyoti Limited and Evolv Services Limited.

### Mr. P. Rajendran

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

**Profile:** Mr. P. Rajendran, Chief Operating Officer and Co-founder of NIIT Limited, is part of the core team that has developed the organisation and brought it to its present position of international standing, since its inception in 1981. He is an alumnus of Indian Institute of Technology, Delhi.

Today, Mr. Rajendran leads the Human Resources initiatives and the School Solutions Business at NIIT. A people-person and a believer in leveraging Information Technology for Human Resources competitiveness, he has helped NIIT emerge as one of the most exciting places to work.

Under his leadership, the Company has received many awards in recognition of its innovative HR practices, including 'The 4th Best Company to Work for in India 2013-14' by Great Place to Work Institute.

Actively associated with industry associations like CII and FICCI, Mr. Rajendran takes keen interest in the area of innovative deployment of ICT for human development and creation of new jobs.

**Roles and Responsibilities:** Mr. Rajendran assists the CEO in the management of the operations of the Company.

In addition, he leads the corporate teams engaged in Human Resources, Commercial Services and provides oversight for the School Learning solutions business.

### Mr. Surendra Singh

**Designation:** Independent Director

**Profile:** Mr. Surendra Singh is an IAS Officer (Retd.). He has a Masters degree in Mathematics from the University of Allahabad. He has held very senior positions in the Central and State Governments. 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. Surendra Singh was invited to NIIT'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 the Company on internal controls, audit systems, compensation structure and investor relations. He is the Chairman of the Stakeholders Relationship Committee, Corporate Social Responsibility Committee and Nomination and Remuneration Committee and is member of Audit Committee of the Company.

### Mr. Sanjay Khosla

**Designation:** Independent Director

**Profile:** Mr Sanjay Khosla is a Senior Fellow at the Kellogg School of Management, Northwestern University, USA.

Mr. Sanjay Khosla was the President of Kraft's Developing Markets and was responsible for the company's almost US \$ 16 billion business in over 60 countries covering Asia Pacific, Latin America, Central and Eastern Europe, Middle East and Africa. This included 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 multinational 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 year career with Unilever, Mr. Khosla held senior positions in India, Europe and the United Kingdom. He has also led lectures on managing international brands and business at Columbia University in New York, University of Chicago, Northwestern University and IMD in Lausanne, Switzerland.

Mr. Khosla is an alumnus of the premier IIT, Delhi, and has completed an Advanced Management Programme from Harvard University. In 1998, he was named as "Marketing Superstar" by the prominent marketing industry publication, "Advertising Age". Mr. Khosla was invited to NIIT'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 Nomination and Remuneration Committee of the Company.

### Ms. Madhabi Puri Buch

**Designation:** Independent Director

**Profile:** Ms. Madhabi Puri Buch is the CEO of Agora Partners Pte Ltd, a consulting firm specializing in the area of data and analytics. Prior to this, she was the head of Greater Pacific Capital Singapore Pte Ltd., a fund management company that is part of the Greater Pacific Capital Group, a Private Equity Group that invests in the high growth markets of India and China. Prior to this, she was with the ICICI Group for over 15 years. She was the Managing Director and CEO of ICICI Securities Limited (ISEC) from February 2009 to July 2011. She spearheaded ISEC's initiatives in Equity Capital Markets, Advisory Services, Institutional Equities and Retail Equities including ICICIdirect.com. Prior to that, she was an Executive Director on the board of ICICI Bank. During her tenure in the bank, she looked after various businesses including home loans, bonds and treasury solutions as well as customer service, back office operations and compliance. She is a Non-Executive Director on the board of Idea Cellular Limited and a founder of the trust "Toofless Foundation" that has a mandate to raise funds for 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. She is member of Audit Committee and Nomination and Remuneration Committee of the Company.

### Mr. Anand Sudarshan

**Designation:** Independent Director

**Profile:** Mr. Anand Sudarshan is Founder & Director, Sylvant Advisors Private Limited, an education sector advisory firm that provides advisory services to institutions, enterprises, governments & investors globally. He is currently a Venture Advisor to TVS Capital Funds, serves on a number of boards, as well as government committees on policy advisory in education.

Till June 2012, he was Vice-Chairman & MD of Manipal Global Education (MaGE) – headquartered out of Bangalore, MaGE is the largest higher education entity out of India. Till September 2013, Anand served as an independent non-executive director of MaGE. Prior to MaGE, Anand worked for a number of years in the Indian InfoTech industry, where he had co-founded a number of companies.

A recognized leader in the education sector, Anand is a founding member of EDGE (an education sector forum and think-tank), Co-Chair of FICCI Karnataka State Council and also a member of FICCI's national committees on Higher Education & School Education. He is also a trustee of Head Held High Foundation, which is transforming rural poverty through empowering low-or-no educated youth through innovative training methods.

Anand holds a Bachelor of Engineering degree in Electronics and Communications Engineering from the National Institute of Technology, Trichy, India, and a PGDM from the Indian Institute of Management Calcutta, India.

**Roles and Responsibilities:** Mr. Anand Sudarshan advises the company on strategic matters. He is a member of Corporate Social Responsibility Committee of the Company.

### Ms. Geeta Mathur

**Designation:** Independent Director

**Profile:** Ms. Geeta Mathur, a Chartered Accountant, specializes in the area of project, corporate and structured finance, treasury, investor relations and strategic planning.

She started her career with ICICI, where she worked for over 10 years in the field of project, corporate and structured finance as well represented ICICI on the Board of reputed companies such as Eicher Motors, SIEL Limited etc. She then worked in various capacities in large organizations such as IBM and Emaar MGF across areas of Corporate Finance, Treasury, Risk Management and Investor relations. She is currently CFO of Helpage India, one of the largest and oldest NPO in India. She is also a non executive director on the board of MotherSumi Limited and a member of the Governing Body of Helpage India Vishokanand Vridhashram, a trust working for the welfare of the elderly.

She is a graduate in Commerce from Shriram College of Commerce, Delhi University and did her articles with PriceWaterhouse while pursuing her CA.

**Roles and Responsibilities:** Ms. Geeta Mathur advises the Company on financial matters. She is member of Corporate Social Responsibility Committee of the Company.

### Board Meetings

Six (6) Board Meetings were held during the Financial Year 2013-14 and gap between two meetings did not exceed four months. Board Meetings were held on May 23, 2013, July 19, 2013, September 18, 2013, October 18, 2013, January 17, 2014 and March 27, 2014.

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. 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 subsidiary companies);



- Review of operations (including operations of subsidiary companies);
- Strategic acquisitions of companies and critical assets;
- Strategic decisions relating to new ventures;
- Statutory matters;
- Review of payment of remuneration to Directors;
- New alliances;
- Review of minutes of Committee Meetings;
- Review of minutes of Board Meetings of the subsidiary companies;
- Review of foreign exchange exposures;
- Review of annual budgets, capital budgets and utilization of funds;
- Review and adoption of accounts, 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 Company, or substantial non-payment for goods/services sold/rendered by Company;
- Transactions that involve substantial payment towards goodwill, brand equity, or intellectual property;
- Any significant development on the human resource matters ;
- Sale of material nature, of investments, subsidiaries, assets, which is not in normal course of business;
- Details 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 the risk assessment and mitigation procedures.

### BOARD COMMITTEES

In accordance with the provisions of the Companies Act, 2013 and Clause 49 of the Listing Agreement with Stock Exchanges, inter-alia, the following Committees are in operation:

- Audit Committee
- Nomination and Remuneration Committee
- Stakeholders Relationship Committee

### Audit Committee

In line with the statutory provisions of Listing Agreement entered into with Stock Exchanges and as a measure of good Corporate Governance with a view to provide assistance to the Board in fulfilling its oversight responsibilities, an Audit Committee of the Directors 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:

**Chairperson:** Independent Director nominated by Audit Committee members.

**Members:** Mr. Vijay K. Thadani, Mr. Surendra Singh and Ms. Madhabi Puri Buch.

### Functions and Terms of Reference

The term of reference of Audit Committee are as per Listing Agreement with the Stock Exchanges and includes such other functions as may be assigned to it by the Board from time to time. Further, the term of reference of the Audit Committee has been aligned with the requirements of the Companies Act, 2013.

The main functions of the Audit Committee, inter-alia, include:

- Recommendation for appointment, remuneration and terms of appointment of auditors of the company;
- Review and monitor the auditor's independence and performance, and effectiveness of audit process;
- Approval/Ratification of other services as may be required to be availed from auditors of the Company;
- Examination of the financial statement and the auditors' report thereon;
- Approval or any subsequent modification of transactions of the company with related parties;
- Scrutiny of inter-corporate loans and investments, if any;
- Valuation of undertakings or assets of the company, wherever it is necessary;
- Evaluation of internal financial controls and risk management systems;
- Monitoring the end use of funds raised through public offers and related matters;



- Such other functions/area/term as desired/referred by the Board from time to time or required under applicable law/Listing Agreement for time being in force.

The particulars of the meetings attended by the Members of the Audit Committee and the dates of the meetings held during the financial year 2013-14 are given below:

Name of Members	No. of Meetings during the Financial Year 2013-14		Dates of Meetings
	Held	Attended	
Mr. Vijay K. Thadani	4	4	May 23, 2013 July 18, 2013
Mr. Surendra Singh	4	4	October 17, 2013 January 17, 2014
Ms. Madhabi Puri Buch	4	4	

Mr. Surendra Singh chaired the Audit Committee Meeting held on May 23, 2013 for approval of annual accounts for the financial year ended on March 31, 2013 and he was present at the Annual General Meeting of the Company held on July 1, 2013.

### Nomination and Remuneration Committee

The Nomination and Remuneration Committee of the Company is constituted to identify persons who are qualified to become directors and who may be appointed in senior management and to formulate the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration for the directors, key managerial personnel and other employees and to carry out evaluation of every director's performance. The Nomination and Remuneration Committee of the Company is also entrusted 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.

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

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

**Chairman:** Mr. Surendra Singh

**Members:** Mr. Sanjay Khosla and Ms. Madhabi Puri Buch

### Functions and Terms of Reference

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

- To identify persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, recommend to the Board their appointment and removal;
- To carry out evaluation of every director's performance;
- To formulate the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration for the directors, key managerial personnel and other employees. The Committee while formulating the policy, shall ensure that:
  - the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate directors of the quality required to run the company successfully;
  - relationship of remuneration to performance is clear and meets appropriate performance benchmarks;
  - remuneration to directors, key managerial personnel and senior management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals.
- To recommend to the Board, the remuneration (including any modification therein) payable to the Managing Director or Whole-time Director or Manager of the Company;
- Such other functions/area/term as desired/referred by the Board from time to time or required under applicable law /listing agreement, for time being in force.

The particulars of the meetings attended by the Members of the Nomination and Remuneration Committee and the dates of the meetings held during the financial year 2013-14 are given below:

Name of Members	No. of Meeting during the financial year 2013-14		Date of Meeting
	Held	Attended	
Mr. Surendra Singh	1	1	October 17, 2013
Mr. Sanjay Khosla	1	1	
Ms. Madhabi Puri Buch	1	1	

### Remuneration Policy

The Nomination and Remuneration Committee has the powers to determine and recommend to the Board the amount of remuneration, including performance-

linked bonus and perquisites, payable to Directors, Senior Management and other employees. The recommendations of the Committee are based on the evaluation of the performance and other criteria, as laid down and as per the 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.

### Remuneration to Executive Directors

Details of Remuneration paid to Managing Director and Whole-time Directors (Executive Directors) for the financial year 2013-14 as given below:

(Amount in Rs.)

Name of Executive Directors	Salary	Perquisites and Allowances	Contribution to Provident Fund, Superannuation Fund or Annuity Fund	Total
Mr. Rajendra S Pawar	748,720	1,630,909	263,451	2,643,080
Mr. Vijay K Thadani	713,670	1,666,616	305,719	2,686,005
Mr. P. Rajendran*	1,113,440	1,267,280	349,885	2,730,605

#### Notes:

1. Service Contract of 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
- 4\* Mr. P Rajendran shall be paid additional remuneration for financial year 2013-14, as mentioned in the statement to item no.5 to the Notice of Annual General Meeting, subject to the approvals of shareholders and the Central Government.

### Remuneration to Non-Executive Directors

The Non- Executive 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. Non-Executive Directors do not have any 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 on the net profits of the Company and within the limits approved by the Shareholders) and sitting fees (for attending the meetings of the Board, Audit Committee and Nomination and Remuneration Committee). Remuneration in the form of annual commission is paid to all Non-Executive Directors and in addition, based on their contribution of time for Board meetings and Committee meetings, sitting fees is also paid to them.

Remuneration to Non-Executive Directors for the

financial year 2013-14 shall be paid as may be determined by the Board, upon receiving approval of shareholders and the Central Government, within the limits as specified in the Item no.6 of the Notice of the Annual General Meeting.

Mr. Sanjay Khosla holds 56,250 equity shares in the Company. No other Non-Executive Directors of the Company holds any share in the Company.

No Stock Options were granted to Non-Executive Directors under ESOP-2005 during the financial year ended March 31, 2014.

### Disclosures regarding re-appointment of Directors

The resume of the Directors who are being reappointed 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 details of the options granted under 'NIIT Employee Stock Option Scheme, 2005' (ESOP-2005) is provided in the Directors' Report.

### Stakeholders Relationship Committee

The Stakeholders Relationship Committee was constituted to ensure that all commitment to security holders and investors are met and thus strengthen their relationship with the Company.

The composition of the Stakeholders Relationship Committee is as below:

**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 Stakeholders Relationship Committee of the Company is as under:

- To consider and resolve the grievances of security holders of the Company.
- 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 Stakeholders Relationship Committee and the dates of the meetings held during the financial year 2013-14 are given below:

Name of Members	No. of Meetings during the financial year 2013-14		Dates of Meetings
	Held	Attended	
Mr. Surendra Singh	4	4	May 22, 2013 July 18, 2013 October 17, 2013 January 17, 2014
Mr. Vijay K Thadani	4	4	
Mr. P Rajendran	4	4	

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

During the financial year 2013-14, the Company has received requests/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 in Shareholders' Information section at the end of this Report. As on March 31, 2014, no request / query / complaint was pending for redressal.

### Other Committees of the Board of Directors

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.
- The Corporate Social Responsibility (CSR) Committee entrusted with the responsibility of formulating and monitoring the CSR Policy of the Company, which will include inter-alia activities to be undertaken by the Company, monitoring the

implementation of the framework of the policy and recommending the amount to be spent on CSR activities

### 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 <http://www.niit.com/india/training/investors/Pages/corporate-governance.aspx>. All Board Members and Senior Management Personnel have affirmed compliance with the Code of Conduct during the financial year 2013-14. 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 (V) of the Listing Agreement, Certificate issued by Chief Executive Officer and Chief Financial Officer confirming that the financial statement presents 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 Indian 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. As per this provision, the Company does not have a 'material non-listed Indian subsidiary' company.

### GENERAL MEETINGS

Details of the last three Annual General Meetings (AGM) and the Special Resolutions passed there at are given as follows:

Financial Year	Date & Time	Location	Special Resolution(s)
2012-13	July 1, 2013 10:00 A.M.	Mapple Exotica, Khasra No. 123, Chattarpur Mandir Road, Satbari, New Delhi-110074	No Special Resolution passed in the AGM
2011-12	July 2, 2012 10:00 A.M.	Mapple Exotica, Khasra No. 123, Chattarpur Mandir Road, Satbari, New Delhi-110074	No Special Resolution passed in the AGM
2010-11	July 1, 2011 10:00 A.M.	Parkland Exotica, Khasra No. 123, Chattarpur Mandir Road, Satbari, New Delhi-110074	Re-appointment of Mr. Rajendra S. Pawar as Managing Director of the Company.

Note: No Extra-ordinary General Meeting was 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 2013-14 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. 36 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 2013-14.

#### 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 in the section 'Remuneration Policy' of 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:

- 1. Remuneration Committee:** The Company has setup a Nomination and Remuneration Committee, details of which has been given earlier in this report.
- 2. Shareholders' Rights:** The Company sends financial statements along with Directors' report and Auditors' report to all the Shareholders every year.
- 3. Training of Board Members:** Board Members participate in relevant conferences and industry forums as part of their training.
- 4. 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.
- 5. Whistle Blower Policy:** The Audit Committee approved whistle blower policy in its meeting held on May 20, 2014. The employees and directors may report to the Compliance officer and have direct access to the Chairperson of the Audit Committee about any 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 Promoters, 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

## CORPORATE GOVERNANCE REPORT (Contd.)

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 for the financial year 2013-14 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 heads provide Compliance Certificates 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, with independent legal counsels to ensure 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 / copyrights, etc., belonging to the Company.

### DISCLOSURE ON SEXUAL HARASSMENT OF WOMEN AT WORKPLACE

The Company has set up an Internal Complaints Committee (ICC) for providing a redressal mechanism pertaining to sexual harassment of women employees at workplace, consisting of the following members:

- i) Ms. Shampi Venkatesh, Presiding Officer
- ii) Ms. Rakhi Sharma, Member
- iii) Ms. Suja Ajith, Member
- iv) Mr. Rajesh Arora, Member
- v) Mr. Amitabh Lahiri, Member
- vi) Mr. Ganesh Krishnamurthy, Member
- vii) Ms. Sadhana Chopra/Gyathri Prakash, Members (nominated by Sakaar Outreach, NGO).

The ICC has not received any complaint of sexual harassment.

### 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 <http://www.niit.com/investorrelations/Pages/InvestorRelations.aspx> and official news releases, financial results, consolidated news releases, consolidated financial highlights and presentations etc. are also displayed at the Company's website.
- b. During the financial year 2013-14, the Company published its financial results in the following newspapers:

Financial Results	Newspapers	Date of publication
Audited financial results for the quarter/year ended March 31, 2013	Financial Express (English) Jansatta (Hindi)	May 24, 2013
Unaudited financial results for the quarter ended June 30, 2013	Financial Express (English) Jansatta (Hindi)	July 20, 2013
Unaudited financial results for the quarter ended September 30, 2013	Financial Express (English) Jansatta (Hindi)	October 19, 2013
Unaudited financial results for the quarter ended December 31, 2012	Financial Express (English) Jansatta (Hindi)	January 18, 2014

- c. The Company had quarterly Investors teleconferences and press conferences on May 23, 2013, July 19, 2013, October 18, 2013 and January 17, 2013 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 24, 2013.
- d. The management perspective, business review and financial highlights are part of the Annual Report.
- e. The quarterly distribution of shareholding is also displayed on the Company's website.

### 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 MCA is L74899DL1981PLC015865.

#### b. Annual General Meeting

**Date** : Monday, July 7, 2014

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

**Venue** : Mapple Exotica, Khasra No. 123  
Chattarpur Mandir Road, Satbari,  
New Delhi- 110074



## CORPORATE GOVERNANCE REPORT (Contd.)

**Book Closure Dates:** June 28, 2014 to July 7, 2014  
(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, 2014	By August 14, 2014
Financial reporting for the second quarter ending September 30, 2014	By November 14, 2014
Financial reporting for the third quarter ending December 31, 2014	By February 14, 2015
Financial reporting for the year ending March 31, 2015	By May 30, 2015
Annual General Meeting for the year ending March 31, 2015	By September 30, 2015

**d. Dividend**

The Board of Directors has recommended a dividend of Rs. 1.60 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, 2013. The dividend, if declared, would be paid to such shareholders whose names appear in the Register of Members as on July 7, 2014, 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 27, 2014.

**e. Furnishing updated bank account particulars with Company / Depository Participant for facilitating electronic payments**

SEBI vide its Circular No. CIR/MRD/DP/10/2013 dated March 21, 2013 had mandated the companies to use any of the RBI approved electronic mode of payment such as ECS (Local ECS / Regional ECS / National ECS), NEFT, RTGS etc. for distribution of dividends and other cash benefits to investors. The Circular also mandated the companies or their registrar & share transfer agents (RTA) to maintain bank details of investors. In case the securities are held in demat mode, the companies or their RTA shall seek relevant bank details from depositories and in case the securities are held in physical mode, the companies or their RTA shall take necessary steps to maintain updated bank details at their end.

In view of above, the Company's RTA has sent letters to various depository participants seeking updated bank

details of the investors of the Company. The investors are also requested to ensure that correct and updated particulars of their bank account are available with their respective depository participants and the Company / its RTA. This would facilitate the Company for making payments through electronic mode.

**f. Unclaimed / Unpaid Dividend**

All unclaimed/unpaid dividends due for the financial year ended up to March 31, 2006 have been transferred to the Investor Education and Protection Fund (IEPF) of the Central Government pursuant to Section 205A of the Companies Act, 1956 (Corresponding Section 124 of the Companies Act, 2013).

The Shareholders are requested to apply for revalidation/issue of demand drafts for the dividend for the Financial Year ending March 31, 2007 on or before August 24, 2014 after which any unpaid dividend amount for the Financial Year 2006-2007 will be transferred to Investors Education and Protection Fund (IEPF) by the Company and no claim shall lie against the Company or IEPF after the said transfer.

**g. Unclaimed Shares**

As per SEBI Circular CIR/CFD/DIL/10/2010 dated December 16, 2010 read with Clause 5A of the Listing Agreement, the Company has opened Unclaimed Suspense Account i.e. "NIIT Limited - Unclaimed Suspense Account" with Alankit Assignments Limited and the unclaimed shares lying with the Company have been dematerialized and credited to "NIIT Limited - Unclaimed Suspense Account". The details of unclaimed shares of the Company for the year ended March 31, 2014 are as under:

S. No.	Particulars	No. of Shareholders	No. of Shares
i	Aggregate number of shareholders and the outstanding shares transferred to Unclaimed Suspense Account during the year	195	133,438
ii	Number of shareholders who approached for transfer of shares from Unclaimed Suspense Account during the year	NIL	NIL
iii.	Number of shareholders to whom shares were transferred from Unclaimed Suspense Account during the year	NIL	NIL



## CORPORATE GOVERNANCE REPORT (Contd.)

vi.	Aggregate number of shareholders and the outstanding shares lying in Unclaimed Suspense Account at the end of the year	195	133,438
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### h. Nomination Facility

The Companies Act, 2013 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 to the Registered Office of the Company/ Registrar and Transfer Agent of the Company in case the shareholding is in physical form. The shareholders may obtain a copy of the said form from the Registered Office of the Company or can download it from the website of the Company at <http://www.niit.com/india/training/investors/Pages/investor-services.aspx>. 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 Bombay Stock Exchange Limited (BSE), Mumbai. The listing fees for the financial year 2014-15 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 2014-15 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)
30th AGM	Monday, July 1, 2013	Saturday, June 22, 2013 to Monday, July 1, 2013
29th AGM	Monday, July 2, 2012	Friday, June 22, 2012 to Monday, July 2, 2012
28th AGM	Friday, July 1, 2011	Friday, June 24, 2011 to Friday, July 1, 2011

### l. Stock Code

Trading symbol on the NSE: NIITLTD  
 Trading symbol on the BSE (Scrip Code): NIIT (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, 2013 to March 31, 2014 and the comparison of share prices of the Company vis-à-vis the Sensex and Nifty Indices are given below:

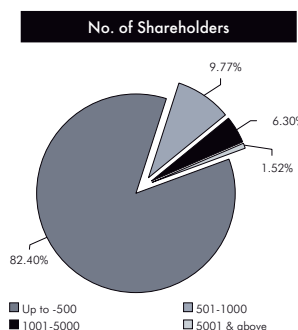
#### Share price movement during the year April 1, 2013 to March 31, 2014

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-13	19,504	25.4	20.8	3,954	5,930	25.45	20.6	3,938
May-13	19,760	24.3	20.45	3,566	5,986	24.3	20.45	3,558
Jun-13	19,396	22.5	18.65	3,096	5,842	22.6	18.5	3,087
Jul-13	19,346	19.9	14.9	2,485	5,742	19.9	14.9	2,493
Aug-13	18,620	21.4	15	3,096	5,471	21.4	15	3,079
Sep-13	19,380	22.5	18.35	3,096	5,735	22.5	18.35	3,096
Oct-13	21,165	21.15	18.6	3,269	6,299	21.15	18.4	3,269
Nov-13	20,792	23.5	19.55	3,723	6,176	23.55	19.65	3,708
Dec-13	21,171	28.4	21.85	4,558	6,304	28.4	21.75	4,558
Jan-14	20,514	30.2	24.4	4,335	6,090	30.2	24.4	4,319
Feb-14	21,120	29.7	23.1	4,591	6,277	29.8	23.15	4,599
Mar-14	22,386	30.25	25.9	4,442	6,704	30.1	25.95	4,434

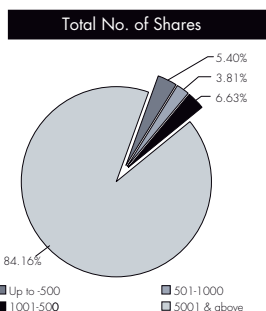
\* Market capitalization at closing price of the month  
 Source: BSE & NSE website.

#### Shareholding Distribution as on March 31, 2014

Range (No. of Shares)	No. of Shareholders	% to Total Shareholders	Total No. of Shares	% to Total Shares
Up to 500	65,572	82.40	8,924,005	5.40
501-1000	7,778	9.77	6,286,034	3.81
1001-5000	5,014	6.30	10,956,634	6.63
5001 & above	1,213	1.53	138,978,924	84.16
TOTAL	79,577	100	165,145,597	100

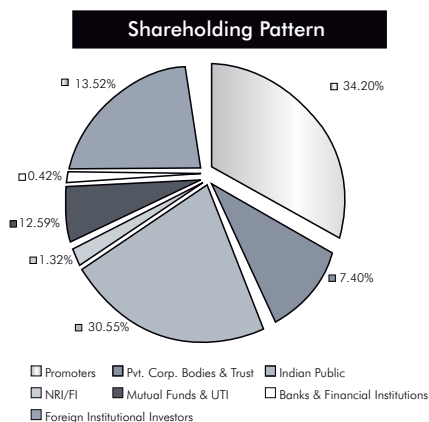


## CORPORATE GOVERNANCE REPORT (Contd.)



### Shareholding Pattern as on March 31, 2014

Category	No. of shares held (face value of Rs. 2 each)	Percentage of total shareholding
Promoters' Holding		
Indian Promoters	56,473,335	34.20
Foreign Promoters	-	-
<b>Total Promoters' Holding</b>	<b>56,473,335</b>	<b>34.20</b>
Public Shareholding		
Mutual Funds and UTI	20,783,618	12.59
Banks, Financial Institutions & Insurance Companies	694,441	0.42
Foreign Institutional Investors	22,325,464	13.52
NRI/Foreign Individuals	2,179,787	1.32
Private Corporate Bodies & Trust	12,223,369	7.40
Indian Public	50,465,583	30.55
<b>Total Public Shareholding</b>	<b>108,672,262</b>	<b>65.80</b>
<b>Grand Total</b>	<b>165,145,597</b>	<b>100.00</b>



### n. Details of requests/queries/complaints received and resolved during the financial year 2013-14:

Nature of Query	Request/ Queries Received	Complaints Received	Resolved	Unresolved
Change of address	8	-	8	-
Change of bank details	29	-	29	-
Correction in dividend warrant & issue DD	157	-	157	-

Dividend not received	-	57	57	-
Legal matter, shares in legal dispute	3	-	3	-
Non receipt of annual report/notice	-	4	4	-
Non receipt of share certificate lodged for transfer	-	2	2	-
Others	2	-	2	-
Request for annual report	34	-	34	-
Request for bonus shares	5	-	5	-
Request for duplicate share certificates	3	-	3	-
Request for share holding details	9	-	9	-
Share certificates lodged for transfer	6	-	6	-
<b>TOTAL</b>	<b>256</b>	<b>63</b>	<b>319</b>	<b>-</b>

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 15 days from the date of receipt. The exceptions have been for cases constrained by procedural issue or disputes / legal impediments etc. There was 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, 2014, 99.41% shares of the Company were held in a dematerialised form.

### q. Consolidate multiple folios

Investors are encouraged to 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.

### s. Share Transfer System

The Company has appointed a common Registrar for the physical share transfer and dematerialisation

## CORPORATE GOVERNANCE REPORT (Contd.)

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 12 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 to corresponds with the Company.

**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

**x. Registered Office:**

NIIT Limited,

8, Balaji Estate, First Floor, Guru Ravi Das Marg,

Kalkaji, New Delhi - 110 019, India

Tel Nos. : +91 11 41675000

Fax: +91 11 41407120

e-mail: investors@niit.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

8, Balaji Estate, First Floor, Guru Ravi Das Marg,

Kalkaji, New Delhi - 110 019, India

Tel Nos. : +91 11 41675000

Fax: +91 11 41407120

e-mail: investors@niit.com

The Corporate Governance Report was adopted by the Board of Directors at their meeting held on May 21, 2014.

## CORPORATE GOVERNANCE REPORT (Contd.)

### 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 2013-14.

Place : New Delhi

Date : May 21, 2014

**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  
8, Balaji Estate, First Floor,  
Guru Ravi Das Marg,  
Kalkaji, New Delhi- 110019

We hereby certify that for the financial year 2013-14:

1. We have reviewed the financial statements and the cash flow statement and that to the best of our knowledge and belief:
  - (a) These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - (b) These statements together present a true and fair view of the Company's affairs and are in compliance with existing Accounting Standards, applicable laws and regulations.
2. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year 2013-14 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 2013-14 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

Date : May 21, 2014

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

**Rohit Kumar Gupta**  
Chief Financial Officer

## CORPORATE GOVERNANCE REPORT (Contd.)

### 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, 2014, 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

Usha Rajeev  
Partner

Place : New Delhi  
Date : May 21, 2014

Membership No. 087191

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## INDEPENDENT AUDITORS' REPORT

### To the Members of NIIT Limited

#### Report on the Financial Statements

1. We have audited the accompanying financial statements of NIIT Limited (the "Company"), which comprise the Balance Sheet as at March 31, 2014 and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information, which we have signed under reference to this report.

#### Management's Responsibility for the Financial Statements

2. The Company's Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards notified under the Companies Act, 1956 (the "Act") read with the General Circular 15/2013 dated September 13, 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

#### Auditors' Responsibility

3. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence, about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by Management, as well as evaluating the overall presentation of the financial statements.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### Opinion

6. In our opinion, and to the best of our information and according to the explanations given to us, the accompanying financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
  - (a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2014;
  - (b) in the case of the Statement of Profit and Loss, of the loss for the year ended on that date; and
  - (c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

#### Report on Other Legal and Regulatory Requirements

7. As required by 'the Companies (Auditor's Report) Order, 2003', as amended by 'the Companies (Auditor's Report) (Amendment) Order, 2004', issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act (hereinafter referred to as the "Order"), 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 give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
8. As required by section 227(3) of the Act, 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 purpose 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, Statement of Profit and Loss and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
- (d) In our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this report comply with the Accounting Standards notified under the Companies Act, 1956 read with the General Circular 15/2013 dated September 13, 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013;
- (e) On the basis of written representations received from the directors as on March 31, 2014, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2014, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Act.

For Price Waterhouse  
Firm Registration Number. : 301112E  
Chartered Accountants

Place : New Delhi  
Date : May 21, 2014

**Usha Rajeev**  
Partner  
Membership No. 087191

## ANNEXURE TO INDEPENDENT AUDITORS' REPORT

Referred to in paragraph 7 of the Independent Auditors' Report of even date to the members of NIIT Limited on the financial statements as of and for the year ended March 31, 2014

- 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 have been noticed on such verification.
- (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 one wholly owned subsidiary company covered in the register maintained under Section 301 of the Act. The maximum amount involved during the year and the year-end balance of such loans aggregated to Rs. 29,700,000. The Company has not granted any other secured/ unsecured loans to companies, firms or other parties covered in the register maintained under Section 301 of the Act. The Company had also granted a loan of Rs. 1,000,000 to NIIT Foundation (a Society) which was received back during the year. The provisions of Sec 297, 299 and 301 of the Act are not considered to be applicable to a Society.
- (b) 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.
- (c) The repayment terms for the unsecured loan to the wholly owned subsidiary as referred to in clause (iii)(a) above have been extended. The outstanding loan and interest, which is considered doubtful of recovery, has been provided for in the books of account.
- (d) In respect of the aforesaid loans, the overdue amount interest in respect of the above loan to the subsidiary, which is fully provided for as referred to in clause (iii)(c) above, is Rs. 6,275,706.
- (e) 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 loans aggregated to Rs. 199,000,000.
- (f) 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.
- (g) 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, as 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 and 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) According to the information and explanations given to us, we are of the opinion that the particulars of

all contracts or arrangements that need to be entered into the register maintained under section 301 of the Companies Act, 1956 have been so entered.

- (b) In our opinion, and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements and exceeding the value of Rupees Five Lakhs in respect of any party during the year have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
- 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 the 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 undisputed statutory dues in respect of tax deducted at source, corporate dividend tax and service tax, though there has been a some delay in a few cases, and is regular in depositing undisputed statutory dues, including investor education and protection fund, provident fund, employees' state insurance, , wealth 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, works contract tax, service tax, as at March 31, 2014 which have not been deposited on account of a dispute, are as follows:

Name of the Statute	Nature of Dues	Unpaid Amount (Rs million)	Period to which the amount relates	Forum where the dispute is pending
Andhra Pradesh General Sales tax Act, 1957	Works contract tax	31.32	2001- 2004	Supreme Court of India
Central Sales Tax Act, 1956	Sales Tax	10.50	2010-11	Joint Commissioner, Central audit unit(CT), Kolkata
	Sales tax	22.35	June 2005 to November 2011	Appellate Deputy commissioner (A), Hyderabad
Finance Act , 1994	Service tax	20.98	2004-05	Customs, Excise and Service Tax Appellate Tribunal
Income Tax Act, 1961	Income tax	0.41	2004-05	Income Tax Appellate Tribunal

- x. The Company has no accumulated losses as at the end of the financial year and it has not incurred any cash losses in the financial year ended on that date and in the immediately preceding financial year.
- xi. According to the records of the Company examined by us and the information and explanation given to us, the Company has not defaulted in repayment of dues to any financial institution or bank or debenture holders as at the balance sheet date.
- xii. The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities. Therefore, the provisions of Clause 4(xii) of the Order are not applicable to the Company
- xiii. As the provisions of any special statute applicable to chit fund/ nidhi/ mutual benefit fund/ societies

- are not applicable to the Company, the provisions of Clause 4(xiii) of the Order are not applicable to the Company.
- xiv. In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of Clause 4(xiv) of the Order are not applicable to the Company.
  - xv. In our opinion, and according to the information and explanations given to us, the terms and conditions of the guarantees given by the Company for loans taken by others from banks or financial institutions during the year, are not prejudicial to the interest of the Company. In our opinion and according to the information and explanations given to us, the terms and conditions of charge on the assets of the Company given by the Company for loans taken by its subsidiaries from banks during the year and the undertaking to support NIIT Institute of Information Technology to meet shortfall, if any, in repayment of loans taken by it from a bank are not considered prejudicial to the interests of the Company.
  - xvi. The Company has not raised any term loans. Accordingly, the provisions of Clause 4(xvi) of the Order are not applicable to the Company.
  - xvii. According to the information and explanations given to us and on an overall examination of the balance sheet of the company, we report that the no funds raised on short-term basis 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. Accordingly, the provisions of Clause 4(xviii) of the Order are not applicable to the Company.
  - xix. The Company has created 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. Accordingly, the provisions of Clause 4(xx) of the Order are not applicable to the Company.
  - 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 material fraud on or by the Company, noticed or reported during the year, nor have we been informed of any such case by the Management.

For Price Waterhouse  
Firm Registration Number. : 301112E  
Chartered Accountants

Place : New Delhi  
Date : May 21, 2014

**Usha Rajeev**  
Partner  
Membership No. 087191

## BALANCE SHEET as at March 31, 2014

	Note	As At March 31, 2014 (Rs. Million)	As At March 31, 2013 (Rs. Million)
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' Funds</b>			
Share Capital	3	330.30	330.20
Reserves and Surplus	4	<u>3,865.42</u>	<u>4,194.13</u>
		<u>4,195.72</u>	<u>4,524.33</u>
<b>Non-Current Liabilities</b>			
Long-Term Borrowings	5	887.38	1,010.37
Other Long-Term Liabilities	8	67.24	130.75
Long-Term Provisions	9	<u>4.39</u>	<u>4.76</u>
		<u>959.01</u>	<u>1,145.88</u>
<b>Current Liabilities</b>			
Short-Term Borrowings	6	199.00	175.50
Trade Payables	7	728.45	1,160.06
Other Current Liabilities	8	1,079.72	1,748.73
Short-Term Provisions	9	<u>361.72</u>	<u>377.75</u>
		<u>2,368.89</u>	<u>3,462.04</u>
<b>TOTAL</b>		<u><b>7,523.62</b></u>	<u><b>9,132.25</b></u>
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Fixed Assets	10		
-Tangible Assets		873.02	1,186.62
-Intangible Assets		617.20	709.63
-Intangible Assets under Development		108.07	116.90
Non-Current Investments	11	1,862.91	2,071.28
Deferred Tax Assets (net)	12	103.78	103.78
Long-Term Loans and Advances	13	599.87	489.49
Trade Receivables	14	435.01	369.61
Other Non-Current Assets	16	<u>34.13</u>	<u>110.64</u>
		<u>4,633.99</u>	<u>5,157.95</u>
<b>Current Assets</b>			
Inventories	17	47.30	87.17
Trade Receivables	14	1,816.14	2,554.01
Cash and Bank Balances	18	207.56	555.64
Short-Term Loans and Advances	13	392.02	383.29
Other Current Assets	16	<u>426.61</u>	<u>394.19</u>
		<u>2,889.63</u>	<u>3,974.30</u>
<b>TOTAL</b>		<u><b>7,523.62</b></u>	<u><b>9,132.25</b></u>

The accompanying Notes form an integral part of these financial statements  
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 & Managing Director*  
DIN – 00042516

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

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

**Ashok Arora**  
*Group Chief Financial Officer*

**Rohit Kumar Gupta**  
*Chief Financial Officer*

**Rajesh Arora**  
*Company Secretary*

Place : New Delhi  
Date : May 21, 2014



## STATEMENT OF PROFIT AND LOSS for the year ended March 31, 2014

	Note	Year ended March 31, 2014 (Rs. Million)	Year ended March 31, 2013 (Rs. Million)
<b>Income</b>			
Revenue from Operations	22	5,201.93	6,414.67
Other Income [includes prior period income Rs. 25.52 Million (Previous year Rs. 21.56 Million)]	23	617.88	666.12
<b>Total Revenue</b>		<b>5,819.81</b>	<b>7,080.79</b>
<b>Expenses</b>			
Purchase of Traded Goods		488.70	985.88
(Increase)/ Decrease in Inventory	17	39.87	25.49
Employee Benefits Expense	24	1,592.40	1,737.02
Professional & Technical Outsourcing Expenses		933.81	1,239.78
Finance Costs	27	174.73	166.51
Depreciation and Amortisation Expense	10	679.54	782.40
Other Expenses	28	1,948.86	2,064.72
<b>Total Expenses</b>		<b>5,857.91</b>	<b>7,001.80</b>
<b>Profit/ (Loss) before Exceptional items and Tax</b>		<b>(38.10)</b>	<b>78.99</b>
Exceptional items (Net)	30	19.18	1.92
<b>Profit/ (Loss) before Tax</b>		<b>(18.92)</b>	<b>80.91</b>
<b>Tax expense:</b>	12		
-Current Tax		58.25	56.16
-Provision for Tax relating to earlier years		0.60	13.18
<b>Profit/(Loss) for the year</b>		<b>(77.77)</b>	<b>11.57</b>
<b>Earnings/(Loss) per Equity Share (Face Value Rs. 2/- each):</b>	35		
-Basic		(0.47)	0.07
-Diluted		(0.47)	0.07

The accompanying Notes form an integral part of these Financial Statements  
This is the Statement of Profit and Loss 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 & Managing Director  
DIN – 00042516

**Vijay K Thadani**  
CEO & Whole-time Director  
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**Usha Rajeev**  
Partner  
Membership No. 087191

**Ashok Arora**  
Group Chief Financial Officer

**Rohit Kumar Gupta**  
Chief Financial Officer

**Rajesh Arora**  
Company Secretary

Place : New Delhi  
Date : May 21, 2014

## CASH FLOW STATEMENT for the year ended March 31, 2014

	Year ended March 31, 2014 (Rs. Million)	Year ended March 31, 2013 (Rs. Million)
<b>A. CASH FLOW FROM OPERATING ACTIVITIES:</b>		
Profit/ (Loss) before Tax and after Exceptional Items	(18.92)	80.91
Add / (Less):		
Depreciation and Amortisation	679.54	782.40
Provision for Doubtful Debts	146.35	17.43
Provision for Unbilled Revenue	5.47	-
Provision for Doubtful Advances	2.16	10.22
Provision for Interest Receivable	3.14	-
Bad Debts written off	3.47	-
Advances Written off	0.59	-
Provision for Slow/ Non-moving Inventory (Net)	23.80	0.95
Inventory Written off	9.29	7.75
Unrealised Foreign Exchange (Gain)/ Loss	(9.41)	49.60
Finance Cost	174.73	166.51
Interest Income	(69.84)	(51.36)
Dividend Income from Subsidiaries	(430.97)	(470.02)
(Profit)/ Loss on sale of Fixed Assets	1.14	2.83
Profit on buy back of shares by subsidiary	(124.22)	-
Realised Exchange Gain on sale of Investment	(1.66)	-
Dividend Income from Current Investments	(4.46)	(0.55)
Provision / Other Liabilities Written Back	(1.34)	(20.79)
Employee Stock Option Expense	1.29	2.90
<b>Operating Profit before Working Capital Changes</b>	<b>390.15</b>	<b>578.78</b>
<b>Add / (Less): Changes in Operating Working Capital:</b>		
Increase/ (Decrease) in Trade Payables	(436.39)	(245.75)
Increase/ (Decrease) in Short-Term Provisions	(14.77)	(1.45)
Increase/ (Decrease) in Long-Term Provisions	(0.37)	(0.59)
Increase/ (Decrease) in Other Current Liabilities	(408.15)	21.57
Increase/ (Decrease) in Other Long-Term Liabilities	(63.51)	(9.23)
(Increase)/ Decrease in Current Trade Receivables	816.49	85.61
(Increase)/ Decrease in Non-Current Trade Receivables	(215.22)	(25.08)
(Increase)/ Decrease in Inventories	6.78	16.79
(Increase)/ Decrease in Short-Term Loans and Advances	(8.73)	(59.46)
(Increase)/ Decrease in Long-Term Loans and Advances	27.36	36.55
(Increase)/ Decrease in Other Current Assets	32.50	(5.68)
(Increase)/ Decrease in Other Bank Balances	0.70	3.13
(Increase)/ Decrease in Other Non-current Assets	67.90	145.28
<b>Cash generated from operations</b>	<b>194.74</b>	<b>540.47</b>
Direct Tax- (paid)/ refund received (including TDS) (net)	(150.24)	15.34
<b>Net Cash from Operating activities (A)</b>	<b>44.50</b>	<b>555.81</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES:</b>		
Purchase of Fixed Assets (including Capital Work-in-progress, internally developed intangibles and Capital Advances)	(333.13)	(563.03)
Proceeds from sale of Fixed Assets	15.10	24.26
Loans given to Subsidiaries received back	-	6.75
Loans given to Others	(1.00)	(28.00)
Loans given to Others received back	1.00	28.00
Interest Received	14.70	37.81
Dividend received	423.05	374.88
Tax on Dividend Received	(49.19)	(42.56)
Purchase of Mutual Funds	(1,923.00)	(420.00)
Sale of Mutual Funds	1,927.46	420.55
Investment in Equity Shares of Subsidiaries	(105.55)	(27.00)
Proceeds from buy back of shares by Subsidiary	439.80	-
<b>Net Cash from/ (used in) Investing activities (B)</b>	<b>409.24</b>	<b>(188.34)</b>

## CASH FLOW STATEMENT for the year ended March 31, 2014

	Year ended March 31, 2014 (Rs. Million)	Year ended March 31, 2013 (Rs. Million)
<b>C. CASH FLOW FROM FINANCING ACTIVITIES:</b>		
Redemption of Non Convertible Debentures	(366.66)	(200.00)
Short Term Loan from Banks		
-Raised during the year	-	800.00
-Repaid during the year	-	(800.00)
Short Term Loan from Others		
-Repaid during the year	-	(32.10)
Term Loan raised during the year	-	650.40
Proceeds/(Payments) relating to Cash Credits (Net)	-	(5.84)
Interest Paid on Fixed Loan	(178.25)	(162.23)
Dividend Paid	(262.71)	(263.14)
Dividend Tax Paid	(17.00)	(28.06)
Receipt of Inter Corporate Deposits	199.00	175.50
Repayment of Inter Corporate Deposits	(175.50)	(126.00)
<b>Net Cash from/ (used in) Financing activities (C)</b>	<b>(801.12)</b>	<b>8.53</b>
<b>Net Increase/(Decrease) in Cash &amp; Cash Equivalents (A) + (B) + (C)</b>	<b>(347.38)</b>	<b>376.00</b>
Cash and Cash Equivalents as at the beginning of the year (Footnote 1)	512.67	136.67
<b>Cash and cash equivalents as at the end of the year (Footnote 1)</b>	<b>165.29</b>	<b>512.67</b>

### Notes:

#### 1 Cash and Cash Equivalents

Balance with banks		
Current Accounts	128.70	418.75
[Include Rs. Nil (Previous Year Rs. 9.12 Million) pertaining to amount earmarked for specific contract]		
Cheques, drafts on hand	30.95	83.64
Cash on hand	5.64	10.28

<b>Cash and Cash Equivalents as at the end of the year</b>	<b>165.29</b>	<b>512.67</b>
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- 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) [Companies (Accounting Standards) Rules, 2006, as amended] and other relevant provisions of the Companies Act, 1956.
- Figures in parenthesis indicate cash outgo.
- Previous year figures have been regrouped/recast wherever necessary to conform to the current year's classification. The accompanying Notes form an integral part of these Financial Statements  
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 & Managing Director  
DIN – 00042516

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

**Usha Rajeev**  
Partner  
Membership No. 087191

**Ashok Arora**  
Group Chief Financial Officer

**Rohit Kumar Gupta**  
Chief Financial Officer

**Rajesh Arora**  
Company Secretary

Place : New Delhi  
Date : May 21, 2014

### 1 CORPORATE INFORMATION

NIIT is a global talent development company which was set up in 1981. NIIT ('the Company') currently offers learning and knowledge solutions across globe to Individuals, Enterprises and Institutions in information Technology, Business Process Outsourcing, Banking Finance and Insurance, Executive Management Education, School Education, Communication & Professional Life Skills and Vocational Skills Training.

### 2 SIGNIFICANT ACCOUNTING POLICIES

#### 2.1 Basis of Preparation of Accounts

These financial statements have been prepared in accordance with the generally accepted accounting principles in India under the historical cost convention on accrual basis. Pursuant to the circular 15/2013 dated September 13, 2013 read with circular 08/2014 dated April 4, 2014, till the Standards of Accounting or any addendum thereto are presented by Central Government in consultation and recommendation of the National Financial Reporting Authority, the existing Accounting Standards notified under the Companies Act, 1956 shall continue to apply. Consequently, these financial statements have been prepared to comply in all material aspects with the accounting standards notified under Section 211(3C) [Companies (Accounting Standards) Rules, 2006, as amended] and other relevant provisions of the Companies Act, 1956.

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Revised Schedule VI to the Companies Act, 1956. Based on the nature of products and the time between the acquisition of assets for processing and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current – non current classification of assets and liabilities.

#### 2.2 Other significant accounting policies adopted by the Company are detailed below:

##### i) Tangible Fixed Assets and Depreciation

Fixed Assets are stated at acquisition cost, net of accumulated depreciation and accumulated impairment losses, if any, 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.

Losses arising from the retirement of and gains or losses arising from disposal of fixed assets which are carried at cost are recognised in the Statement of Profit and Loss.

Depreciation is provided on a pro-rata basis on the straight-line method over the estimated useful lives of the assets or the rates prescribed under Schedule XIV to the Companies Act, 1956, whichever is higher, as follows:

Buildings	58 years
Plant and Equipment including:	
- Computers, printers and related accessories	2-5 years
- Electronic Equipments	8 years
- Air Conditioners	10 years
Office Equipment	8 years
Furniture & Fixtures	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 & Equipment and Furniture & Fixtures)	Lease Period or useful life, whichever is shorter
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.

### ii) Intangible Fixed Assets and Amortisation

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". Expenses incurred during the research phase till the establishment of commercial feasibility is charged to the Statement of Profit and Loss.

Intangible Fixed Assets are stated at acquisition cost, net of accumulated amortisation and accumulated impairment losses.

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

a) Contents and Products # - School based non - IT content - Others	10 Years 3-5 Years
b) Software #	3-5 Years
c) Patents	3-5 years

# Contents, products and software are technically evaluated each year for their useful economic life and the unamortised amount of the asset is charged to Statement of Profit and Loss as amortisation over their revised remaining useful life.

### iii) Impairment of Assets

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

### iv) Investments

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

### v) Inventory Valuation – Traded 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.

### vi) 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 / training is recognised over the period of the course programs 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 Company undertakes fixed price projects for supply/ installation/maintenance of hardware & 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 hardwares is recognised on delivery of the hardware when substantial risks and rewards of ownership in such hardware passes to the customer based on contractual terms of the respective contracts and in respect of hardwares, which is 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.

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 Statement of Profit and Loss over the lease period of the respective product.

### vii) Other Income

- a) Dividend income is recognised when the right to receive dividend is established.
- b) Interest income is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.

### viii) Employee Benefits

#### Gratuity

The Company 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 (using projected unit credit method) 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 (LIC) is additionally provided for.

The difference, if any, between the actuarial valuation of the gratuity of employees at the year end and the balance of funds with LIC is provided for in the books.

Actuarial losses/ gains are charged/ credited to the Statement of Profit and Loss 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 (using projected unit credit method) at the end of the year. Actuarial losses/ gains are charged/ credited to the Statement of Profit and Loss in the year in which such losses/ gains arise.

#### 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 Statement of Profit and Loss.

#### 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 (using projected unit credit method) 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 Statement of Profit and Loss.

#### 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 Statement of Profit and Loss.

#### National Pension System

The Company makes defined contribution towards National Pension System for certain employees. The Company's contribution towards Employee Pension System is charged to Statement of Profit and Loss.

### ix) Employee 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 Statement of Profit and Loss 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 reserves and surplus.

**x) Foreign Currency Transactions**

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

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 Statement of Profit and Loss 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.

**xi) Derivative Instruments and Hedge Accounting**

In accordance with its Risk management policies and procedures, the Company uses derivative instruments to hedge its risks associated with foreign currency fluctuations. 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 is recognised directly in Reserves and Surplus 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 Statement of Profit and Loss.

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

**xii) Leases**

Lease rental in respect of operating lease arrangements are charged to expense in the Statement of Profit and Loss 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 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 Statement of Profit and Loss 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.

**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 measured at the amount expected to be paid to the tax authorities in accordance with the taxation laws prevailing in the respective jurisdiction. 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) 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.

### xvi) 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.

### xvii) Cash and Cash Equivalents

Cash and cash equivalents includes cash on hand, demand deposits with banks, other short-term highly liquid investments with original maturities of three months or less.

	As At March 31, 2014	(Rs. Million) As At March 31, 2013
<b>3 SHARE CAPITAL</b>		
<b>Authorised</b>		
250,000,000 Equity Shares of Rs. 2/- each (Previous year 250,000,000 Equity Shares of Rs. 2/- each)	500.00	500.00
2,500,000 Redeemable Preference Shares of Rs.100/- each (Previous year 2,500,000 Redeemable Preference Shares of Rs.100/- each)	250.00	250.00
	<u>750.00</u>	<u>750.00</u>
<b>Issued</b>		
165,151,597 Equity Shares of Rs. 2/- each (Previous year - 165,101,597 Equity Shares of Rs. 2/- each)	330.30	330.20
	<u>330.30</u>	<u>330.20</u>
<b>Subscribed and Paid up</b>		
165,145,597 Equity Shares of Rs. 2/- each (Previous year - 165,095,597 Equity Shares of Rs. 2/- each)	330.29	330.19
Add: Forfeited Shares (amount originally paid-up)	0.01	0.01
	<u>330.30</u>	<u>330.20</u>

### 3.1 Reconciliation of the number of shares outstanding

Equity Shares	As at			
	March 31, 2014		March 31, 2013	
	No. of shares	(Rs. Million)	No. of shares	(Rs. Million)
Shares outstanding at the beginning of the year	165,095,597	330.19	165,095,597	330.19
Shares issued during the year	50,000	0.10	-	-
<b>Shares outstanding at the end of the year</b>	<b>165,145,597</b>	<b>330.29</b>	<b>165,095,597</b>	<b>330.19</b>

### 3.2 Rights, preferences and restrictions attached to shares:-

**Equity Shares:** The Company has one class of equity shares having a par value of Rs. 2/- per share. Each shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

### 3.3 Shares held by each shareholder holding more than 5% shares in the Company

	As at			
	March 31, 2014		March 31, 2013	
	No. of shares	% of holding	No. of shares	% of holding
Pace Services Limited	23,503,913	14.23%	22,557,547	13.66%
Global Solutions Private Limited	22,527,346	13.64%	21,580,980	13.07%
FID Funds Mauritius Limited	-	-	10,139,408	6.14%
<b>Total</b>	<b>46,031,259</b>	<b>27.87%</b>	<b>54,277,935</b>	<b>32.87%</b>

### 3.4 Shares reserved for issue under Employee Stock Option Plan (ESOP)

	As at			
	March 31, 2014		March 31, 2013	
	No. of shares	(Rs. Million)	No. of shares	(Rs. Million)
Equity shares (For details refer Note 26)	2,185,973	4.37	3,761,216	7.52
	<b>2,185,973</b>	<b>4.37</b>	<b>3,761,216</b>	<b>7.52</b>

### 3.5 Aggregate number of Equity shares issued as bonus shares during the immediately preceding five years

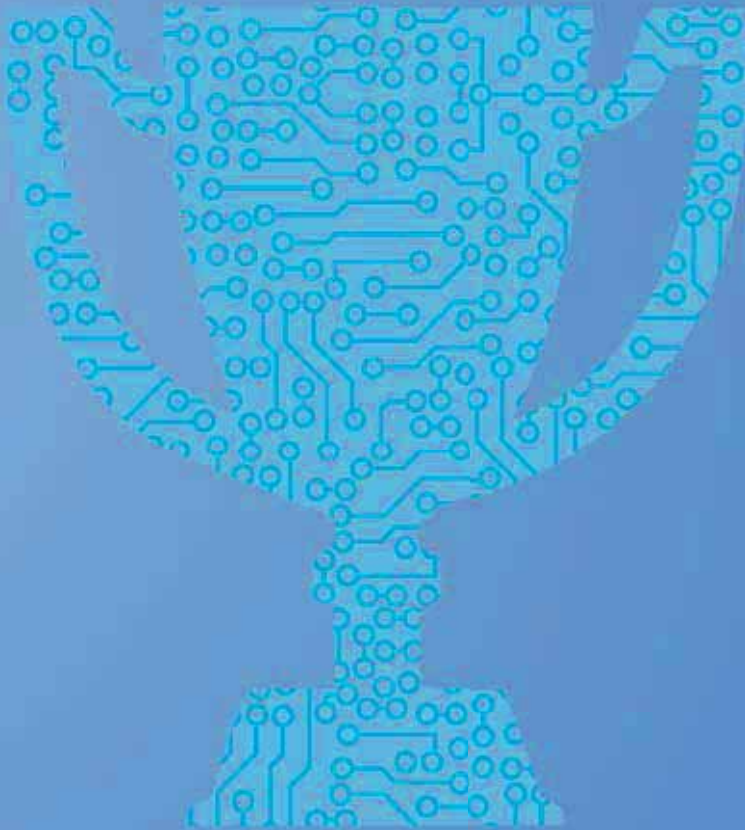
	As at	
	March 31, 2014	March 31, 2013
	No. of shares	No. of shares
Allotted as fully paid up by way of bonus shares	-	54,869,490
	<b>-</b>	<b>54,869,490</b>

		(Rs. Million)	
		As at	
		March 31, 2014	March 31, 2013
<b>4 RESERVES AND SURPLUS</b>			
Securities Premium Reserve			
Opening balance	517.70		517.70
Add: Transferred from Employee Stock Option account on ESOP exercised	2.15	519.85	-
<b>Debt Redemption Reserve</b>			517.70
Opening balance	156.15		174.92
Less: Amount transferred to General Reserve	(91.67)		(50.00)
Add: Amount transferred from/(to) Surplus in Statement of Profit and Loss	12.90	77.38	31.23
<b>Employees Stock Option Outstanding</b>			156.15
ESOP Outstanding	4.31		-
Add: Employees Stock Option granted during the year	-		4.31
Less: Transferred to Securities Premium Reserve on ESOP exercised	(2.15)		-
Less: Deferred Compensation Expense	(0.12)	2.04	(1.41)
<b>Hedging Reserve Account (Debit balance) [Refer Note 41]</b>			2.90
Opening balance	(30.66)		-
Add: Impact on account of restatement of Loan	(69.29)		(1.02)
Add: Impact on account of restatement of Interest on Loan	(0.03)		1.06
Add: Movement in Derivative Instrument Fair Value Asset/ (Liability)	96.99	(2.99)	(30.70)
<b>General Reserve</b>			(30.66)
Opening balance	879.05		827.89
Add: Amount transferred from Debt Redemption Reserve	91.67		50.00
Add : Amount transferred from Surplus in Statement of Profit and Loss	-	970.72	1.16
<b>Surplus in Statement of Profit and Loss</b>			879.05
Balance Brought Forward from Previous year	2,668.99		2,982.69
Add: Profit/(Loss) for the year	(77.77)		11.57
<b>Less: Appropriations</b>			
Proposed Dividend on Equity Shares	(264.23)		(264.16)
Corporate Dividend Tax on above*	(27.39)		(28.72)
Reversal of Corporate Dividend Tax relating to previous year**	11.72		-
Amount transferred to General Reserve	-		(1.16)
Amount transferred to/ (from) Debt Redemption Reserve	(12.90)	2,298.42	(31.23)
<b>Total</b>		<b>3,865.42</b>	<b>4,194.13</b>

\* The Company's wholly owned domestic subsidiary Scantech Evaluation Services Limited has declared interim dividend for financial year 2013-14 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. 17.52 Million (Previous year Rs. 15.43 Million).

\*\* Reversal of Corporate Dividend Tax on account of partial set off of dividend income received from foreign subsidiary company.

# **AWARDS AND HIGHLIGHTS**





NIIT received the 'Top IT Training Company Award 2013' for the 20<sup>th</sup> consecutive year by Cybermedia publications.

NIIT has been recognised as the "Best Training Institution" at the Indian Education Awards 2014, by Leading Industry Association - Franchise India.



NIIT nGuru has been recognized as the 'Best Interactive Solution Provider' at the National Education Excellence Awards 2014 by leading industry body ASSOCHAM (Associated Chambers of Commerce and Industry of India).

NIIT Foundation bags 'Best CSR Practices Award in Skill Development-2014' by National CSR.







NIIT USA was ranked among TrainingIndustry.com's 2014 Top 20 IT Training Companies and among the Top 20 Companies in Training Outsourcing.

NIIT reaffirmed itself as a youth connect brand, through the hugely successful social media campaign #Wish4Vishy [www.wish4vishy.com](http://www.wish4vishy.com). The campaign became a national movement with wishes pouring in for the NIIT MindChampion Viswanathan (Vishy) Anand prior to the World Chess Championship 2013, reaching out to over 60 lakh fans and well-wishers of Vishy across the globe.



NIIT USA was honored with the Brandon Hall Excellence Gold Award 2013 in the Best Training Program for the Extended Enterprise Category jointly with Allstate for Allstate ABI.



NIIT IFBI recognised as 'Most Innovative Recruitment Management Initiative' at the Talent & HR Leadership Conference Awards by ET Now at the World HRD Congress 2013.

# Ride the Winds of change

Three maple leaves are positioned horizontally across the middle of the word 'Winds'. From left to right, they are yellow, orange, and green. The leaves are slightly overlapping and appear to be floating or blowing across the text.

	(Rs. Million)			
	As at			
5 LONG-TERM BORROWINGS	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013
	Non-Current Portion		Current Maturities	
A) SECURED				
i) Non Convertible Debentures	166.67	333.34	166.67	366.66
ii) Term Loans from Banks:				
- Foreign Currency Term Loan	720.71	651.42	-	-
Sub Total (A)	887.38	984.76	166.67	366.66
B) UNSECURED				
Finance Lease Obligation	-	25.61	25.61	26.74
Sub Total (B)	-	25.61	25.61	26.74
Amount disclosed under the head "Other Current Liabilities" (Refer Note 8) (C)	-	-	(192.28)	(393.40)
Total (A+B+C)	887.38	1,010.37	-	-

## 5.1 Details of Security Given against Loans.

- 12% Non Convertible Debentures issued to Life Insurance Corporation of India are secured by way of first charge on pari-passu basis on the immovable and movable fixed assets of the Company. During the year, the Company has redeemed 11.25% non-convertible debentures at par. The charge in respect of such debentures is pending to be vacated as at year end.
- Foreign Currency Term loan is secured by way of first charge on pari-passu basis on Company's tangible and intangible moveable fixed assets both present and future. The rate of interest on the loan is LIBOR with the margin of 2.2%.

## 5.2 Terms of Repayment

- 12% Non Convertible Debentures are redeemable at par as follows:

Redemption Date	(Rs. Million)
October 20, 2015	166.67
October 20, 2014	166.67
	333.34

- Foreign Currency Term Loan is repayable as follows:

Repayment Date	(Rs. Million)
March 25, 2017	240.24
September 25, 2016	240.24
April 25, 2016	240.23
	720.71

- Finance Lease Obligation is repayable in equated monthly installments during the tenure of lease.

	(Rs. Million)	
	As at	
6 SHORT-TERM BORROWINGS (Refer Note below)	March 31, 2014	March 31, 2013
UNSECURED		
Inter Corporate Deposits from Subsidiary	199.00	175.50
Total	199.00	175.50

### Note: Details of Security given against working capital limits

Cash Credit Limits of the Company and sub limits of certain subsidiaries are secured by hypothecation of stocks and book debts of the Company.

		(Rs. Million)	
		As at	
		March 31, 2014	March 31, 2013
		Current	
7	TRADE PAYABLES		
	- Due to Micro, Small and Medium Enterprises	0.02	2.76
	- Due to Others	728.43	1,157.30
		<u>728.45</u>	<u>1,160.06</u>

7.1 Parties covered under Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act) 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:

		(Rs. Million)	
Particulars		As at	
		March 31, 2014	March 31, 2013
a)	The principal amount and the interest due thereon remaining unpaid to any supplier		
i)	Principal amount	0.02	2.65
ii)	Interest thereon	-	0.01
b)	The amount of payment made to the supplier beyond the appointed day and the interest thereon, during an accounting year		
i)	Principal amount	0.95	10.26
ii)	Interest thereon	0.11	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	-	0.10
d)	The amount of interest accrued and remaining unpaid at the end of accounting year	-	-
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	-	-

		(Rs. Million)	
		As at	
		March 31, 2014	March 31, 2013
		Long-Term	Current
8	OTHER LIABILITIES		
	Current Maturities of Long-Term Borrowings (Refer Note 5)	-	192.28
	Interest Accrued but not due on Borrowings	-	24.81
	Unpaid Dividend*	-	8.00
	Unclaimed Fractional Share Payment	-	0.10
	Security Deposits Payable	0.02	-
	Payable to Subsidiaries	-	75.67
	Deferred Revenue	1.11	61.20
	Advances from Customers	66.11	483.27
	Statutory Dues	-	76.83
	Derivative Instrument Fair Value Liability (Refer Note 41)	-	-
	Other Payables**	-	24.45
		<u>67.24</u>	<u>130.75</u>
		<u>1,079.72</u>	<u>1,748.73</u>

\*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.

\*\* Includes capital creditors and payable to employees

9 PROVISIONS	(Rs. Million)			
	As at			
	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013
	Long-Term		Short-Term	
Provision for Employee Benefits (Refer Note 25)				
-Provision for Gratuity	-	-	1.87	7.90
-Provision for Compensated Absences	4.39	4.76	68.23	76.97
Others				
-Proposed Dividend	-	-	264.23	264.16
-Provision for Corporate Dividend Tax	-	-	27.39	28.72
	<u>4.39</u>	<u>4.76</u>	<u>361.72</u>	<u>377.75</u>

## NOTES to the Financial Statements for the year ended March 31, 2014

Contd..

### 10. FIXED ASSETS

(Rs. Million)

Description of Assets	GROSS BLOCK			DEPRECIATION AND AMORTISATION		NET BLOCK			
	Cost As on 01.04.2013	Additions during the year	Sales / Adj. during the year	Total as on 31.03.2014	As on 01.04.2013	For the year	Total as on 31.03.2014	As on 31.03.2014	As on 31.03.2013
Tangible									
Land-Freehold {Refer Footnote (ii)}	20.51	0.41	-	20.92	-	-	-	20.92	20.51
Buildings {Refer Footnotes (i) & (iii)}	209.32	0.58	-	209.90	37.37	3.44	40.81	169.09	171.95
Plant & Equipment									
-Owned	2,066.03	67.04	664.57	1,468.50	1,471.99	253.81	1,069.33	399.17	594.04
-Leased	4.36	-	0.37	3.99	4.15	0.07	3.85	0.14	0.21
Leasehold Improvements	531.78	23.51	136.04	419.25	341.28	79.28	288.84	130.41	190.50
Furniture & Fixtures									
-Owned	255.68	5.17	53.83	207.02	163.72	30.55	141.51	65.51	91.96
-Leased	0.11	-	-	0.11	0.11	-	0.11	-	-
Vehicles	28.35	4.72	3.30	29.77	10.40	2.78	10.73	19.04	17.95
Office Equipment									
-Owned	277.35	0.85	134.20	144.00	177.85	29.71	75.26	68.74	99.50
-Leased	0.04	-	-	0.04	0.04	-	0.04	-	-
Sub Total (a)	3,393.53	102.28	992.31	2,503.50	2,206.91	399.64	1,630.48	873.02	1,186.62
Previous Year (b)	3,308.67	232.67	147.81	3,393.53	1,812.37	515.26	2,206.91	1,186.62	
Intangible									
Content/ Products									
- Acquired	186.47	0.17	-	186.64	138.71	26.50	165.21	21.43	47.76
- Internally generated (Refer Footnote (iv) and Note 37)	858.84	154.81	-	1,013.65	448.03	131.91	579.94	433.71	410.81
- Leased	119.65	-	-	119.65	85.59	19.42	105.01	14.64	34.06
Software Acquired	1,019.44	32.49	17.60	1,034.33	803.59	101.33	887.32	147.01	215.85
Patents	16.14	-	-	16.14	14.99	0.74	15.73	0.41	1.15
Sub Total (c)	2,200.54	187.47	17.60	2,370.41	1,490.91	279.90	1,753.21	617.20	709.63
Previous Year (d)	1,787.08	413.47	0.01	2,200.54	1,223.78	267.14	1,490.91	709.63	
Total (a+c)	5,594.07	289.75	1,009.91	4,873.91	3,697.82	679.54	3,383.69	1,490.22	1,896.25
Previous Year (b+d)	5,095.75	646.14	147.82	5,594.07	3,036.15	782.40	3,697.82	1,896.25	

Intangible assets under development (Refer Note 37 for cost incurred during the year on internally generated intangible assets)

**Footnotes :**

- Gross Block of Building includes 10 shares of Rs. 50 /- each in the Guru Vidya Co-operative Housing Society Limited.
- Out of the total land as above, 25 acres of land amounting to Rs. 6.52 Million at Tehsil Behror, District Alwar is allotted for education purpose. This land cannot be transferred without the approval of the allotment authority.
- Refer Note 40 (iii) for Building given on Operating Lease.
- Depreciation includes impairment of contents/products aggregating to Rs. 30.39 Million (Previous year Rs. 33.29 Million).
- Intangibles include Content and Software products (tools and platform) whose remaining amortisation period is 1 to 7 years. However, none of these are individually material to the financial statements as a whole.

108.07

116.90



(Rs. Million)

### 11 INVESTMENTS

As at  
March 31, 2014 March 31, 2013  
Non-Current

#### A. TRADE [UNQUOTED]

(Valued at cost less provision for other than temporary diminution)

##### In Subsidiary Companies

##### -Equity

17,162,113 (Previous year 24,162,113) Shares of 1 US \$ each fully paid-up in NIIT (USA) Inc., USA

Less: Provision for diminution in value of Investment

769.65 1,083.57

(398.42) (398.42)

371.23 685.15

500,000 (Previous year 500,000) Equity Shares of 1 US \$ or Rp. 2,297 each fully paid-up in PT NIIT Indonesia, Indonesia

Less: Provision for diminution in the value of investment

17.56 17.56

(17.56) (17.56)

- -

35,056,000 (Previous year 35,056,000) Equity Shares of 1 US \$ each fully paid-up in NIIT Antilles NV, Netherlands Antilles

Less: Provision for diminution in value of Investment

1,628.69 1,628.69

(773.53) (773.53)

855.16 855.16

3,949,175 (Previous year 3,949,175) Equity Shares of Re. 1 each fully paid-up in NIIT Online Learning Limited

Less: Provision for diminution in value of Investment

3.95 3.95

(3.95) (3.95)

- -

1,000,000 (Previous year 1,000,000) Equity Shares of Rs 10/- each fully paid-up in Hole-in-the-Wall Education Limited

Less: Provision for diminution in value of Investment

10.50 10.50

(10.50) (10.50)

- -

9,910,000 (Previous year 9,910,000) Equity Shares of Rs. 10 each fully paid-up in Scantech Evaluation Services Limited

99.06 99.06

155,000 (Previous year 155,000) Equity Shares of 1 GBP each fully paid-up in NIIT Limited-UK

13.10 13.10

8,120,834 (Previous year 8,050,000) Equity Shares of Rs. 10 each fully paid-up in NIIT Institute of Finance Banking and Insurance Training Limited

84.35 80.50

1,475,096 (Previous year 1,475,096) Equity Shares of Rs. 10/- each fully paid-up in Evolv Services Limited

66.82 66.82

16,500,000 (Previous year 16,500,000) Equity Shares of Rs. 10 each fully paid-up in NIIT Institute of Process Excellence Limited

165.00 165.00

17,129,155 (Previous year 7,949,155) Equity Shares of Rs. 10/- each fully paid-up in NIIT Yuva Jyoti Limited [Refer Footnotes (i) & (ii)]

171.29 79.49

Share Application money for equity shares of NIIT Yuva Jyoti Limited [Refer Footnotes (i) & (ii)]

36.90 27.00

	Rs. Million)	
	As at	
	March 31, 2014	March 31, 2013
	Non - Current	
- Preference		
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 [Investment of Rs. 100/- (Previous year Rs. 100/-)]	-	-
<b>Sub Total (A)</b>	<b>1,862.91</b>	<b>2,071.28</b>
<b>B. LONG TERM, OTHERS [UNQUOTED]</b>		
(Valued at cost less provision for other than temporary diminution)		
<b>In Other Companies</b>		
240 Equity Shares of Rs.10/- each fully paid-up in Hinduja HCL Singtel Communication Private Limited	-	-
Less: Provision for diminution in the value of Investment [Investment of Rs. 2,400/- (Previous year Rs. 2,400/-) fully provided for]	-	-
<b>Sub Total (B)</b>	<b>-</b>	<b>-</b>
<b>TOTAL (A+B)</b>	<b>1,862.91</b>	<b>2,071.28</b>
Aggregate amount of Unquoted Investments	3,066.87	3,275.24
Less:- Aggregate Provision for diminution in the value of Investments	(1,203.96)	(1,203.96)
<b>Total</b>	<b>1,862.91</b>	<b>2,071.28</b>

**Notes:**

- The Company is required to hold a minimum of 51% of the total paid-up Equity Share Capital of NIIT Yuva Jyoti Limited (NYJL), during the term of the agreement with National Skill Development Corporation (NSDC).
- The equity shares against the application money have been allotted to the Company subsequent to the year end. The initial investment of Rs. 79.49 Million can not be sold, pledged or otherwise encumbered wholly or in part for a period of four years from December 8, 2011 to December 7, 2015.

## 12 TAXATION

(a) Upon finalisation of Income Tax Return of financial year ended March 31, 2013 an amount of Rs. 0.60 Million (Previous year Rs. 13.18 Million) has been charged to the Statement of Profit and Loss.

(b) Detailed break-up of Deferred Tax Assets/ Liabilities is as follows:-

Particulars	(Rs. Million)	
	As at March 31, 2014	As at March 31, 2013
<b>Deferred Tax Assets:</b>		
Depreciation	60.89	-
Provision for doubtful debts and advances	207.53	155.87
Provision for non-moving inventories	10.16	2.07
Provision for Employee Benefits	32.86	38.70
Others	2.15	3.16
<b>Total (A)</b>	<b>313.59</b>	<b>199.80</b>
<b>Deferred Tax Liability:</b>		
Depreciation	-	8.10
<b>Total (B)</b>	<b>-</b>	<b>8.10</b>
<b>Timing differences not recognised on account of prudence (C)</b>	<b>209.81</b>	<b>87.92</b>
<b>Net Deferred Tax Assets (A-B-C)</b>	<b>103.78</b>	<b>103.78</b>

(i) Deferred Tax Assets and Liabilities are being offset as they relate to taxes on income levied by the same governing taxation laws.

(ii) Deferred Tax Asset on Long-term capital loss has not been recognised in the absence of virtual certainty of availability of long term capital gains.

		(Rs. Million)			
13 LOANS AND ADVANCES		As at			
		March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013
		Long-Term		Short-Term	
i) Capital Advances					
Unsecured, considered good		0.03	0.22	-	-
(A)		0.03	0.22	-	-
ii) Security Deposits Receivable					
Unsecured, considered good		239.91	266.40	51.04	47.31
Unsecured, considered doubtful		5.05	5.05	-	-
Less: Provision for doubtful security deposits		(5.05)	(5.05)	-	-
(B)		239.91	266.40	51.04	47.31
iii) Loans to related parties					
Unsecured, considered doubtful		29.70	29.70	-	-
Less: Provision for doubtful Loans		(29.70)	(29.70)	-	-
(C)		-	-	-	-
iv) Other recoverable from related parties					
Unsecured, considered good		-	-	-	15.11
Unsecured, considered doubtful		15.29	13.34	-	-
Less: Provision for doubtful advances		(15.29)	(13.34)	-	-
(D)		-	-	-	15.11
v) Advances recoverable in cash or in kind					
Unsecured, considered good (Refer Note 13.1 and 13.2 below)		6.94	10.56	340.98	320.87
Unsecured, considered doubtful		8.58	8.37	-	-
Less: Provision for doubtful advances		(8.58)	(8.37)	-	-
(E)		6.94	10.56	340.98	320.87
vi) Other Advances					
a) Advance payment of Fringe Benefit Tax		88.11	88.11	-	-
Less: Provision for Fringe Benefit Tax		(87.40)	(87.40)	-	-
		0.71	0.71	-	-
b) Advance Income Tax		1,120.24	964.81	-	-
Less: Provision for Income Tax		(833.39)	(821.55)	-	-
		286.85	143.26	-	-
c) MAT Credit Entitlement					
- Opening Balance		68.34	76.31	-	-
- Utilised during the Year		(2.91)	(7.97)	-	-
		65.43	68.34	-	-
(F)		352.99	212.31	-	-
Total (A+B+C+D+E+F)		599.87	489.49	392.02	383.29

13.1 Maximum amount due from Directors or other officers during the year Rs. 0.88 Million (Previous year Rs. 0.99 Million). Amount outstanding at year end Rs. Nil (previous year Rs. Nil).

13.2 Short-term Loans and advances include balances with government authorities Rs. 125.28 Million (previous year Rs. 101.25 Million).

		(Rs. Million)			
14 TRADE RECEIVABLES (Unsecured)		As at			
		March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013
		Non Current		Current	
	Outstanding for a period exceeding				
a)	six months from the date they are due for payment				
	Considered good	-	-	456.83	1,910.69
	Considered doubtful	575.38	430.49	-	-
	Less: Provision for doubtful debts	(575.38)	(430.49)	-	-
	(A)	-	-	456.83	1,910.69
b)	Others				
	Considered good	435.01	369.61	1,359.31	643.32
	Considered doubtful	2.79	1.33	-	-
	Less: Provision for doubtful debts	(2.79)	(1.33)	-	-
	(B)	435.01	369.61	1,359.31	643.32
Total (A + B)		435.01	369.61	1,816.14	2,554.01

## 15 MOVEMENT OF PROVISION FOR DOUBTFUL DEBTS

		(Rs. Million)	
Provision for Doubtful Debts		As at	
		March 31, 2014	March 31, 2013
	Opening Provision	431.82	414.39
	Add: Additional Provision created	65.51	56.34
	Add: Additional Provision for business support on account of change in delivery technology*	80.84	-
	Less: Provision written back*	-	(38.91)
	Closing Provision	578.17	431.82

\*Shown as exceptional item, Refer Note 30

		(Rs. Million)			
16 OTHER ASSETS		As at			
		March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013
		Non-Current		Current	
	Unbilled Revenue	39.60	110.64	250.17	282.67
	Less: Provision for Unbilled Revenue	(5.47)	-	-	-
	Interest Receivable	3.14	-	7.09	16.38
	Less: Provision for Interest Receivable	(3.14)	-	-	-
	Derivative Instrument Fair Value Asset (Refer Note 41)	-	-	66.29	-
	Dividend receivable from subsidiary	-	-	103.06	95.14
		34.13	110.64	426.61	394.19

		(Rs. Million)	
		As at	
		March 31, 2014	March 31, 2013
17 INVENTORIES (Valued at lower of Cost or Net Realisable Value)			
As at the end of the year			
Traded Goods			
a) Courseware and Training Material*		46.27	86.00
b) Software		1.03	1.17
	(A)	47.30	87.17
As at the beginning of the year			
Traded Goods			
a) Courseware and Training Material*		86.00	109.64
b) Software		1.17	3.02
	(B)	87.17	112.66
(Increase) / Decrease in Inventory	(B - A)	39.87	25.49

\* Net of provision for non-moving inventories of Rs. 29.90 Million (Previous year Rs. 6.10 Million). Out of Rs. 29.90 Million, provision of Rs. 24.20 Million has been shown as exceptional item, Refer Note 30.

		(Rs. Million)	
		As at	
		March 31, 2014	March 31, 2013
18 CASH AND BANK BALANCES			
		Current	
Cash and Cash Equivalents:			
Balance with Banks			
-Current Accounts*		128.70	418.75
Cheques, Drafts on hand		30.95	83.64
Cash on hand		5.64	10.28
*[Include Rs. Nil (Previous year Rs. 9.12 Million) pertaining to amount earmarked for specific contract]			
Sub Total (A)		165.29	512.67
Other Bank Balances:			
Bank Deposits*			
With original maturity of more than 3 months and upto 12 months		32.82	18.01
With original maturity of more than 12 months		-	16.96
Dividend Accounts		9.45	8.00
* Pledged as Margin money			
Sub Total (B)		42.27	42.97
Total (A+B)		207.56	555.64

		(Rs. Million)	
		As at	
		March 31, 2014	March 31, 2013
19 CONTINGENT LIABILITIES			
1. Claims against the Company not acknowledged as debts:-			
- Customers		6.10	5.80
- Sales Tax/ VAT		55.07	44.57
- Works Contract Tax		31.32	31.32
- Service Tax		20.98	20.98
- Income Tax		313.37	293.39
- Others*		12.74	-



\*Pertains to alleged dues towards provident fund payable by vendors of the Company which the company is also contesting.

(a) It is not practical for the Company to estimate the timings of cash outflows, if any, in respect of the above pending resolution of the respective proceedings. Management does not foresee any financial implication based on advise of legal counsel.

(b) The Company does not expect any reimbursements in respect of the above.

2. The Company had received Show Cause Notices under section 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. Based on legal opinion obtained by the Company, the Company is confident that the matter as above shall be decided in its favour.

### 3. Guarantees

- i. Guarantees issued by bankers outstanding at the end of the year Rs. 51.34 Million (Previous year Rs. 74.38 Million).
- ii. Corporate Guarantee of Rs. 510.50 Million (USD 8.50 Million, net of settlement of USD 2.5 Million) [Previous year Rs. 597.13 Million (USD 11 Million)] issued to Skill Soft Corporation, USA & Skill Soft Ireland Limited to secure them against any indemnification obligations of NIIT Ventures Inc. (a step down subsidiary of the Company) and NIIT (USA) Inc., with respect to sale of Element K Corporation (erstwhile step down subsidiary of the Company).
- iii. Corporate Guarantee given to National Skill Development Corporation to secure the loan of Rs. 142.64 Million (Previous year Rs. 79.64 Million) availed by NIIT Yuva Jyoti Limited, subsidiary of the Company.

### 4. Other money for which the company is contingently liable

- i. Security given for working capital limits on behalf of Evolv Services Limited Rs. 10 Million (Previous year Rs. 10 Million) [Amount outstanding at year end Rs. Nil (Previous year Rs. 2.47 Million)], NIIT Institute of Finance Banking and Insurance Training Limited Rs. 10 Million (Previous year Rs. 10 Million) [Amount outstanding at year end Rs. Nil (Previous year Rs. Nil)] and Hole-in-the-Wall Education Limited Rs. 21 Million (Previous year Rs. 21 Million) [Amount Outstanding at year end Rs. 15.63 Million (Previous year Rs. 17.66 Million)].
- ii. Standby Letter of Credit Rs. 450.45 Million (USD 7.5 Million) [Previous year Rs. Nil] issued for working capital limits issued to NIIT (USA) Inc., USA a subsidiary of the company by earmarking working capital facility of NIIT Limited.

## 20 CAPITAL AND OTHER COMMITMENTS

- (a) Estimated amount of contracts remaining to be executed on capital account (net of advances) not provided for Rs. 14.29 Million (Previous year Rs. 18.66 Million).
- (b) For commitments related to lease arrangements, refer Note 40.
- (c) There are certain contracts with State Governments under which the Company is required to transfer ownership of the fixed assets and equipments under leasing arrangement at the written down value (which will be nil), at the end of the contract term.
- (d) The company has issued a letter of support to provide need based financial support to its subsidiaries Hole-in-the-Wall Education Limited and NIIT Yuva Jyoti Limited.
- (e) Commitment to support NIIT Institute of Information Technology to meet the shortfall, if any, in repayment of loan taken by it from a bank.
- (f) For commitment in respect of non-disposal of investment in subsidiary, refer note 11 [footnotes (i) and (ii)].

## 21 PROPOSED DIVIDEND

The Final Dividend proposed for the year is as follows:-

On equity Shares of Rs. 2/- each  
Amount of Dividend Proposed (Rs. Million)

Dividend per Equity Share

As at	
March 31, 2014	March 31, 2013
264.23	264.16
Rs. 1.60/- Per Share	Rs. 1.60/- Per Share

(Rs. Million)

## 22 REVENUE FROM OPERATIONS

Sale of Products :

-Courseware and Training Material

-Hardware & Accessories

Sale of Services

Year ended	
March 31, 2014	March 31, 2013
1,293.23	1,660.09
88.48	456.53
3,820.22	4,298.05
<u>5,201.93</u>	<u>6,414.67</u>

(Rs. Million)

## 23 OTHER INCOME

Interest Income (Refer Note 23.1 below)

Dividend Income from Long Term

Investments in Subsidiaries

Dividend Income from Current Investments

Provision / Other Liabilities Written Back

Recovery from Subsidiaries for Management Services

Other Non-Operating Income

Year ended	
March 31, 2014	March 31, 2013
69.84	51.36
430.97	470.02
4.46	0.55
1.34	20.79
92.86	106.55
18.41	16.85
<u>617.88</u>	<u>666.12</u>

23.1 Includes interest income for the previous year amounting to Rs. 25.52 Million (Previous year Rs. 21.56 Million).

## 24 EMPLOYEE BENEFITS EXPENSE (Refer Note 37)

Salaries and Benefits

Contribution to Provident and other Funds

Employees Stock Option Expense

Staff Welfare

Year ended	
March 31, 2014	March 31, 2013
1,481.43	1,601.31
56.87	71.68
1.29	2.90
52.81	61.13
<u>1,592.40</u>	<u>1,737.02</u>

## 25 EMPLOYEE BENEFITS

### A) Defined Contribution Plans

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

The Company has charged the following costs in the Statement of Profit and Loss under "Employee Benefits Expense" in Note 24:-

Particulars	Year ended		(Rs. Million)
	March 31, 2014	March 31, 2013	
- Employers' Contribution to Superannuation Fund	8.58	10.49	
- Employers' Contribution to Employees Pension Scheme	19.06	18.40	
- Employers' Contribution to Employees National Pension System	0.51	-	
- Employers' Contribution towards Social Security Schemes in foreign territories	0.54	1.34	
Contribution towards Superannuation Fund to the defined contribution plans includes following cost for Key Managerial Personnel:			

Particulars	Year ended		(Rs. Million)
	March 31, 2014	March 31, 2013	
- Employers' Contribution to Superannuation Fund	0.33	1.08	

## B) Defined Benefit Plans

### I. Provident Fund

The Company makes contribution to the "NIIT LIMITED EMPLOYEES' PROVIDENT FUND TRUST" ("the Trust"), which is a defined benefit plan. The Company contributed Rs. 27.90 Million (Previous year Rs. 30.33 Million) including Rs. 0.31 Million (Previous year Rs. 1.00 Million) in respect of Key Managerial personnel during the year to the Trust.

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 guidance on implementing AS 15 Employee Benefits (revised 2005), issued by Accounting Standards Board (ASB) of The Institute of Chartered Accountants of India, states that benefits involving employer established provident fund trust, which require interest shortfall to be compensated by the employer is required to be considered as Defined Benefits Plans. The actuary has provided a valuation and based on the below mentioned assumptions, determined that there is no short fall as at March 31, 2014.

The details of fund and plan assets of the Trust are as follow (limited to the extent provided by the actuary):

### (i) Change in Defined Benefit Obligation

	As at		(Rs. Million)
	March 31, 2014	March 31, 2013	
Present value defined benefit obligation			
as at the beginning of the year	3.96	3.56	
Current service cost	0.74	0.76	
Interest Cost	0.33	0.31	
Actuarial (gain)/ loss on obligations	0.31	(0.67)	
<b>Present Value Defined Benefit Obligations</b>			
at the end of the year	<b>5.34</b>	<b>3.96</b>	

	(Rs. Million)	
	As at	
(ii) Change in Fair Value of Assets	March 31, 2014	March 31, 2013
Particulars		
Fair value of plan assets as at the beginning of the year	48.76	30.86
Actuarial (loss)/ gain on plan assets	0.14	17.90
Fair value of Plan Assets as at the end of the year	48.90	48.76
(iii) Estimated Net Asset/ (Liability) recognised in the Balance Sheet		
Present value of defined benefit obligation	5.34	3.96
Fair Value of plan assets	49.90	48.76
Funded Status [surplus/ (deficit)]	43.56	44.80
Net Asset/ (Liability) recognised in the Balance Sheet	-	-
	Year ended	
(iv) Assumptions used in accounting for provident Fund:-	March 31, 2014	March 31, 2013
Discount Rate (Per Annum)	9.25%	8.25%
Expected return on Plan Assets	8.60%	8.60%
Expected guaranteed interest rate	8.75% and 8.60% for subsequent years	8.60%

## II. Compensated Absences

	(Rs. Million)	
	As at	
i) Change in Present value of Obligation:-	March 31, 2014	March 31, 2013
Particulars		
Present value of obligation as at the beginning of the year	81.73	87.16
Current service cost*	21.43	24.45
Interest Cost	6.73	7.46
Benefits Paid	(0.24)	(0.73)
Actuarial (gain)/ loss on Obligations	(37.03)	(36.61)
Present value of obligation as at the end of the year	72.62	81.73
Classification		
Short-Term	68.23	76.97
Long-Term	4.39	4.76
Total	72.62	81.73

\* Current service cost is gross of recoveries/ (net of credits) from/ to Associates & Subsidiaries [Current year: Rs. Nil, Previous year: Rs. 0.59 Million]

	Year ended	
ii) Assumptions used in accounting for Compensated Absences:-	March 31, 2014	March 31, 2013
Discount Rate (per annum)	9.25%	8.25%
Future Salary Increase		
-For First 5 Years	10.00%	10.00%
-Thereafter	7.00%	7.00%

Estimates of future salary increase (cost to company) considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

### III. Gratuity Fund

Particulars	(Rs. Million)	
	As at	
	March 31, 2014	March 31, 2013
<b>i) Change in Present value of Obligation:-</b>		
Present value of obligation as at the beginning of the year	96.67	94.04
Interest cost	7.40	7.38
Current service cost	10.75	11.49
Benefits paid	(14.00)	(16.54)
Actuarial (gain)/ loss on obligations	(9.88)	0.30
<b>Present value of obligation as at the end of the year</b>	<b>90.94</b>	<b>96.67</b>
<b>ii) Change in Plan Assets:-</b>		
Fair value of Plan Assets as at the beginning of the year	88.77	89.53
Expected return on Plan Assets	7.98	8.01
Contributions*	6.32	7.81
Benefits Paid	(14.00)	(16.54)
Actuarial (loss)/ gain on Plan Assets	-	(0.04)
<b>Fair value of Plan Assets as at the end of the year</b>	<b>89.07</b>	<b>88.77</b>

\* Contributions include Recoveries from Associates and Subsidiaries.

\*Actuary's estimates of contributions for the next financial year is Rs. 11.06 Million (Previous year Rs.18.73 Million).

Particulars	(Rs. Million)				
	As at				
	March 31, 2014	March 31, 2013	March 31, 2012	March 31, 2011	March 31, 2010
<b>iii) Amount of Asset/ (obligation) recognised in the Balance Sheet:-</b>					
Fair value of Plan Assets as at the end of the year	89.07	88.77	89.53	87.00	74.68
Present value of obligation as at the end of the year	90.94	96.67	94.04	88.44	75.78
<b>Asset/ (obligation) recognised in Balance Sheet</b>	<b>(1.87)</b>	<b>(7.90)</b>	<b>(4.51)</b>	<b>(1.44)</b>	<b>(1.10)</b>

Particulars	(Rs. Million)	
	Year ended	
	March 31, 2014	March 31, 2013
<b>iv) Net Gratuity Cost recognised in Statement of Profit and Loss:-</b>		
Current service cost	10.75	11.49
Interest cost	7.40	7.38
Expected return on Plan Assets	(7.98)	(8.01)
Net Actuarial (gain)/ loss recognised during the year	(9.88)	0.34
<b>Expense recognised in the Statement of Profit and Loss*</b>	<b>0.29</b>	<b>11.20</b>
<b>Actual return on plan assets</b>	<b>7.91</b>	<b>7.89</b>

\*Gross of Recoveries from Associates & Subsidiaries (Current year Rs. 0.01 Million, Previous year Rs. 0.08 Million) and also includes Rs. 0.28 Million (Previous year Rs. 2.60 Million) towards contribution for Key Managerial Personnel.

\*The above cost is included under "Employee Benefits Expense" in Note 24.

	Year ended	
	March 31, 2014	March 31, 2013
v) Assumptions used in accounting for gratuity plan:-		
Discount Rate (Per annum)	9.25%	8.25%
Future Salary Increase	5.00%	5.00%
Expected Rate of return on plan assets	9.40%	9.40%

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

**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.

## 26 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 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, 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.

The summary of options granted is as follows:

Particulars	Grant IV		Grant V				Grant VI					
			Vest 1		Vest 2		Vest 3		Vest 1		Vest 2	
	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13
Date of Grant	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
Date of Vesting	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-13
Live options at the beginning of the year (Nos.)	-	927,300	1,138,825	1,359,690	1,138,825	1,359,690	1,109,436	1,316,502	71,330	105,080	71,330	102,300
Granted during the year (Nos.)	-	-	-	-	-	-	-	-	-	-	-	-
Forfeited/ lapsed till vesting period (Nos.)	-	-	-	-	-	-	-	159,307	-	-	-	-
Options Vested (Nos)	-	-	-	-	-	-	-	1,157,195	-	-	-	-
Forfeited/ lapsed post vesting (Nos)	-	927,300	1,138,825	220,865	120,720	220,865	132,608	47,759	71,330	33,750	4,920	30,970
Options exercised (Nos)	-	-	-	-	-	-	-	-	-	-	-	-
Outstanding/ exercisable at the end of the year (Nos)	-	-	-	1,138,825	1,018,105	1,138,825	976,828	1,109,436	-	71,330	66,410	71,330
Exercise Price (Rs.)	88.70	88.70	72.20	72.20	72.20	72.20	72.20	72.20	69.20	69.20	69.20	69.20
Remaining Contractual Life (Days)	-	-	-	208	208	573	574	939	-	297	297	662
Fair value of the options based on Black and Scholes Model (Rs.)	32.09	32.09	32.00	32.00	34.77	34.77	36.64	36.64	30.47	30.47	32.91	32.91
Intrinsic Value of the options granted (Rs.)	-	-	-	-	-	-	-	-	-	-	-	-



Particulars	Grant VII						Grant VIII					
	Vest 1		Vest 2		Vest 3		Vest 1		Vest 1		Vest 2	
	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13
Date of Grant	22-Oct-10	22-Oct-10	22-Oct-10	22-Oct-10	22-Oct-10	22-Oct-10	08-May-12	08-May-12	08-May-12	08-May-12	08-May-12	08-May-12
Date of Vesting	22-Oct-11	22-Oct-11	22-Oct-12	22-Oct-12	22-Oct-13	22-Oct-13	08-May-13	08-May-13	08-May-13	08-May-13	08-May-14	08-May-14
Live options at the beginning of the year (Nos.)	20,510	29,020	20,510	29,020	20,510	29,020	50,000	50,000	-	50,000	-	-
Granted during the year (Nos.)	-	-	-	-	-	-	-	50,000	-	50,000	-	50,000
Forfeited/ lapsed till vesting period (Nos.)	-	-	-	8,510	-	8,510	-	-	-	25,000	-	-
Options Vested (Nos)	-	-	-	20,510	-	-	50,000	-	-	-	-	-
Forfeited/ lapsed post vesting (Nos)	8,510	8,510	8,510	-	8,510	-	-	-	-	-	-	-
Options exercised (Nos)	-	-	-	-	-	-	50,000	-	-	-	-	-
Outstanding/ exercisable at the end of the year (Nos)	12,000	20,510	12,000	20,510	12,000	20,510	-	50,000	25,000	50,000	25,000	50,000
Exercise Price (Rs.)	67.65	67.65	67.65	67.65	67.65	67.65	2.00	2.00	2.00	2.00	2.00	2.00
Remaining Contractual Life (Days)	204	569	570	935	935	1,300	769	1134	1134	1134	1134	1499
Fair value of the options based on Black and Scholes Model (Rs.)	28.35	28.35	32.00	32.00	34.35	34.35	40.64	40.64	40.64	39.71	39.71	39.71
Intrinsic Value of the options granted (Rs.)	-	-	-	-	-	-	43.05	43.05	43.05	43.05	43.05	43.05

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 IV			Grant V			Grant VI			Grant VII			Grant VIII	
	Vest 1	Vest 2	Vest 3	Vest 1	Vest 2	Vest 3	Vest 1	Vest 2	Vest 3	Vest 1	Vest 2	Vest 3	Vest 1	Vest 2
Market price considered	88.7	72.2	72.2	72.2	72.2	72.2	69.2	69.2	69.2	67.65	67.65	67.65	45.05	45.05
Exercise price	88.7	72.2	72.2	72.2	72.2	72.2	69.2	69.2	69.2	67.65	67.65	67.65	2	2
Dividend yield	2.04%	1.76%	1.76%	1.76%	1.76%	1.76%	1.76%	1.76%	1.76%	1.76%	1.76%	1.76%	2.55%	2.55%
Volatility	51.81%	71.63%	66.14%	61.68%	71.56%	65.68%	61.44%	65.49%	63.40%	60.71%	60.71%	35.20%	52.84%	52.84%
Average life of the options (in years)	2.5	2.5	3.5	4.5	2.5	3.5	4.5	2.5	3.5	4.5	4.5	2.5	3.5	3.5
Risk free rate	9.24%	6.55%	6.92%	7.19%	6.19%	6.51%	6.80%	7.36%	7.56%	7.73%	7.73%	8.15%	8.22%	8.22%

Other information regarding employee share based payment is as below:

(Rs. Million)

Particulars	Grant IV			Grant V			Grant VI		
	Vest 1	Vest 2	Vest 3	Vest 1	Vest 2	Vest 3	Vest 1	Vest 2	Vest 3
2013-14	2012-13	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13
Additional expense had the Company recorded the ESOP Expense based on fair value of the options*	-	-	-	-	-	5.25	-	-	-
									0.15

Particulars	Grant VII			Grant VIII		
	Vest 1	Vest 2	Vest 3	Vest 1	Vest 2	Vest 3
2013-14	2012-13	2013-14	2012-13	2013-14	2012-13	2013-14
Additional expense had the Company recorded the ESOP Expense based on fair value of the options*	-	-	0.18	0.23	-	-
						-

\* Net of amount attributable to the employees of the subsidiaries Rs. Nil (Previous year Rs. 2.98 Million).  
For impact on Basic and Dilutive EPS, had fair value of the option been used for determining ESOP expense, refer Note 35.

	Year ended March 31, 2014	(Rs. Million) Year ended March 31, 2013
<b>27 FINANCE COSTS</b>		
Interest Expense	174.73	166.51
	<u>174.73</u>	<u>166.51</u>
<b>28 OTHER EXPENSES</b> (Refer Note 37)	Year ended March 31, 2014	Year ended March 31, 2013
Equipment Hiring	222.84	181.28
Royalties	-	15.92
Freight and Cartage	28.70	47.32
Rent (net of recoveries)	339.36	380.07
Rates and Taxes	7.41	3.25
Power & Fuel	83.32	93.03
Communication	97.99	102.49
Legal and Professional (Refer Note 29 below)	91.21	90.79
Traveling and Conveyance	221.28	249.49
Provision for Doubtful Debts	65.51	56.34
Provision for Interest Receivable	3.14	-
Bad debts written off	3.47	-
Provision for Unbilled Revenue	5.47	-
Provision for Doubtful Advances	2.16	10.22
Advances written off	0.59	-
Insurance	6.71	6.77
Repairs and Maintenance		
- Plant and Machinery	23.31	21.09
- Buildings	3.34	2.40
- Others	57.98	59.46
Consumables	48.57	95.18
Loss on Sale of Fixed Assets (net)	1.14	2.83
Loss on Foreign Currency Translation and Transaction (net)	44.81	12.57
Security and Administration Services	33.62	41.39
Bank Charges	13.36	16.72
Marketing & Advertising Expenses	442.24	469.14
Discounts & Rebates	76.13	75.75
Sundry Expenses	25.20	31.22
	<u>1,948.86</u>	<u>2,064.72</u>
<b>29 PAYMENT TO AUDITORS</b>	Year ended March 31, 2014	Year ended March 31, 2013
As Auditor		
- Audit Fee	5.85	5.76
- Tax Audit Fee	0.50	0.47
- Limited Review Fee	1.50	0.90
Other services	0.51	0.71
Reimbursement of expenses (including service tax)	1.79	1.89
	<u>10.15</u>	<u>9.73</u>

	Year ended March 31, 2014	(Rs. Million) Year ended March 31, 2013
<b>30 EXCEPTIONAL ITEMS (net)</b>		
Income:		
Profit on buy back of shares by subsidiary	124.22	-
Provision for Doubtful Debts written back	-	38.91
Expenses:		
Performance Linked Incentive	-	(36.99)
Provision for Inventory	(24.20)	-
Provision for business support on account of change in delivery technology	(80.84)	-
	<b>19.18</b>	<b>1.92</b>

- (i) During the year, NIIT (USA) Inc., a wholly owned overseas subsidiary of the Company, has bought back 7 Million equity shares from the Company for a consideration of USD 1.01 per share based on a valuation carried out by an independent valuer. The difference in the fair value and the book value of shares aggregating to Rs 124.22 Million has been recognised as an exceptional income in the financial statements. NIIT (USA) Inc. continues to be a wholly owned subsidiary post this transaction.
- (ii) The Company realised an amount of Rs. 38.91 Million during the previous year against the provision made in the earlier years in respect of dues from government and other customers which was reported as an exceptional item in earlier year. Therefore, the amount of provision was written back and reported as an exceptional item in the previous year.
- (iii) During the previous year, the Company paid an amount of Rs. 36.99 Million towards variable compensation as additional incentive on account of profits earned from the sale of step down erstwhile subsidiary Element K Corporation, USA, which was reported as an exceptional item in an earlier year.
- (iv) During the year, the Company has significantly transitioned from physical mode of courseware delivery to Cloud and Collaborative Delivery Model. On account of change in delivery technology, the Company has made provision for inventory aggregating to Rs. 24.20 Million lying with the Company and made provision for business support amounting to Rs. 80.84 Million as one time credit to business partners.

### 31. CIF VALUE OF IMPORTS (Rs. Million)

Particulars	Year ended March 31, 2014	Year ended March 31, 2013
Purchase of Traded Goods	149.31	201.13
Capital Goods	1.44	31.36

### 32. EXPENDITURE IN FOREIGN CURRENCY (Rs. Million)

Particulars	Year ended March 31, 2014	Year ended March 31, 2013
Employees Benefits Expense	55.76	69.10
Professional and Technical Outsourcing Expense	141.90	167.58
Legal & Professional	6.64	7.85
Traveling and Conveyance	21.56	28.78
Others	18.75	34.72

### 33. DIVIDEND REMITTED IN FOREIGN CURRENCY

Particulars	Year ended March 31, 2014	Year ended March 31, 2013
Number of Non-residents to whom dividend is paid (Nos.)	2	2
Number of Shares held by Non-residents (Nos.)	97,806	97,806
Amount remitted (Rs. Million)	0.16	0.16
Year to which the dividend related (Financial Year)	2012-13	2011-12

### 34. EARNINGS IN FOREIGN CURRENCY

(Rs. Million)

Particulars	Year ended March 31, 2014	Year ended March 31, 2013
Export of Services & Products	1,134.95	1,148.97
Recovery from Overseas Subsidiaries	63.27	79.56
Dividend Income (Net of Taxes)	278.72	241.16

### 35. EARNINGS PER SHARE

Particulars	Year ended March 31, 2014	Year ended March 31, 2013
Profit/ (loss) attributable to Equity Shareholders (Rs. Million) - (A)	(77.77)	11.57
Weighted average number of Equity Shares outstanding during the year (Nos.)- (B)	165,126,830	165,095,597
Nominal Value of Equity Shares (Rs.)	2/-	2/-
Basic Earnings/(loss) per Share (Rs.) (A/B)	(0.47)	0.07
Add : Effect of Potential Dilutive Shares (being employee stock options) (Nos.)	22,958	83,680
Weighted average Shares outstanding considered for determining Diluted Earnings/(loss) per Share (Nos.) - (C)	165,149,788	165,179,277
Profit/(loss) after considering increased earnings of Dilutive Shares (Rs. Million) (D)	(77.77)	11.57
Diluted Earnings/(loss) per Share (Rs.) (D/C)	(0.47)	0.07

**EARNINGS PER SHARE {had fair value method been employed for accounting of employee stock options (Refer Note 26)}**

Particulars	Year ended March 31, 2014	Year ended March 31, 2013
Profit/(loss) attributable to Equity Shareholders (Rs. Million) -(E)	(77.85)	5.75
Profit/(loss) attributable to Equity Shareholders with diluted equity shares (Rs. Million) -(F)	(77.85)	5.75
Basic Earnings/(loss) per Share (Rs.) (E/B)	(0.47)	0.03
Diluted Earnings/(loss) per Share (Rs.) (F/C)	(0.47)	0.03

#### Note:

As the impact of dilution is anti-dilutive, the basic and diluted earning/ (loss) per share remains the same.

## 36 RELATED PARTY TRANSACTIONS AS PER ACCOUNTING STANDARD 18:

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

#### Subsidiaries

- 1 NIIT Online Learning Limited
- 2 Hole-in-the-Wall Education Limited
- 3 Scantech Evaluation Services Limited
- 4 NIIT Yuva Jyoti Limited
- 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, Mauritius
- 12 NIIT China (Shanghai) Limited, Shanghai, China
- 13 NIIT Wuxi Service Outsourcing Training School, China
- 14 Chongqing NIIT Education Consulting Limited, China
- 15 Wuxi NIIT Information Technology Consulting Limited, China
- 16 Changzhou NIIT Information Technology Consulting Limited, China
- 17 Su Zhou NIIT Information Technology Consulting Limited, China
- 18 NIIT (USA) Inc., USA
- 19 NIIT Ventures Inc., USA
- 20 PT NIIT Indonesia, Indonesia (Under liquidation)
- 21 NIIT West Africa Limited, Nigeria
- 22 Qingdao NIIT Information Technology Company Limited, China (w.e.f. May 14, 2012)
- 23 Chongqing An Dao Education Consulting Limited, China (w.e.f. June 5, 2012)
- 24 Zhangjiagang NIIT Information Services Limited, China (w.e.f. September 1, 2012)
- 25 Chengmai NIIT Information Technology Company Limited, China (w.e.f. December 19, 2012)

### 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 Foundation (formerly known as NIIT Education Society)
- 3 NIIT University
- 4 Pace Industries Private Limited
- 5 NIIT Network Services Limited

## C. Details of significant transactions with related parties described above carried out on an arms' length basis:

(Rs. Million)

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
Purchase of Goods {Footnote (ii)}	2.82 (5.79)	- (-)	- (-)	- (-)	0.76 (-)	3.58 (5.79)
Sale of Goods {Footnote (iii)}	0.43 (0.91)	- (-)	- (-)	- (-)	- (0.16)	0.43 (1.07)
Purchase of Fixed Assets (including services received for development of intangible assets) {Footnote (iv)}	11.99 (39.52)	- (-)	- (-)	- (-)	- (-)	11.99 (39.52)
Sale of Fixed Assets {Footnote (v)}	0.93 (-)	- (-)	- (-)	- (-)	- (-)	0.93 (-)
Sale of Services {Footnote (vi)}	936.90 (918.71)	- (2.31)	- (-)	- (-)	3.52 (2.30)	940.42 (923.32)
Purchase of services- Employee Cost {Footnote (vii)}	1.75 (1.29)	- (-)	- (-)	- (-)	- (0.26)	1.75 (1.55)
Purchase of Services - Professional Technical & Outsourcing Services {Footnote (viii)}	42.25 (73.51)	- (0.44)	- (-)	- (-)	11.53 (0.10)	53.78 (74.05)
Purchase of Services -Others {Footnote (ix)}	- (3.18)	19.77 (2.42)	- (-)	- (-)	0.60 (-)	20.37 (5.60)
Recovery from subsidiaries for Management Services {Footnote (x)}	49.33 (47.96)	- (-)	- (-)	- (-)	- (-)	49.33 (47.96)
Recovery of Employee Benefits expenses from {Footnote (xi)}	0.99 (2.07)	0.29 (0.02)	- (-)	- (-)	15.34 (0.05)	16.62 (2.14)
Recovery of Professional Technical & Outsourcing expenses from {Footnote (xii)}	0.04 (0.02)	- (-)	- (-)	- (-)	- (-)	0.04 (0.02)
Recovery of other expenses from {Footnote (xiii)}	54.54 (48.89)	5.40 (10.56)	- (-)	- (-)	4.45 (15.09)	64.39 (74.54)
Recovery of Employee Benefits expenses by {Footnote (xiv)}	- (0.70)	- (-)	- (-)	- (-)	0.42 (-)	0.42 (0.70)
Recovery of Professional Technical & Outsourcing expenses by {Footnote (xv)}	51.90 (2.50)	- (-)	- (-)	- (-)	- (-)	51.90 (2.50)
Recovery of other expenses by {Footnote (xvi)}	27.23 (26.14)	- (23.80)	- (-)	1.66 (1.66)	0.66 (1.86)	29.55 (53.46)
Royalty paid {Footnote (xvii)}	4.54 (3.86)	- (-)	- (-)	- (-)	- (-)	4.54 (3.86)
Investments made {Footnote (xviii)}	101.70 (27.00)	- (-)	- (-)	- (-)	- (-)	101.70 (27.00)
Investment received back {Footnote (xix)}	439.80 (-)	- (-)	- (-)	- (-)	- (-)	439.80 (-)
-Loans Given {Footnote (xx)}	- (-)	- (-)	- (-)	- (-)	1.00 (28.00)	1.00 (28.00)
-Loans Given Received Back {Footnote (xxi)}	- (6.75)	- (-)	- (-)	- (-)	1.00 (28.00)	1.00 (34.75)
-Inter Corporate Deposits Taken {Footnote (xxii)}	199.00 (175.50)	- (-)	- (-)	- (-)	- (-)	199.00 (175.50)
-Repayment of Inter Corporate Deposits taken {Footnote (xxiii)}	175.50 (158.10)	- (-)	- (-)	- (-)	- (-)	175.50 (158.10)
-Interest Income {Footnote (xxiv)}	3.49 (3.61)	- (-)	- (-)	- (-)	0.08 (0.68)	3.57 (4.29)



- Interest expenditure {Footnote (xxv)}	16.30 (15.63)	- (-)	- (-)	- (-)	- (-)	16.30 (15.63)
Remuneration {Footnote (xxvi)}	- (-)	- (-)	8.06 (22.14)	- (-)	- (-)	8.06 (22.14)
Other Income {Footnote (xxvii)}	45.25 (60.75)	- (-)	- (-)	- (-)	- (0.21)	45.25 (60.96)
Dividend Income {Footnote (xxviii)}	430.97 (470.02)	- (-)	- (-)	- (-)	- (-)	430.97 (470.02)
Provision for Doubtful Debts and Advances {Footnote (xxix)}	3.14 (4.13)	- (-)	- (-)	- (-)	- (-)	3.14 (4.13)

Note:- Refer Note 19 and 20 for guarantees, collateral and commitments.

### Footnotes:-

i) Previous year figures are given in parenthesis.

ii) Includes Purchase of Goods from:

Evolv Services Limited Rs. Nil (Previous year Rs. 2.07 Million)

Hole-in-the-Wall Education Limited Rs. 0.03 Million (Previous year Rs. 1.86 Million)

NIIT Institute of Finance Banking and Insurance Training Limited Rs. Nil (Previous year Rs. 1.86 Million)

NIIT Yuva Jyoti Limited Rs. 2.80 Million (Previous year Rs. Nil)

NIIT Foundation Rs. 0.76 Million (Previous year Rs. Nil)

iii) Includes Sale of Goods to:

NIIT Yuva Jyoti Limited Rs. 0.43 Million (Previous year Rs. 0.91 Million)

NIIT Foundation Rs. Nil (Previous year Rs. 0.16 Million)

iv) Includes Purchase of Fixed Assets (including services received for development of intangible assets) from:

NIIT (USA) Inc. Rs. 11.99 Million (Previous year Rs. 39.52 Million)

v) Includes Sale of Fixed Assets to:

NIIT Yuva Jyoti Limited Rs. 0.93 Million (Previous year Rs. Nil)

vi) Includes sale of Services to:

NIIT (USA) Inc. Rs. 792.96 Million (Previous year Rs. 750.28 Million)

NIIT Antilles NV, Netherlands Antilles Rs. 18.73 Million (Previous year Rs. 70.34 Million)

NIIT Limited, UK Rs. 108.66 Million (Previous year Rs. 85.75 Million)

NIIT Technologies Limited Rs. Nil (Previous year Rs. 2.31 Million)

NIIT Institute of Finance Banking and Insurance Training Limited Rs. 10.73 Million (Previous year Rs. 7.68 Million)

vii) Includes Purchase of services-Employee Cost from:

Evolv Services Limited Rs. 1.75 Million (Previous year Rs. 1.29 Million)

viii) Includes Purchase of services- Professional and Technical Outsourcing Expense from:

NIIT University Rs. 11.53 Million (Previous year Rs. Nil)

Evolv Services Limited Rs. 22.40 Million (Previous year Rs. 21.08 Million)

NIIT Institute of Process Excellence Limited Rs. 12.57 Million (Previous year Rs. 12.73 Million)

NIIT USA Inc. Rs. 3.73 Million (Previous year Rs. 7.23 Million)

NIIT Limited, UK Rs. Nil (Previous year Rs. 23.70 Million)

ix) Includes Purchase of services- Others from:

NIIT Technologies Limited Rs. 19.77 Million (Previous year Rs. Nil)

NIIT Smart Serve Limited Rs. Nil (Previous year Rs. 2.42 Million)

NIIT (USA) Inc. Rs. 0.20 Million (Previous year Rs. 2.92 Million)

- x) **Includes Recovery from subsidiaries for Management Services:**
  - NIIT Antilles N.V. Rs. 12.73 Million (Previous year Rs. 12.79 Million)
  - NIIT Institute of Finance Banking and Insurance Training Limited Rs. 16.82 Million (Previous year Rs. 13.45 Million)
  - NIIT Institute of Process Excellence Limited Rs. 4.29 Million (Previous year Rs. 4.30 Million)
  - NIIT (USA) Inc. Rs. 5.27 Million (Previous year Rs. 7.07 Million)
  - NIIT Yuva Jyoti Limited Rs. 6.64 Million ( Previous year Rs. 6.01 Million)
- xi) **Includes Recovery of Employee Benefit Expenses from:**
  - NIIT University Rs. 15.32 Million (Previous year Rs. Nil)
  - NIIT Institute of Finance Banking and Insurance Training Limited Rs. 0.20 Million (Previous year Rs. 0.30 Million)
  - NIIT Yuva Jyoti Limited Rs. 0.72 Million ( Previous year Rs. 1.64 Million)
- xii) **Includes Recovery of Professional technical and outsourcing expenses from:**
  - NIIT Institute of Finance Banking and Insurance Training Limited Rs. 0.03 Million (Previous year Rs. Nil)
- xiii) **Includes Recovery of other Expenses from:**
  - NIIT Institute of Finance Banking and Insurance Training Limited Rs. 30.23 Million (Previous year Rs. 24.62 Million)
  - NIIT (USA) Inc. Rs. 10.64 Million (Previous year Rs. 6.94 Million)
  - NIIT Yuva Jyoti Limited Rs. 8.08 Million ( Previous year Rs. 9.14 Million)
  - NIIT University Rs. 2.39 Million (Previous year Rs. 12.01 Million)
  - NIIT Technologies Limited Rs. 5.00 Million (Previous year Rs. 9.60 Million)
- xiv) **Includes Recovery of Employee benefit Expenses by:**
  - NIIT University Rs. 0.42 Million (Previous year Rs. Nil)
  - NIIT Institute of Finance Banking and Insurance Training Limited Rs. Nil (Previous year Rs. 0.70 Million)
- xv) **Includes Recovery of Professional technical and outsourcing expenses by:**
  - NIIT Limited UK Rs. 51.90 Million (Previous year Rs. Nil)
  - NIIT (USA) Inc. Rs. Nil (Previous year Rs. 2.50 Million)
- xvi) **Includes Recovery of other Expenses by:**
  - NIIT Institute of Finance Banking and Insurance Training Limited Rs. 8.81 Million (Previous year Rs. 7.13 Million)
  - NIIT (USA) Inc. Rs. 12.67 Million (Previous year Rs. 18.18 Million)
  - NIIT Limited, UK Rs. 5.02 Million ( Previous year Rs. Nil)
  - NIIT Technologies Limited Rs. Nil (Previous year Rs. 23.80 Million)
- xvii) **Includes Royalty paid to:**
  - NIIT Institute of Finance Banking and Insurance Training Limited Rs. 4.17 Million (Previous year Rs. 2.41 Million)
  - Evolv Services Limited Rs. 0.36 Million (Previous year Rs. 1.20 Million)
- xviii) **Represents Investments made in:**
  - NIIT Yuva Jyoti Limited Rs. 101.70 Million (Previous year Rs. 27.00 Million)
- xix) **Represents Investments received back from:**
  - NIIT (USA) Inc., USA Rs. 439.80 Million (Previous year Rs. Nil)
- xx) **Loans Given relates to:**
  - NIIT Institute of Information Technology Rs. Nil (Previous year Rs. 25.00 Million)
  - NIIT Foundation Rs. 1.00 Million (Previous year Rs. 3.00 Million)
- xxi) **Loans Given Received Back relates to:**
  - NIIT Foundation Rs. 1.00 Million (Previous year Rs. 3.00 Million)
  - NIIT Institute of Information Technology Rs. Nil (Previous year Rs. 25.00 Million)
  - Evolv Services Limited Rs. Nil (Previous year Rs. 6.75 Million)

**xxii) Inter Corporate Deposits Taken from:**

Scantech Evaluation Services Limited Rs. 199.00 Million (Previous year Rs. 175.50 Million)

**xxiii) Repayment of Inter Corporate Deposits taken:**

Scantech Evaluation Services Limited Rs. 175.50 Million (Previous year Rs. 158.10 Million)

**xxiv) Interest Income from:**

Hole-in-the-Wall Education Limited Rs. 3.49 Million (Previous year Rs. 3.49 Million)

NIIT Institute of Information Technology Rs. Nil (Previous year Rs 0.53 Million)

NIIT Foundation Rs. 0.08 Million (Previous year Rs. 0.16 Million)

**xxv) Interest Expenditure includes:**

Scantech Evaluation Services Limited Rs. 16.30 Million (Previous year Rs. 15.63 Million)

**xxvi) Remuneration to:**

Rajendra S Pawar Rs. 2.64 Million (Previous year Rs.6.14 Million)

Vijay K Thadani Rs. 2.69 Million (Previous year Rs. 9.70 Million)

P Rajendran Rs. 2.73 Million (Previous year Rs. 6.31 Million)

**xxvii) Other Income includes:**

NIIT Antilles NV, Netherlands Antilles Rs. 43.58 Million (Previous year Rs. 58.59 Million)

NIIT Institute of Finance Banking and Insurance Training Limited Rs. 1.07 Million (Previous year Rs. 2.16 Million)

NIIT Institute of Information Technology Rs. Nil (Previous year Rs. 0.21 Million)

**xxviii) Dividend Income includes:**

Scantech Evaluation Services Limited Rs. 103.06 Million (Previous year Rs. 186.31 Million)

NIIT (USA) Inc. Rs. 327.91 Million (Previous year Rs. 283.71 Million)

**xxix) Provision for Doubtful Debts and Advances**

Hole-in-the-Wall Education Limited Rs. 3.14 Million (Previous year Rs. 4.13 Million)

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

(Rs. Million)

Particulars	As at March 31, 2014			As at March 31, 2013		
	Advance from customer	Recoverable	Payables	Advance from customer	Recoverable	Payables
Subsidiaries	-	437.28	272.27	243.54	305.00	536.58
Associates	-	2.82	4.55	-	2.18	15.69
Key Managerial Personnel	-	-	-	-	-	8.42
Relatives of Key Managerial Personnel	-	-	-	-	-	-
Parties in which Key Managerial Personnel of the Company are interested	-	1.91	1.94	-	17.03	6.61

Note:- Refer Notes 19 and 20 for guarantees, collaterals and commitments as at the year end.

- 37 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:

(Rs. Million)

Description	Year ended March 31, 2014	Year ended March 31, 2013
Salary and other Employee Benefits	84.25	99.40
Professional & Technical Outsourcing Expense	31.85	54.54
Rent	17.36	13.13
Other Expenses	12.52	9.66
<b>Total</b>	<b>145.98</b>	<b>176.73</b>

- 38 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:

(Rs. Million)

Name of Company	Outstanding		Maximum Balance during the year	
	As at March 31, 2014	As at March 31, 2013	2013-14	2012-13
Hole-in-the-Wall Education Limited	29.70	29.70	29.70	29.70
Evolv Services Limited	-	-	-	6.75
NIIT Institute of Information Technology	-	-	-	25.00
NIIT Foundation	-	-	1.00	3.00
<b>Total</b>	<b>29.70</b>	<b>29.70</b>	<b>30.70</b>	<b>64.45</b>

### 39 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:

(Rs. Million)

Particulars	Revenue from customers by location of customers	Carrying amount of segment assets by location of the assets	Additions to fixed assets
India	3,804.75 (4,962.89)	7,518.39 (9,113.90)	289.72 (646.14)
America	805.07 (768.63)	- (-)	- (-)
Europe	323.29 (363.28)	- (-)	- (-)
Asia Pacific	268.82 (319.87)	5.23 (18.35)	0.03 (-)
<b>Total</b>	<b>5,201.93 (6,414.67)</b>	<b>7,523.62 (9,132.25)</b>	<b>289.75 (646.14)</b>

Previous year figures are given in parenthesis.

### 40 LEASES

#### a) Operating Leases:

- i. The minimum non-cancellable lease payment outstanding at the Balance Sheet date in respect of Premises:  
(Rs. Million)

Particulars	Minimum lease payments	
	As at March 31, 2014	As at March 31, 2013
Not later than 1 year	78.11	78.46
Later than 1 year but not later than 5 years	50.12	128.23

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

(Rs. Million)

Particulars	Minimum lease payments	
	Year ended March 31, 2014	Year ended March 31, 2013
In respect of Premises*	319.76	367.57
In respect of Equipments**	200.94	156.12
In respect of Vehicles	20.03	18.39

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

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

- iii. Details of Fixed Assets given on Operating Lease:

(Rs. Million)

Description of Assets	As at March 31, 2014			As at March 31, 2013		
	Gross Value	Accumulated Depreciation	Net Book Value	Gross Value	Accumulated Depreciation	Net Book Value
Buildings	32.24	10.51	21.73	32.24	9.97	22.27

The aggregate depreciation charged on the above assets during the year is Rs. 0.54 Million (Previous year Rs. 0.53 Million)

#### b) Finance Leases:

- i. Assets acquired under finance lease comprise intangibles (Contents/ Products). There are no exceptional/ restrictive covenants in the lease agreement.
- ii. The minimum lease payment outstanding and their present value at the Balance Sheet date in respect of assets that have been capitalised are as follows:

(Rs. Million)

Particulars	Minimum lease payments		Present value of lease payments	
	As at March 31, 2014	As at March 31, 2013	As at March 31, 2014	As at March 31, 2013
Not later than 1 year	27.56	31.77	25.61	26.74
Later than 1 year but not later than 5 years	-	27.56	-	25.61

(Rs. Million)

Particulars	As at March 31, 2014	As at March 31, 2013
Minimum Lease Payments	27.56	59.33
Less : Finance Charges	1.95	6.98
Present Value of Lease Payments	25.61	52.35

### 41 Derivative Instruments

- a) The Company has taken currency and interest rate swap to hedge the currency and interest rate risk in respect of foreign currency term loan for the entire tenure of the loan. The interest rate has been fully hedged at a fixed rate of 11% p.a.

b) The following table summarises the movement in the derivative during the current year: (USD Million)

Particulars	As at March 31, 2014	As at March 31, 2013
Opening balance as at beginning of the year	12	-
Additions during the current year	-	12
Matured during the year	-	-
Closing balance as at the end of the year	12	12

c) An amount of Rs. 2.99 Million (Previous year Rs. 30.66 Million) (net) has been charged to Hedging Reserve in the Balance Sheet (Refer note 4).

d) The Company has the following Unhedged foreign currency exposure as at March 31, 2014:

Particulars	Currency	As at March 31, 2014		As at March 31, 2013	
		Amount in respective currency (Million)	Amount (Rs. Million)	Amount in respective currency (Million)	Amount (Rs. Million)
Trade Receivables	AUD	0.01	0.34	0.00	0.03
	EUR	-	-	0.11	7.83
	GBP	0.77	77.13	0.41	34.05
	MYR	0.01	0.20	0.01	0.19
	SGD	0.03	1.28	0.03	1.17
	USD	5.93	356.35	1.84	99.84
	ZAR	-	-	0.01	0.03
Trade Payables	AUD	-	-	0.03	1.87
	EUR	0.05	3.87	0.01	0.46
	GBP	0.04	4.42	0.05	3.94
	MYR	-	-	0.01	0.19
	NOK	5.12	51.33	2.98	27.72
	NZD	-	-	0.00	0.03
	SGD	0.00	0.05	0.03	1.29
	USD	0.48	28.60	1.91	103.45
	CNY	0.01	0.14	0.01	0.12

42 Previous year figures have been reclassified to conform the current year classification.

Signatures to Notes '1' to '42' of these Financial Statements.

For and on behalf of the Board

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

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

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

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

**Ashok Arora**  
*Group Chief Financial Officer*

**Rohit Kumar Gupta**  
*Chief Financial Officer*

**Rajesh Arora**  
*Company Secretary*

Place : New Delhi  
Date : May 21, 2014

### To the Board of Directors of NIIT Limited

1. We have audited the accompanying consolidated financial statements (the "Consolidated Financial Statements") of NIIT Limited ("the Company") and its subsidiaries and associate company; hereinafter referred to as the "Group" (refer Note 2.1 to the attached consolidated financial statements) which comprise the consolidated Balance Sheet as at March 31, 2014, and the consolidated Statement of Profit and Loss and the consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information which we have signed under reference to this report.

### Management's Responsibility for the Consolidated Financial Statements

2. The Company's Management is responsible for the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### Auditors' Responsibility

3. Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Company's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by Management, as well as evaluating the overall presentation of the consolidated financial statements.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

6. 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 the Companies Act, 1956 read with the General Circular 15/2013 dated September 13, 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013.
7. Based on our audit and on consideration of reports of other auditors on separate financial statements and on the other financial information of the component(s) of the Group as referred to in paragraph 12 below, and to the best of our information and according to the explanations given to us, in our opinion, the accompanying 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, 2014;
  - (b) in the case of the consolidated Statement of Profit and Loss, of the profit for the year ended on that date; and
  - (c) in the case of the consolidated Cash Flow Statement, of the cash flows for the year ended on that date.

### Other Matters

8. We did not audit the financial statements of 21 subsidiaries included in the consolidated financial statements, which constitute total assets of Rs. 1,726 million and net assets of Rs. 982 million as at March 31, 2014, total revenue of Rs. 2,258 million, net loss of Rs. 98 million and net cash flows amounting to Rs. 55.80 million 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.

For Price Waterhouse  
Firm Registration Number: 301112E  
Chartered Accountants

Usha Rajeev  
Partner

Membership Number 087191

Place: New Delhi  
Date: May 21, 2014



## CONSOLIDATED BALANCE SHEET as at March 31, 2014

	Note	As at March 31, 2014 (Rs. Million)	As at March 31, 2013 (Rs. Million)
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' Funds</b>			
Share Capital	3	330.30	330.20
Reserves and Surplus	4	6,411.87	6,346.76
		<u>6,742.17</u>	<u>6,676.96</u>
Minority Interest	5	76.03	49.41
<b>Non-Current Liabilities</b>			
Long-Term Borrowings	6	1,048.39	1,102.25
Other Long-Term Liabilities	9	82.57	131.67
Long-Term Provisions	10	34.48	259.71
		<u>1,165.44</u>	<u>1,493.63</u>
<b>Current Liabilities</b>			
Short-Term Borrowings	7	15.63	20.12
Trade Payables	8	1,440.88	1,840.75
Other Current Liabilities	9	1,321.48	1,576.82
Short-Term Provisions	10	446.29	425.45
		<u>3,224.28</u>	<u>3,863.14</u>
<b>TOTAL</b>		<u><b>11,207.92</b></u>	<u><b>12,083.14</b></u>
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Fixed assets	11		
- Tangible Assets		1,072.52	1,336.53
- Intangible Assets		781.98	867.62
- Capital Work-in-Progress		-	0.66
- Intangible Assets under Development		178.31	124.01
Non-Current Investments	12	2,896.59	2,357.45
Deferred Tax Assets (net)	13	74.99	152.98
Long-Term Loans and Advances	14	714.02	566.27
Trade Receivables	15	435.07	369.60
Other Non-Current Assets	17	61.49	167.57
		<u>6,214.97</u>	<u>5,942.69</u>
<b>Current Assets</b>			
Current Investments	12	3.51	4.21
Inventories	18	55.49	95.67
Trade Receivables	15	2,542.10	3,699.11
Cash and Bank Balances	19	876.02	1,058.03
Short-Term Loans and Advances	14	854.43	682.09
Other Current Assets	17	661.40	601.34
		<u>4,992.95</u>	<u>6,140.45</u>
<b>TOTAL</b>		<u><b>11,207.92</b></u>	<u><b>12,083.14</b></u>

The accompanying Notes form an integral part of the these Consolidated Financial Statements.

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 & Managing Director  
DIN - 00042516

**Vijay K Thadani**

CEO & Whole-time Director  
DIN - 00042527

**Usha Rajeev**

Partner

Membership No. 087191

Place : New Delhi

Date : May 21, 2014

**Ashok Arora**

Group Chief Financial Officer

**Rohit Kumar Gupta**

Chief Financial Officer

**Rajesh Arora**

Company Secretary

## CONSOLIDATED STATEMENT OF PROFIT AND LOSS for the year ended March 31, 2014

	Note	Year ended March 31, 2014 (Rs. Million)	Year ended March 31, 2013 (Rs. Million)
<b>INCOME</b>			
Revenue from Operations	24	9,509.96	9,607.98
Other Income [includes prior period income Rs. 25.85 Million (Previous year Rs.21.56 Million)]	25	101.56	94.28
<b>Total Revenue</b>		<b>9,611.52</b>	<b>9,702.26</b>
<b>EXPENSES</b>			
Purchase of Stock-in-Trade		604.36	1,189.23
(Increase)/ Decrease in Inventory	18	40.18	23.15
Employee Benefits Expense	26	2,617.75	2,634.46
Professional & Technical Outsourcing Expenses		2,748.42	2,418.79
Finance Costs	29	163.36	155.99
Depreciation and Amortisation Expenses	11	778.70	863.74
Other Expenses	30	2,989.48	2,922.63
<b>Total Expenses</b>		<b>9,942.25</b>	<b>10,207.99</b>
<b>Loss before Exceptional items and Tax</b>		<b>(330.73)</b>	<b>(505.73)</b>
Exceptional items	32	66.67	(174.31)
<b>Loss before Tax</b>		<b>(264.06)</b>	<b>(680.04)</b>
<b>Tax expense:</b>			
- Current Tax		102.41	83.96
- Deferred Tax (Credit)		79.78	(88.84)
- MAT Credit Entitlement		(52.50)	(2.92)
- Provision for Tax relating to earlier years	13	(36.96)	(425.35)
<b>Loss after tax before Share of results of Associate's Profit and Minority Interests</b>		<b>(356.79)</b>	<b>(246.89)</b>
Share of Associate's net profit		550.52	513.00
<b>Net Loss/ (Profit) attributable to Minority</b>		<b>(16.03)</b>	<b>(3.53)</b>
<b>Profit attributable to Equity shareholders</b>		<b>177.70</b>	<b>262.58</b>
<b>Earnings per equity share (Face Value Rs. 2/- each):</b>	33		
- Basic		1.08	1.59
- Diluted		1.08	1.59

The accompanying Notes form an integral part of these Consolidated Financial Statements.  
This is the Consolidated Statement of Profit and Loss 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 & Managing Director*  
DIN - 00042516

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

**Usha Rajeev**  
*Partner*

**Ashok Arora**  
*Group Chief Financial Officer*

**Rohit Kumar Gupta**  
*Chief Financial Officer*

**Rajesh Arora**  
*Company Secretary*

Membership No. 087191  
Place : New Delhi  
Date : May 21, 2014

## CONSOLIDATED CASH FLOW STATEMENT for the year ended March 31, 2014

	Year ended March 31, 2014 (Rs. Million)	Year ended March 31, 2013 (Rs. Million)
<b>A. CASH FLOW FROM OPERATING ACTIVITIES:</b>		
Consolidated Profit/ (Loss) before Tax and share of Associates' profits but after Exceptional items	(264.06)	(680.04)
<b>Add/ (Less) :</b>		
Depreciation and Amortisation	778.70	863.74
Finance Cost	163.36	155.99
Interest Income	(76.81)	(58.63)
Loss on Fixed Assets sold	1.10	3.82
(Profit)/ Loss from Investments	(0.37)	(0.18)
Provision for Doubtful Debts	184.42	45.79
Bad Debts written off	3.47	0.41
Provision for Doubtful Advances	0.87	3.09
Provision for Slow/ Non-moving Inventory	24.13	1.80
Inventory Written off	-	7.75
Government Grants	(2.93)	(2.38)
Advances Written off	0.09	-
Liabilities/ Provisions no longer required written back	(1.62)	(20.87)
Provision for Indemnity/ (Written back)	(134.45)	85.25
Provision for Litigation	30.91	-
Unrealised Foreign Exchange (Gain)/ Loss	(58.50)	70.54
Employees Stock Option Expenses	1.29	2.90
<b>Operating profit before Working Capital Changes</b>	<b>649.60</b>	<b>1,159.02</b>
<b>Movements in Working Capital:</b>		
Increase/ (Decrease) Trade Payables	(430.78)	(197.61)
Increase/ (Decrease) Other Current Liabilities	29.86	388.06
Increase/ (Decrease) Other Long-Term Liabilities	(49.10)	(9.24)
Increase/ (Decrease) Provision for Gratuity & Compensated Absences	(11.49)	1.35
Increase/ (Decrease) Provision for Indemnity	(92.79)	-
(Increase)/ Decrease Current Trade Receivables	1,342.03	(243.78)
(Increase)/ Decrease Non Current Trade Receivables	(249.89)	(53.43)
(Increase)/ Decrease Inventories	16.05	13.60
(Increase)/ Decrease Short-Term Loans and Advances	(109.25)	(92.23)
(Increase)/ Decrease Long-Term Loans and Advances	72.00	27.90
(Increase)/ Decrease Other Current Assets	(67.17)	(33.49)
(Increase) / Decrease Other Bank Balances	(214.54)	(9.17)
(Increase)/ Decrease Other Non-current Assets	106.08	165.89
<b>Cash generated from operations</b>	<b>990.61</b>	<b>436.83</b>
Taxes (paid)/ refunds (including TDS)	(253.58)	34.81
<b>Net Cash from Operating activities (A)</b>	<b>737.03</b>	<b>471.64</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES:</b>		
Purchase of Fixed Assets (including Capital Work-in-progress, Internally Developed Intangibles and Capital Advances)	(515.40)	(705.46)
Proceeds from sale of Fixed Assets	15.67	24.72
Sale of Mutual Funds	1,924.07	420.51
Purchase of Mutual Funds	(1,923.00)	(420.00)
Purchase of Shares in Subsidiary from Minority	(3.86)	-
Tax (paid)/ refund on Sale of Subsidiary	-	42.04
Dividend Received	123.20	115.95
Tax paid on dividend received from Subsidiary	(49.19)	(42.45)
Loans given to Others	-	(28.00)
Loans given to Others received back	-	28.00
Interest Received	19.49	44.80
<b>Net Cash from/ (used in) Investing activities (B)</b>	<b>(409.02)</b>	<b>(519.89)</b>

## CONSOLIDATED CASH FLOW STATEMENT for the year ended March 31, 2014

Contd..

	Year ended March 31, 2014 (Rs. Million)	Year ended March 31, 2013 (Rs. Million)
<b>C. CASH FLOW FROM FINANCING ACTIVITIES:</b>		
Receipt from issue of Shares in Subsidiaries from		
Minority Shareholders	11.30	6.95
Proceeds from Long Term Borrowings	63.00	650.40
Proceeds from Short Term Borrowing	-	800.00
Repayment of Short Term Borrowings	-	(800.00)
Proceeds/ (Payments) relating to Cash Credits (Net)	(4.49)	(8.88)
Redemption of Non Convertible Debentures	(366.66)	(200.00)
Interest Paid	(168.12)	(155.65)
Dividend Paid	(262.71)	(263.14)
Dividend Tax Paid	(32.44)	(42.85)
Government Grants received during the year	-	8.34
<b>Net Cash used in Financing activities (C)</b>	<b>(760.12)</b>	<b>(4.83)</b>
<b>Net Increase/ (Decrease) in Cash &amp; Cash equivalents</b>		
<b>(A) + (B) + (C)</b>	<b>(432.11)</b>	<b>(53.08)</b>
Adjustment on account of Foreign Exchange Fluctuations	35.56	104.62
<b>Cash and Cash equivalents as at the beginning of the year (Note 1)</b>	<b>1,002.76</b>	<b>951.22</b>
<b>Cash and cash equivalents as at the end of the year</b>	<b>606.21</b>	<b>1,002.76</b>

### Notes:

#### 1. Cash and Cash equivalents

Balance with banks		
Current Accounts	471.70	848.65
[Includes Rs. 3.31 Million (Previous year Rs. 9.12 Million) pertaining to amount earmarked for specific contract]		
Exchange Earners' Foreign Currency Account	0.15	0.04
Bank deposits with original maturity of 3 months or less	92.92	51.77
Cheques, drafts on hand	32.45	88.89
Cash on hand	8.99	13.41
	<b>606.21</b>	<b>1,002.76</b>

2 The above Consolidated Cash Flow Statement has been prepared under the indirect method as set out in Accounting Standard as notified under Section 211(3C) [Companies (Accounting Standards) Rules, 2006, as amended] and other relevant provisions of the Companies Act, 1956.

3 Figures in parenthesis indicate cash outgo.

4 Previous year figures, to the extent feasible, have been regrouped/ recast wherever necessary to conform to the current year's classification.

The accompanying Notes form an integral part of the these Consolidated Financial Statements.

This is the Consolidated 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 & Managing Director  
DIN - 00042516

**Vijay K Thadani**

CEO & Whole-time Director  
DIN - 00042527

**Usha Rajeev**

Partner  
Membership No. 087191

**Ashok Arora**  
Group Chief Financial Officer

**Rohit Kumar Gupta**  
Chief Financial Officer

**Rajesh Arora**  
Company Secretary

Place : New Delhi

Date : May 21, 2014

### 1 CORPORATE INFORMATION

NIIT is a global talent development company which was set up in 1981. NIIT ('the Company') currently offers learning and knowledge solutions across globe to Individuals, Enterprises and Institutions, in information Technology, Business Process Outsourcing, Banking Finance and Insurance, Executive Management Education, School Education, Communication & Professional Life Skills and Vocational Skills Training.

### 2 SIGNIFICANT ACCOUNTING POLICIES

#### 2.1 Principles of consolidation

- (i) **Subsidiaries:** Subsidiaries are consolidated from the date on which control is transferred to the group and are not consolidated from the date that control ceases. The financial statements of the Company and its subsidiaries have been consolidated on a line-by-line basis by adding together like items of assets, liabilities, income and expenses. Intra-group balances and intra-group transactions and resulting unrealised profits are eliminated.

Details of subsidiaries, which have been considered in these consolidated financial statements are as follows:

Name of Company	Proportion of ownership interest		Country of incorporation
	As at March 31, 2014 %	As at March 31, 2013 %	
1. Hole-in-the-Wall Education Limited	99.99	99.99	India
2. NIIT Institute of Finance Banking and Insurance Training Limited	80.30	79.60	India
3. Scantech Evaluation Services Limited	100	100	India
4. NIIT Online Learning Limited	90	90	India
5. Evolv Services Limited	100	100	India
6. NIIT Institute of Process Excellence Limited	75	75	India
7. NIIT Yuva Jyoti Limited	90	90	India
8. NIIT (USA) Inc, USA	100	100	United States
9. NIIT Ventures Inc, USA	100	100	United States
10. NIIT Limited, UK	100	100	United Kingdom
11. NIIT Antilles NV	100	100	Netherlands Antilles
12. NIIT Malaysia Sdn. Bhd	100	100	Malaysia
13. NIIT GC Limited	100	100	Mauritius
14. NIIT China (Shanghai) Limited	100	100	China
15. NIIT WuXi Service Outsourcing Training School	60	60	China
16. WuXi NIIT Information Technology Consulting Limited	60	60	China
17. Chongqing NIIT Education Consulting Limited	60	60	China
18. Changzhou NIIT Information Technology Consulting Limited	60	60	China
19. Su Zhou NIIT Information Technology Consulting Limited	60	60	China
20. PT NIIT Indonesia (Under Liquidation)	100	100	Indonesia
21. NIIT West Africa Limited	100	100	Nigeria
22. Qingdao NIIT Information Technology Company Limited (w.e.f. May 14, 2012)	100	100	China
23. Chongqing An Dao Education Consulting Limited (w.e.f. June 05, 2012)	65	65	China
24. Zhangjiagang NIIT Information Services Limited (w.e.f. September 01, 2012)	60	60	China
25. Chengmai NIIT Information Technology Company Limited (w.e.f December 19, 2012)	100	100	China

- (ii) **Associates:** Investments in associate companies have been accounted for by using the equity method of accounting whereby the investment is initially recorded at cost, identifying any goodwill/ capital reserve arising at the time of acquisition. The carrying amount of the investment is adjusted thereafter for the post acquisition change in the investor's share of net assets of the investee. The details of associate companies (companies over which the Company exercises significant influence, which have been consolidated on "Equity Method") are as follows: (Reporting date used for consolidation :- March 31, 2014)

Name of Associate Company	NIIT Technologies Limited Description of Business :- Software	
	As at March 31, 2014	As at March 31, 2013
Proportion of ownership interest and voting power	23.88%	24.06%
Cost of Investment (Rs. Million)	97.50	97.50

Reference in these consolidated financial statements to "the Group" shall mean to include NIIT Limited, its subsidiaries and associate, consolidated in these financial statements, unless otherwise stated

### 2.2 Basis of preparation of consolidated financial statements

These consolidated financial statements have been prepared in accordance with the generally accepted accounting principles in India under the historical cost convention on accrual basis. Pursuant to the circular 15/2013 dated September 13, 2013 read with circular 08/2014 dated April 4, 2014, till the Standards of Accounting or any addendum thereto are presented by Central Government in consultation and recommendation of the National Financial Reporting Authority, the existing Accounting Standards notified under the Companies Act, 1956 shall continue to apply. Consequently, these consolidated financial statements have been prepared to comply in all material aspects with the accounting standards notified under Section 211(3C) [Companies (Accounting Standards) Rules, 2006, as amended] and other relevant provisions of the Companies Act, 1956.

All assets and liabilities have been classified as current or non-current as per the Group's normal operating cycle and other criteria set out in the Revised Schedule VI to the Companies Act, 1956. Based on the nature of products and the time between the acquisition of assets for processing and their realisation in cash and cash equivalents, the group has ascertained its operating cycle as 12 months for the purpose of current - non current classification of assets and liabilities.

### 2.3 Other significant accounting policies adopted by the Group are detailed below:

#### i) Tangible Fixed Assets and Depreciation

Fixed Assets are stated at acquisition cost, net of accumulated depreciation and accumulated impairment losses 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. Losses arising from the retirement of , and gains or losses arising from disposal of fixed assets, are recognised in the Consolidated Statement of Profit and Loss.

Depreciation is provided on a pro-rata basis on the straight-line method over the estimated useful lives of the assets or the rates prescribed under Schedule XIV to the Companies Act, 1956, whichever is higher, as follows:

Buildings	58 Years
Plant and Equipments including:	
- Computers, Printers and related accessories	2-5 Years
- Electronic Equipments	7-8 Years
- Air Conditioners	10 Years
Office Equipments	7-8 Years
Furniture, Fixtures & Electric Fittings	7-10 Years
Leasehold Improvements	3-5 years or lease period, whichever is shorter
Assets under employee benefits scheme except vehicles	3 Years
Assets acquired under lease (Included under Plant & Equipment and Furniture & Fixtures)	Lease Period or useful life, whichever is shorter
All other assets (including Vehicles)	Rates prescribed under Schedule XIV to the Companies Act, 1956

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

## ii) Intangible Fixed Assets and Amortisation

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". Expenses incurred during the research phase till the establishment of commercial feasibility is charged to the Consolidated Statement of Profit and Loss. Intangible Fixed Assets are stated at acquisition cost, net of accumulated amortisation and accumulated impairment losses.

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

a) Internally Generated (Software, Contents and Products)	
- School based non - IT content	10 Years
- Others	3-5 Years
b) Acquired (Software, Contents and Products)	3-5 Years
c) Patents	3-5 Years
d) Goodwill (Other than arising on consolidation)	5 Years

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

## iii) Impairment of Assets

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

## iv) 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 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 Consolidated Statement of Profit and Loss. Short-term investments are carried at cost or market value, whichever is lower. Investments in Associates are accounted for based on "Equity Method" in accordance with provisions of Accounting Standard 23, "Accounting for Investments in Associates" in Consolidated Financial Statements and other relevant provisions of the Companies Act, 1956.

## vi) Inventories

Inventories are valued at lower of cost or net realisable value. Cost is determined using weighted average method. 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 which coincides with the transfer of substantial risks and rewards of ownership of the material to the customer as per the terms of the respective arrangements whereas the revenue from the tuition activity is recognised over the period of the course programmes 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 hardware & infrastructure set- up, providing educational product and educational services. Revenue from initial project set up activities & development of products under such contracts is recognized under proportionate completion method. The revenue in such contracts from sale of hardware is recognised on delivery of the hardware when substantial risks and rewards of ownership in such hardware passes to the customer based on contractual terms of the respective contracts and in respect of hardware, which is 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.

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 Consolidated Statement of Profit and Loss over the lease period of the respective product.

Revenue is net of trade discounts and applicable taxes.

### viii) Other Income

- a) Dividend income is recognised when the right to receive dividend is established.
- b) Interest income is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.

### ix) Employee Benefits

#### Gratuity

The Group 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 at the end of the year using projected unit credit method and provided for. Actuarial losses/ gains are charged/ credited to the Consolidated Statement of Profit and Loss 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 Consolidated Statement of Profit and Loss as income or expense as the case may be.

Accumulated compensated absences, which are expected to be availed within twelve months from the end of the year are treated as short term employee benefits. The obligation towards the same is measured at the expected undiscounted cost of accumulated compensated absences expected to be availed based on the unutilised entitlement at the year end.

### 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 Consolidated Statement of Profit and Loss.

### 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 group's obligation in this regard is actuarially determined using projected unit credit method 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 group's contribution towards Provident Fund is charged to Consolidated Statement of Profit and Loss.

For employees of other entities not covered above 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 and charged to Consolidated Statement of Profit and Loss.

### Pension Fund

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

### Overseas Plans

In respect of the subsidiaries incorporated outside India, the subsidiaries make defined contributions on a monthly basis towards the respective retirement plans which are charged to Consolidated Statement of Profit and Loss. These subsidiaries have no further obligation towards the respective retirement benefits.

### National Pension System

The Group makes defined contribution towards National Pension System for certain employees. Contributions made during the year are charged to Consolidated Statement of Profit and Loss.

### x) 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 Consolidated Statement of Profit and Loss 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 reserves and surplus.

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 recognised in the Consolidated Statement of Profit and Loss. The liability at the date of exercise is settled based on valuation of share as per latest audited financials.

### xi) 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 Consolidated Statement of Profit and Loss.

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 Consolidated Statement of Profit and Loss over the life of the contract except to the extent on which accounting policy on derivative instruments and hedge accounting as detailed in (xii) 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 including buy back of equity, whether wholly or partially, of non-Indian subsidiaries, the proportionate balance in Currency Translation Reserve in relation to those subsidiaries is transferred to Consolidated Statement of Profit and Loss.

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 Consolidated Statement of Profit and Loss.

#### xii) Derivative Instruments and Hedge Accounting

In accordance with its risk management policies and procedures, the Group Company uses derivative instruments to hedge its risks associated with foreign currency fluctuations. 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 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 Consolidated Statement of Profit and Loss.

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 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 Shareholder's Fund is transferred to Consolidated Statement of Profit and Loss in the same period.

#### xiii) Leases

The Lease rental in respect of operating lease arrangements are charged to expense on straight line basis as per the terms of the related agreements.

Finance lease transactions are considered as financing arrangements in accordance with Accounting Standard 19 "Leases" 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.

#### xiv) Borrowing Cost

Borrowing costs are recognised in the Consolidated Statement of Profit and Loss 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.

**xv) 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 measured at the amount expected to be paid to the tax authorities in accordance with the taxation laws prevailing in the respective jurisdiction. 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 respective jurisdiction in future. MAT Credit is utilised in the year when normal income tax is higher than the Minimum Alternate Tax (MAT).

**xvi) 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 "Accounting for Investments in Associates" in Consolidated Financial Statements.

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

**xvii) 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.

**xviii) Cash and Cash Equivalents**

In the Consolidated Cash Flow Statement, cash and cash equivalents includes cash on hand, demand deposits with banks, other short-term highly liquid investments with original maturities of three months or less.

		(Rs. Million)	
		As At	
		March 31, 2014	March 31, 2013
<b>3 SHARE CAPITAL</b>			
<b>Authorised</b>			
250,000,000 Equity Shares of Rs. 2/- each	500.00		500.00
(Previous year 250,000,000 Equity Shares of Rs. 2/- each)			
2,500,000 Redeemable Preference Shares of Rs.100/- each	250.00		250.00
(Previous year 2,500,000 Redeemable Preference Shares of Rs.100/- each)			
	<u>750.00</u>		<u>750.00</u>
<b>Issued</b>			
165,151,597 Equity Shares of Rs. 2/-each	330.30		330.20
(Previous year - 165,101,597 Equity Shares of Rs. 2/-each)			
	<u>330.30</u>		<u>330.20</u>
<b>Subscribed and Paid-up</b>			
165,145,597 Equity Shares of Rs. 2/- each	330.29		330.19
(Previous year - 165,095,597 Equity Shares of Rs. 2/- each)			
Add: Forfeited Shares (amount originally paid-up)	0.01		0.01
	<u>330.30</u>		<u>330.20</u>

### 3.1 Reconciliation of the number of shares outstanding

As at

	March 31, 2014		March 31, 2013	
	No. of shares	% of holding	No. of shares	% of holding
<b>Equity Shares</b>				
Shares outstanding at the beginning of the year	165,095,597	330.19	165,095,597	330.19
Shares Issued during the year	50,000	0.10	-	-
Shares bought back during the year	-	-	-	-
Shares outstanding at the end of the year	<u>165,145,597</u>	<u>330.29</u>	<u>165,095,597</u>	<u>330.19</u>

### 3.2 Rights, preferences and restrictions attached to shares:

**Equity Shares:** The Company has one class of equity shares having a par value of Rs.2/- per share. Each shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

### 3.3 Shares held by each shareholder holding more than 5% shares in the Company

As at

	March 31, 2014		March 31, 2013	
	No. of shares	% of holding	No. of shares	% of holding
Pace Services Limited	23,503,913	14.23%	22,557,547	13.66%
Global Solutions Private Limited	22,527,346	13.64%	21,580,980	13.07%
FID Funds Mauritius Limited	-	-	10,139,408	6.14%
<b>Total</b>	<u>46,031,259</u>	<u>27.87%</u>	<u>54,277,935</u>	<u>32.87%</u>

## 3.4 Shares reserved for issue under Employee Stock Option Plan (ESOP)

	As at			
	March 31, 2014		March 31, 2013	
	No. of shares	(Rs. Million)	No. of shares	(Rs. Million)
Equity shares (For details refer Note 28)	2,185,973	4.37	3,761,216	7.52
Total	2,185,973	4.37	3,761,216	7.52

## 3.5 Aggregate number of Equity shares issued as bonus shares during the immediately preceding five years

	As at	
	March 31, 2014	March 31, 2013
Allotted as fully paid up by way of bonus shares (No. of shares)	-	5,48,69,490
	-	5,48,69,490

(Rs. Million)

## 4 RESERVES AND SURPLUS

	As at			
	March 31, 2014		March 31, 2013	
<b>Capital Reserve</b>				
Opening Balance	58.56		58.58	
Add: Share in Capital Reserve of Associate	(0.02)	58.54	(0.02)	58.56
<b>Securities Premium Reserve</b>				
Opening Balance	575.36		557.65	
Add: Additions during the year on account of exercise of ESOP's	2.15		-	
Add: Share in Share Premium of Associate	15.81	593.32	17.71	575.36
<b>Debenture Redemption Reserve</b>				
Opening Balance	156.15		174.92	
Less: Transferred to General Reserve	(91.67)		(50.00)	
Add: Transferred from Consolidated Statement of Profit and Loss	12.90	77.38	31.23	156.15
<b>Employees Stock Option Outstanding</b>				
ESOP Outstanding	4.31		-	
Add: Employees Stock Option granted during the year	-		4.31	
Less: Transferred to Securities Premium Reserve on ESOP exercised	(2.15)		-	
Less: Deferred Compensation Expense	(0.12)	2.04	(1.41)	2.90
<b>General Reserve (Foot Note 1 below)</b>				
Opening Balance	974.59		907.91	
Add/ (Less): Share in General Reserve of Associate	(31.45)		(4.61)	
Add: Transferred from Debenture Redemption Reserve	91.67		50.00	
Add: Transferred from Surplus in Consolidated Statement of Profit and Loss	24.63	1,059.44	21.29	974.59

		As at March 31, 2014	(Rs. Million) As at March 31, 2013
<b>Hedging Reserve Account (Debit Balance) [Refer Note 44]</b>			
Opening Balance	(30.66)	-	
Add: Impact of restatement of derivative	(69.29)	(1.02)	
Add: Impact of restatement of interest	(0.03)	1.06	
Add: Movement in Derivative Instrument Fair Value Asset/ (Liability)	96.99	(30.70)	
Add: Share in Hedging Reserve of Associate	21.09	18.10	(30.66)
<b>Surplus in Consolidated Statement of Profit and Loss</b>			
Balance Brought Forward from Previous year	4,133.43	4,251.37	
Add : Current year profit attributable to Shareholders	177.70	262.58	
<b>Less: Appropriations</b>			
Proposed Dividend on Equity Shares	(264.23)	(264.16)	
Corporate Dividend Tax on above	(44.91)	(44.16)	
Reversal of Corporate Dividend Tax relating to previous year (Refer Note 2 below)	11.72	-	
Transferred to General Reserve	(24.63)	(21.29)	
Transferred to Debenture Redemption Reserve	(12.90)	(31.23)	
Share in Corporate Dividend Tax of Associate	(9.24)	3,966.94	4,133.43
<b>Government Grant - Fund</b>			
Opening Balance	8.99	3.03	
Add: Grant received during the year	-	8.34	
Less: Income recognised during the year	(2.93)	6.06	8.99
<b>Currency Translation Reserve</b>			
Opening Balance	467.44	336.56	
Add : Share in Currency Translation Reserve of Associate	115.63	17.09	
Less : Reversal on account of repurchase of shares by subsidiary	(119.86)	-	
Increase during the year on translation of balances	166.84	630.05	467.44
<b>Total Reserves and Surplus</b>		<b>6,411.87</b>	<b>6,346.76</b>

## Footnotes :

- General Reserve represents requirement to transfer specific sums to a General Reserve as per the local laws of the jurisdiction.
- Reversal of Corporate Dividend Tax on account of partial set off of dividend income received from a foreign subsidiary company to the extent of Rs. 11.72 Million.



(Rs. Million)

5 MINORITY INTEREST	As at	
	March 31, 2014	March 31, 2013
Opening Balance	49.41	38.93
Add: Increase in Minority Share Capital	11.30	6.95
Less: Decrease in Minority Share due to purchase from minority	(0.71)	-
Add/ (Less): Minority Share in Profit of Current year	16.03	3.53
[Minority Share of loss of the subsidiary companies in excess of their interest Nil (Previous year Rs. 0.14 Mn) has been absorbed by the Majority Shareholders]		
<b>Balance at the end of the year</b>	<b>76.03</b>	<b>49.41</b>

(Rs. Million)

6 LONG-TERM BORROWINGS	As at			
	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013
	Non-Current Portion		Current Maturities	
<b>A) SECURED</b>				
i) Non Convertible Debentures	166.67	333.34	166.67	366.66
ii) Term Loans from Banks:				
- Foreign Currency Term Loan	720.71	651.42	-	-
iii) Term Loans from Others	142.64	79.64	-	-
<b>Sub Total (A)</b>	<b>1,030.02</b>	<b>1,064.40</b>	<b>166.67</b>	<b>366.66</b>
<b>B) UNSECURED</b>				
i) Finance Lease Obligation	18.37	37.85	48.90	36.20
<b>Sub Total (B)</b>	<b>18.37</b>	<b>37.85</b>	<b>48.90</b>	<b>36.20</b>
Amount disclosed under the head "Other Current Liabilities" (Refer Note 9)	(C)	-	(215.57)	(402.86)
<b>Total (A+B+C)</b>	<b>1,048.39</b>	<b>1,102.25</b>	<b>-</b>	<b>-</b>

## 6.1 Details of security given against Loans

- 12% Non Convertible Debentures issued to Life Insurance Corporation of India are secured by way of first charge on pari-passu basis on the immovable and movable fixed assets of the Holding Company. During the year, the Holding Company has redeemed the 11.25% non-convertible debentures at par. The charge in respect of such debentures is pending to be vacated as at year end.
- Foreign Currency Term loan is secured by way first charge on a pari-passu basis on Holding Company's tangible and intangible movable fixed assets both present and future. The rate of interest on the loan is LIBOR with the margin of 2.2%.
- Term Loan from others comprises loan availed by NIIT Yuva Jyoti Limited (NYJL) from National Skill Development Corporation ("NSDC") and is secured by first charge on both present and future acquired assets comprising of movable fixed assets, book debts, receivables and the balance lying to the credit of designated bank accounts including without limitation all movable plant and machinery, capital equipment, together with its accessories, computer hardware and software, digital content, learning material electronic spares and machine spares both present and future whether installed or lying loose of NYJL. The entire loan amount is also covered by a corporate guarantee from the Holding Company, NIIT Limited.

## 6.2 Terms of repayment

- (i) 12% Non Convertible Debentures are redeemable at par as follows:

Redemption Date	(Rs. Million)
October 20, 2015	166.67
October 20, 2014	166.67
	<u>333.34</u>

- (ii) Foreign Currency Term Loan is repayable as follows:

Redemption Date	(Rs. Million)
March 25, 2017	240.24
September 25, 2016	240.24
April 25, 2016	240.23
	<u>720.71</u>

- (iii) Term Loan from others is repayable in installments over a period of 10 years upto March 31, 2022 after the initial moratorium period upto March 31, 2017. Loan is interest free for a period upto March 31, 2015 and thereafter, interest is chargeable at the rate of 7.5% p.a.

- (iv) Finance Lease Obligation is repayable in equated monthly installments during the tenure of lease.

	(Rs. Million)	
	As at	
7 SHORT TERM BORROWINGS	March 31, 2014	March 31, 2013
SECURED		
From Banks - Cash Credit	15.63	20.12
Total	<u>15.63</u>	<u>20.12</u>

## 7.1 Details of Security given against Loans

- i) Cash Credit Limits are secured by hypothecation of stocks and book debts of NIIT Limited.

	(Rs. Million)	
8 TRADE PAYABLES	As at	
	March 31, 2014	March 31, 2013
	Current	
Sundry Creditors	1,440.88	1,840.75
	<u>1,440.88</u>	<u>1,840.75</u>

	(Rs. Million)			
9 OTHER LIABILITIES	As at			
	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013
	Long-Term		Current	
Current Maturities of Long Term- Borrowings (Note 6)	-	-	215.57	402.86
Interest accrued but not due on borrowings	-	-	8.43	13.16
Unpaid dividends *	-	-	9.45	8.00
Unclaimed fractional share payment	-	-	0.10	0.10
Security Deposits Payable	0.87	1.09	-	-
Deferred Revenue	1.11	2.99	63.97	81.41
Advances from Customers	66.10	103.14	542.63	565.28
Statutory Dues	-	-	121.18	94.16
Derivative instrument fair value liability (Refer Note 44)	-	-	-	30.70
Other Payables **	14.49	24.45	360.15	381.15
	<u>82.57</u>	<u>131.67</u>	<u>1,321.48</u>	<u>1,576.82</u>

\* 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.

\*\* Includes capital creditors and payable to employees and an amount of Rs. 30.03 Million (Previous year Nil) in respect of litigations (Refer note 32).

(Rs. Million)

## 10 PROVISIONS

	As at			
	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013
	Long-Term		Short-Term	
Provision for employee benefits (Refer note 27):				
-Provision for Gratuity	-	1.04	4.55	9.31
-Provision for Compensated Absences	4.45	4.89	102.57	107.82
Proposed Dividend	-	-	264.23	264.16
Provision for Corporate Dividend Tax	-	-	44.91	44.16
Provision for Indemnity	30.03	253.78	30.03	-
	<b>34.48</b>	<b>259.71</b>	<b>446.29</b>	<b>425.45</b>

(Rs. Million)

### 10.1 Movement in Provision for Indemnity (Refer note 32) :

	As at	
	March 31, 2014	March 31, 2013
Opening Balance	253.78	162.78
Additions/ (Reversal)	(134.45)	85.25
Payment	(92.79)	-
Effect of Currency Translation	33.52	5.75
Balance at the year end	<b>60.06</b>	<b>253.78</b>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended March 31, 2014**
**Contd..**
**11 FIXED ASSETS**
**(Rs. Million)**

Description of Assets	GROSS BLOCK					DEPRECIATION AND AMORTISATION				NET BLOCK		
	As on 01.04.2013	Additions during the Year	Sales / Adj. during the Year	Translation Adjustment increase / (decrease)	Total As on 31.03.2014	As on 01.04.2013	Charge For the Year	Sales / Adj. during the Year	Translation Adjustment increase / (decrease)	Total As on 31.03.2014	As on 31.03.2014	As on 31.03.2013
<b>Tangible</b>												
Land - Freehold (Refer Footnote i below )	20.51	0.41	-	-	20.92	-	-	-	-	-	20.92	20.51
Building (Refer Footnote ii below)	209.32	0.58	-	-	209.90	37.38	3.44	-	-	40.82	169.08	171.94
Plant & Equipments												
- Owned	2,216.92	139.32	664.98	5.68	1,696.94	1,551.16	282.73	656.70	7.82	1,185.01	511.93	665.76
- Leased	34.05	-	0.37	3.16	36.84	9.52	6.66	0.37	(3.29)	12.52	24.32	24.53
Leasehold Improvements	570.54	26.16	136.58	0.12	460.24	364.11	85.69	132.15	0.04	317.69	142.55	206.43
Furniture & Fixtures												
- Owned	306.47	25.23	54.41	3.17	280.46	189.57	39.24	53.27	1.74	177.28	103.18	116.90
- Leased	0.12	-	-	-	0.12	0.12	-	-	-	0.12	-	-
Vehicles	40.88	4.72	3.30	1.25	43.55	13.93	4.74	2.45	0.32	16.54	27.01	26.95
Office Equipments												
- Owned	286.87	3.12	134.88	0.22	155.33	183.36	31.03	132.81	0.22	81.80	73.53	103.51
- Leased	0.04	-	-	-	0.04	0.04	-	-	-	0.04	-	-
<b>Sub Total (a)</b>	<b>3,685.72</b>	<b>199.54</b>	<b>994.52</b>	<b>13.60</b>	<b>2,904.34</b>	<b>2,349.19</b>	<b>453.53</b>	<b>977.75</b>	<b>6.85</b>	<b>1,831.82</b>	<b>1,072.52</b>	<b>1,336.53</b>
<b>Previous year (b)</b>	<b>3,527.81</b>	<b>344.54</b>	<b>198.11</b>	<b>11.48</b>	<b>3,685.72</b>	<b>1,960.04</b>	<b>552.48</b>	<b>169.57</b>	<b>6.24</b>	<b>2,349.19</b>	<b>1,336.53</b>	
<b>Intangible</b>												
Educational Content/ Products												
- Acquired (Refer footnote iii below)	94.52	0.17	-	-	94.69	46.82	26.66	-	0.01	73.49	21.20	47.70
- Internally Generated (Refer footnote iii, iv & v below)	1,077.22	155.23	-	11.45	1,243.90	570.45	169.26	-	8.21	747.92	495.98	506.77
- Leased	119.65	-	-	-	119.65	85.59	19.42	-	0.01	105.02	14.63	34.06
Software												
- Acquired	1,849.25	76.31	17.60	86.10	1,994.06	1,611.58	109.09	17.60	84.65	1,787.72	206.34	237.67
Patents	16.14	-	-	-	16.14	14.99	0.74	-	-	15.73	0.41	1.15
Goodwill on Consolidation	41.77	3.15	-	-	44.92	1.50	-	-	-	1.50	43.42	40.27
Goodwill	116.95	-	-	12.44	129.39	116.95	-	-	12.44	129.39	-	-
<b>Sub Total (c)</b>	<b>3,315.50</b>	<b>234.86</b>	<b>17.60</b>	<b>109.99</b>	<b>3,642.75</b>	<b>2,447.88</b>	<b>325.17</b>	<b>17.60</b>	<b>105.32</b>	<b>2,860.77</b>	<b>781.98</b>	<b>867.62</b>
<b>Previous year (d)</b>	<b>2,793.56</b>	<b>462.08</b>	<b>5.12</b>	<b>64.98</b>	<b>3,315.50</b>	<b>2,080.69</b>	<b>311.26</b>	<b>5.12</b>	<b>61.05</b>	<b>2,447.88</b>	<b>867.62</b>	
<b>Total (a + c)</b>	<b>7,001.22</b>	<b>434.40</b>	<b>1,012.12</b>	<b>123.59</b>	<b>6,547.09</b>	<b>4,797.07</b>	<b>778.70</b>	<b>995.35</b>	<b>112.17</b>	<b>4,692.59</b>	<b>1,854.50</b>	<b>2,204.15</b>
<b>Previous year (b + d)</b>	<b>6,321.37</b>	<b>806.62</b>	<b>203.23</b>	<b>76.46</b>	<b>7,001.22</b>	<b>4,040.73</b>	<b>863.74</b>	<b>174.69</b>	<b>67.29</b>	<b>4,797.07</b>	<b>2,204.15</b>	

**Capital work-in-progress**
**Intangible assets under development (refer footnote iv below)**
**0.66**
**Footnotes:**

(i) Out of the total land as above, 25 acres of land amounting Rs. 6.52 Million at Tehsil Behror, District Alwar is allotted for education purpose. This land cannot be transferred without the approval of the allotment authority.

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

(iii) Depreciation charge for the year includes provision for impairment of content/ products of Rs. 30.39 Million (Previous year Rs. 33.29 Million).

(iv) Refer Note 35 for cost incurred during the year on internally generated intangible assets.

(v) Intangible includes content and software products (look and platform) whose remaining amortisation period is 1 to 7 years. However none of these are individually material to the financial statements as whole.

**178.31**
**124.01**

(Rs. Million)

## 12 INVESTMENTS

As at

March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013
Non-Current		Current	

### A. TRADE (QUOTED)

#### In Associate

NIIT Technologies Limited

- Capital Reserve	(415.86)	(415.86)	-	-
- Net Assets Value (Opening Value)	2,773.31	2,365.77	-	-
Less: Dividend Received	(123.20)	(115.95)	-	-
Share of Associate's net profit	550.52	513.00	-	-
Share/ (Adjustment) in Post Acquisition Reserves	111.82	10.49	-	-
<b>Sub Total (A)</b>	<b>2,896.59</b>	<b>2,357.45</b>	<b>-</b>	<b>-</b>

### B. NON TRADE [UNQUOTED]

In Mutual Fund, Debts and Money Market Securities

Opening Investment	-	-	4.21	4.54
Add: Purchases	-	-	1,923.00	420.00
Less: Sales	-	-	(1,923.70)	(420.33)
[Fair Market value as at year end Rs. 5.95 Million (Previous year Rs. 6.54 Million)]				
<b>Sub Total (B)</b>	<b>-</b>	<b>-</b>	<b>3.51</b>	<b>4.21</b>
<b>Total (A + B)</b>	<b>2,896.59</b>	<b>2,357.45</b>	<b>3.51</b>	<b>4.21</b>

## 13 TAXATION

### (I) Geography :- India

- (a) Upon finalisation of Income Tax return of the Holding Company for the financial year ended March 31, 2013 an amount of Rs. 0.60 Million (Previous year Rs. 13.18 Million) has been charged to the Consolidated Statement of Profit and Loss.
- (b) Detailed break-up of Deferred Tax Assets/ Liabilities are as follows:

(Rs. Million)

Deferred Tax Assets/ (Liabilities)	As at	
	March 31, 2014	March 31, 2013
<b>Deferred Tax (Liability):</b>		
Depreciation	-	(8.10)
<b>Total (A)</b>	<b>-</b>	<b>(8.10)</b>
<b>Deferred Tax Assets:</b>		
Depreciation	60.89	-
Provision for doubtful debts and advances	207.53	155.87
Provision for non-moving inventories	10.16	2.07
Provision for Employee Benefits	32.86	38.70
Others	2.15	3.16
<b>Total (B)</b>	<b>313.59</b>	<b>199.80</b>
Timing differences not recognised on account of prudence (C)	209.81	87.92
<b>Net Deferred Tax Assets/ (Liabilities) (A+B-C)</b>	<b>103.78</b>	<b>103.78</b>

**(II) Geography :- USA**

(a) Provision for tax for earlier years relates to tax impact (credit) aggregating to Rs. 36.27 Million (Previous year Rs. 438.53 Million) is on account of revision in return due to settlement of indemnity claim, corresponding amount of the previous year pertains to the adjustment in accrual upon filing of the tax return for the year ended March 31, 2012.

(b) Detailed break-up of Deferred Tax Assets/ Liabilities are as follows:

(Rs. Million)

Deferred Tax Assets/ (Liabilities)	As at	
	March 31, 2014	March 31, 2013
<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.	(71.78)	(61.13)
<b>Total (A)</b>	<b>(71.78)</b>	<b>(61.13)</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 Compensated Absences, Bonus, Gratuity and other related timing differences	6.71	5.77
-Others	23.50	99.28
<b>Total (B)</b>	<b>30.21</b>	<b>105.05</b>
<b>Net Deferred Tax Assets/ (Liabilities) (A+B)</b>	<b>(41.57)</b>	<b>43.92</b>

**(III) Geography :- UK**

(a) Provision for tax for earlier years relates to tax impact (credit) aggregating to Rs. 1.29 Million (Previous year Nil).

(b) Detailed break-up of Deferred Tax Assets/ Liabilities are as follows:

(Rs. Million)

Deferred Tax Assets/ (Liabilities)	As at	
	March 31, 2014	March 31, 2013
<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:		
-Others	2.93	-
<b>Net Deferred Tax Assets/ (Liabilities)</b>	<b>2.93</b>	<b>-</b>

## (IV) Geography :- China &amp; Others

(Rs. Million)

Deferred Tax Assets/ (Liabilities)	As at	
	March 31, 2014	March 31, 2013
Deferred Tax (Liabilities):		
a) Others	(27.46)	(26.29)
<b>Total (A)</b>	<b>(27.46)</b>	<b>(26.29)</b>
Deferred Tax Assets:		
a) Tax impact of expenses charged in the financial statements but allowable as deductions in future years under Income Tax:		
-Provision for doubtful debts and advances	19.91	14.74
-Provision for Compensated Absences, Bonus, Gratuity and other timing differences	14.45	13.26
-Provision for Inventory	1.14	1.03
-Deferred Revenue	1.81	2.54
<b>Total (B)</b>	<b>37.31</b>	<b>31.57</b>
<b>Net Deferred Tax Assets/ (Liabilities) (A+B)</b>	<b>9.85</b>	<b>5.28</b>
<b>Deferred Tax Assets (Net) (I+II+III+IV)</b>	<b>74.99</b>	<b>152.98</b>

## Notes

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



(Rs. Million)

## 14 LOANS AND ADVANCES

	As at			
	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013
	Long-Term		Short-Term	
i) Capital Advances				
Unsecured, considered good	0.03	0.89	-	-
(A)	0.03	0.89	-	-
ii) Security Deposits Receivable				
Unsecured, considered good	261.94	290.77	55.33	50.83
Unsecured, considered doubtful	5.05	5.05	-	-
Less: Provision for doubtful Deposits	(5.05)	(5.05)	-	-
(B)	261.94	290.77	55.33	50.83
iii) Advances recoverable in cash or in kind				
Unsecured, considered good	7.38	11.00	622.90	562.04
Unsecured, considered doubtful	9.24	8.94	-	-
Less: Provision for doubtful advances	(9.24)	(8.94)	-	-
(C)	7.38	11.00	622.90	562.04
iv) Other Advances				
a) Advance payment of Fringe Benefit Tax	92.77	92.77	-	-
Less: Provision for Fringe Benefit Tax	(91.66)	(91.66)	-	-
	1.11	1.11	-	-
b) Advance Income Tax	1,240.67	1,032.44	145.83	86.54
Less : Provision for Income Tax	(876.54)	(846.67)	(13.52)	(17.32)
	364.13	185.77	132.31	69.22
c) MAT Credit entitlement				
- Opening Balance	76.73	83.39	-	-
- Reversal of MAT credit	(5.91)	(9.58)	-	-
- Addition during the year	8.61	2.92	43.89	-
	79.43	76.73	43.89	-
(D)	444.67	263.61	176.20	69.22
Total (A+B+C+D)	714.02	566.27	854.43	682.09

(Rs. Million)

## 15 TRADE RECEIVABLES

As at

	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013
	Non-Current		Current	
a) Outstanding for a period exceeding six months from the date they are due for payment				
Unsecured, considered good	-	-	649.33	2,289.38
Unsecured, considered doubtful	1,438.14	1,211.51	34.06	-
Less: Provision for doubtful debts	(1,438.14)	(1,211.51)	(34.06)	-
(A)	-	-	649.33	2,289.38
b) Others				
Unsecured, considered good	435.07	369.60	1,892.77	1,409.73
Unsecured, considered doubtful	1.86	0.34	-	-
Less: Provision for doubtful debts	(1.86)	(0.34)	-	-
(B)	435.07	369.60	1,892.77	1,409.73
Total (A+B)	435.07	369.60	2,542.10	3,699.11

(Rs. Million)

## 16 MOVEMENT OF PROVISION FOR DOUBTFUL DEBTS

As at

	March 31, 2014	March 31, 2013
Opening Provision	1,211.85	1,149.57
Add: Additional provisions created	103.58	84.70
Add: Provision for business support on account of change in delivery technology	80.84	-
Less: Provision written back*	(0.24)	(38.91)
Less: Bad Debts written off	(0.51)	(31.91)
Add: Currency Translation Adjustments	78.54	48.40
Closing Provision	1,474.06	1,211.85

\* Provision for doubtful debts recognised/ (written back) amounting to Rs. 80.84 Million (Previous year Rs. (38.91) Million) shown as exceptional item (Refer Note 32).

(Rs. Million)

## 17 OTHER ASSETS

As at

	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013
	Non-Current		Current	
Non Current Bank Balances (Note 19)	1.01	0.99	-	-
Unbilled revenue	92.30	188.39	597.43	583.62
Less : Provision for Unbilled Revenue	(31.82)	(21.81)	(19.47)	-
Interest Receivable	-	-	10.61	17.72
Derivative Instrument Fair Value Asset (Refer Note 44)	-	-	66.29	-
Other Receivables	-	-	6.54	-
	61.49	167.57	661.40	601.34

18 INVENTORIES	(Rs. Million)	
	As at	
	March 31, 2014	March 31, 2013
As at the end of the year		
a) Education and Training Material*		
- Others	53.66	93.41
b) Software	1.83	2.26
	<u>55.49</u>	<u>95.67</u>
As at the beginning of the year		
Traded Goods		
a) Education and Training Material		
- Others	93.41	114.04
b) Software	2.26	4.78
	<u>95.67</u>	<u>118.82</u>
(Increase)/ Decrease in Inventory	<u>40.18</u>	<u>23.15</u>

\* Net of provision for non-moving inventories of Rs.34.87 Million (Previous year Rs.10.74 Million) and includes amount of Rs. 24.20 Million (Previous year Nil) that has been shown as exceptional item (Refer note 32).

19 CASH AND BANK BALANCES	(Rs. Million)			
	As at			
	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013
	Non-Current		Current	
Cash and cash equivalents:				
Balance with banks				
-Current Accounts	-	-	471.70	848.65
[Includes Rs. 3.31 Million (Previous year Rs. 9.12 Million) pertaining to amount earmarked for specific contract]				
-Exchange Earners' Foreign Currency Account	-	-	0.15	0.04
-Bank deposits with original maturity of 3 months or less	-	-	92.92	51.77
Cheques, drafts on hand	-	-	32.45	88.89
Cash on hand	-	-	8.99	13.41
Sub Total (A)	-	-	606.21	1,002.76
Other bank balances:				
Bank deposits: *				
-With original maturity of more than 3 months and upto 12 months	-	-	260.26	30.31
-With original maturity of more than 12 months	1.01	0.99	0.10	16.96
*pledged as margin money				
Dividend Accounts	-	-	9.45	8.00
Sub Total (B)	1.01	0.99	269.81	55.27
Total (A + B)	1.01	0.99	876.02	1,058.03
Amount disclosed under "Other Non Current Assets" (Refer note 17) (C)	(1.01)	(0.99)	-	-
Total (A + B + C)	-	-	876.02	1,058.03

## 20 CONTINGENT LIABILITIES

a) i). Claims against the Group (including Associate Company) not acknowledged as debts:- (Rs. Million)

	As at	As at
	March 31, 2014	March 31, 2013
- Customers	7.41	6.90
- Sales Tax/ VAT	55.07	44.57
- Andhra Pradesh Works Contract Tax	31.32	31.32
- Excise Matters	57.59	58.02
- Service Tax	53.33	53.33
- Income Tax	465.20	402.88
- Others*	12.74	-

\*Pertains to alleged dues towards provident fund payable by vendors of the Company which the Company is contesting.

ii) The Holding Company had received Show Cause Notices under section 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. Based on legal opinion obtained by the Company, the Company is confident that the matter as above shall be decided in its favour.

iii) It is not practical for the company to estimate the timings of cash outflows, if any, in respect of the above pending resolution of the respective proceedings. Management does not foresee any financial implication based on the advice of legal counsel.

### b) Guarantees;

i) Guarantees issued by bankers outstanding at the end of the year Rs. 51.69 Million (Previous year Rs. 74.63 Million).

ii) Guarantees issued to bankers outstanding at the end of accounting year Rs. 15.96 Million (Previous year Rs. 14.74 Million) relating to Associate Company.

iii) Corporate Guarantees outstanding at the end of accounting year Rs. 465.82 Million (Previous year Rs. 452.09 Million) relating to associate company.

iv) Corporate Guarantee of Rs. 510.50 Million [USD 8.50 Million] (Previous year Rs. 343.35 Million [USD 6.33 Million]), net of settlement of USD 2.50 Million (Previous year USD 4.67 Million) was issued by the Group to Skill Soft Corporation, USA & Skill Soft Ireland Limited to secure them against any Indemnification Obligations of NIIT Ventures Inc. (a step down subsidiary of the Company) and NIIT (USA) Inc., with respect to sale of Element K Corporation (erstwhile subsidiary of the Group).

v) Corporate Guarantee given to National Skill Development Corporation to secure the loan of Rs. 142.64 Million (Previous year Rs. 79.64 Million) availed by NIIT Yuva Jyoti Limited, subsidiary of the Holding Company.

vi) Standby Letter of Credit issued by BNP India to Bank of the West by earmarking working capital facility of Holding Company Rs. 450.45 Million [USD 7.50 Million] (Previous year Nil). Corresponding loan availed as at year end is Nil (Previous year Nil).

### c) Other money for which the Group is contingently liable

i) Security given for working capital limits on behalf of Evolv Services Limited Rs. 10 Million (Previous year Rs. 10 Million) [Amount outstanding at year end Nil (Previous year Rs. 2.47 Million)], NIIT Institute of Finance Banking and Insurance Training Limited Rs. 10 Million (Previous year Rs. 10 Million) [Amount Outstanding at year end Nil (Previous year Nil)] and Hole-in-the-Wall Education Limited of Rs. 21 Million (Previous year Rs. 21 Million) [Amount Outstanding at year end Rs. 15.44 Million (Previous year Rs. 17.66 Million)].

## 21 CAPITAL COMMITMENTS

a) Estimated amount of contracts remaining to be executed on capital account (net of advances) not provided (including Associate Company) for Rs. 245.48 Million (Previous year Rs. 168.29 Million).

## 22 OTHER COMMITMENTS

- For commitments related to lease arrangements, refer note 37.
- There are certain contracts with state governments under which the Holding Company is required to transfer ownership of the fixed assets and equipments under leasing arrangements at the end of the contract term. The Holding Company does not anticipate any cash outflow or expense on such transfer.
- The Holding Company has given a commitment to support NIIT Institute of Information Technology to meet the shortfall, if any, in repayment of loan taken by it from a bank.
- The Holding Company's initial investment of Rs. 79.49 Million in NIIT Yuva Jyoti Limited ("NYJL") can not be sold, pledged or otherwise encumbered wholly or in part for a period of four years upto December 7, 2015. The Company is also required to continue to hold a minimum of 51% of the total paid-up equity share capital of NYJL during the term of the agreement with National Skill Development Corporation (NSDC).

## 23 PROPOSED DIVIDEND

The Final Dividend proposed for the year is as follows:-

On equity Shares of Rs. 2/- each

Amount of Dividend Proposed (Rs. Million)

Dividend per Equity Share

As at	
March 31, 2014	March 31, 2013
264.23	264.16
Rs. 1.60/- Per Share	Rs. 1.60/- Per Share

(Rs. Million)

## 24 REVENUE FROM OPERATIONS

	Year ended	
	March 31, 2014	March 31, 2013
<b>Sale of Products :</b>		
Courseware Revenue	2,109.64	2,479.42
Hardware & Accessories Revenue	89.89	468.56
<b>Sale of Services</b>	<u>7,310.43</u>	<u>6,660.00</u>
	<u>9,509.96</u>	<u>9,607.98</u>

(Rs. Million)

## 25 OTHER INCOME

	Year ended	
	March 31, 2014	March 31, 2013
Interest Income (Refer Note 25.1 below)	76.81	58.63
Profit on sale of Current Investments (Net)	0.37	0.18
Dividend Income from Current Investments	4.46	0.55
Provision / Other Liabilities written back	1.62	20.87
Other non-operating income	18.30	14.05
	<u>101.56</u>	<u>94.28</u>

25.1 Other income includes interest income for the previous year amounting to Rs. 25.85 Million (Previous year Rs. 21.56 Million).

(Rs. Million)

## 26 EMPLOYEE BENEFITS EXPENSES\*

	Year ended	
	March 31, 2014	March 31, 2013
Salaries and Benefits	2,417.12	2,431.70
Contribution to Provident and Other Funds	124.91	123.81
Employees Stock Option Expenses	1.29	2.90
Welfare and Other expenses	74.43	76.05
	<u>2,617.75</u>	<u>2,634.46</u>

\* Net of expenses amounting to Rs. 9.00 Million (Previous year Rs. 7.31 Million) (Refer Note 41).

## 27 EMPLOYEE BENEFITS

### A) Defined Contribution Plans

The Group makes contribution towards Provident Fund (other than NIIT Limited and certain other domestic subsidiaries), 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 Consolidated Statement of Profit and Loss:-

Particulars	(Rs. Million)	
	Year ended	
	March 31, 2014	March 31, 2013
Employers' Contribution to Provident Fund	18.40	7.89
Employers' Contribution to Superannuation Fund	11.05	12.18
Employers' Contribution to Employees Pension Scheme	49.97	46.71
Employers' Contribution to Employee National Pension System	0.51	-
Contribution to 401 (K) and Other plans	13.84	12.37
<b>Total</b>	<b>93.77</b>	<b>79.15</b>

Contribution towards Superannuation Fund to the defined contribution plans includes following cost for Key Managerial Personnel:

	(Rs. Million)	
	Year ended	
	March 31, 2014	March 31, 2013
Employers' Contribution to Superannuation Fund	0.33	1.08

### B) Defined Benefit Plans

#### I. Provident Fund

The Group makes contribution to the "NIIT LIMITED EMPLOYEES' PROVIDENT FUND TRUST" ("the Trust") [for NIIT Limited and certain other domestic subsidiaries], which is a defined benefit plan. The Group contributed Rs. 29.24 Million (Previous year Rs. 31.90 Million) including Rs. 0.31 Million (Previous year Rs. 1.00 Million) in respect of Key Managerial personnel during the year to the Trust.

The Group 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 Group'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 guidance on implementing AS 15 Employee Benefits (revised 2005), issued by Accounting Standards Board (ASB) of The Institute of Chartered Accountants of India, states that benefits involving employer established provident fund trust, which require interest shortfall to be compensated by the employer is required to be considered as Defined Benefits Plans. The actuary has provided a valuation and based on the below mentioned assumptions, determined that there is no short fall as at March 31, 2014.

The details of fund and plan assets of the Trust as at March 31, 2014 (limited to the extent provided by the actuary):

	(Rs. Million)	
	As at	
Particulars	March 31, 2014	March 31, 2013
Present Value Defined Benefit Obligation as at the beginning of the year	3.96	3.56
Current service cost	0.74	0.76
Interest Cost	0.33	0.31
Actuarial (gain)/ loss on Obligations	0.31	(0.67)
Present Value Defined Benefit Obligation as at the end of the year	5.34	3.96

	(Rs. Million)	
	As at	
Particulars	March 31, 2014	March 31, 2013
Fair value of Plan Assets as at the beginning of the year	48.76	30.86
Actuarial (loss)/ gain on Plan Assets	0.14	17.90
Fair value of Plan Assets as at the end of the year	48.90	48.76

	(Rs. Million)	
	As at	
Particulars	March 31, 2014	March 31, 2013
Present value of Defined Benefit Obligation	5.34	3.96
Fair Value of Plan Assets	48.90	48.76
Funded Status [Surplus/ (Deficit)] with the trust	43.56	44.80
Net Asset/(Liability) recognised in the Balance Sheet	-	-

	Year ended	
Particulars	March 31, 2014	March 31, 2013
Discount Rate (Per Annum)	9.25%	8.25%
Expected return on Plan Assets	8.60%	8.60%
Expected guaranteed interest	8.75% and 8.60 for subsequent years	8.60%

II. Compensated Absences	(Rs. Million)	
	Year ended	
Particulars	March 31, 2014	March 31, 2013
i) Change in Present value of Obligation:-		
Present value of obligation as at the beginning of the year	112.71	115.01
Interest Cost	7.76	8.28
Current service cost	30.37	32.30
Benefits Paid	(0.57)	(2.15)
Actuarial (gain)/ loss on Obligations	(43.25)	(40.73)
Present value of obligation as at the end of the year	107.02	112.71



ii) Principal actuarial assumptions used in accounting for Compensated Absences:-

Particulars	Year ended	
	March 31, 2014	March 31, 2013
<b>For entities in China :</b>		
Discount Rate (per annum)	4.80%	3.70%
Future Salary Increase		
-For First 5 Years	10.00%	10.00%
-Thereafter	7.00%	7.00%
<b>For Netherlands Antilles :</b>		
Discount Rate (per annum)	3.30%	3.00%
Future Salary Increase		
-For First 5 Years	10.00%	10.00%
-Thereafter	7.00%	7.00%
<b>For South Africa :</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%
<b>For Evolv Services Limited :</b>		
Discount Rate (per annum)	9.25%	8.25%
Future Salary Increase		
-For First 5 Years	10.00%	5.50%
-Thereafter	7.00%	5.50%
<b>For Other Entities :</b>		
Discount Rate (per annum)	9.25%	8.25%
Future Salary Increase		
-For First 5 Years	10.00%	10.00%
-Thereafter	7.00%	7.00%

Estimates of future salary increase (cost to the Company) considered in actuarial valuation, takes into account inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

## III. Gratuity Fund

### I. Funded

(Rs. Million)

Particulars	Year ended	
	March 31, 2014	March 31, 2013
<b>i) Change in Present value of Obligation:-</b>		
Present value of obligation as at beginning of the year	102.84	100.40
Interest cost	7.86	7.83
Current service cost	12.15	12.85
Benefits paid	(15.13)	(18.68)
Actuarial (gain)/ loss on obligations	(9.75)	0.44
<b>Present value of obligation as at the year end</b>	<b>97.97</b>	<b>102.84</b>

### ii) Change in Plan Assets:-

Fair value of Plan Assets as at the beginning of the year	93.54	95.17
Expected return on Plan Assets	8.41	8.47
Contributions	7.03	8.30
Benefits Paid	(15.08)	(18.33)
Actuarial (loss) / gain on Plan Assets	0.02	(0.07)
<b>Fair value of Plan Assets as at the end of the year</b>	<b>93.82</b>	<b>93.54</b>

Actuary's estimates of contributions for the next financial year is Rs. 15.00 Million (Previous year Rs. 22.68 Million).

iii) Amount of Asset / (Obligation) recognised in the Balance Sheet:-	Fair value of Plan Assets as at the end of the year	Present value of obligation as at the end of the year	Assets/ (obligation) recognised in Balance Sheet*
As at March 31, 2014	93.82	97.97	(4.15)
As at March 31, 2013	93.54	102.84	(9.30)
As at March 31, 2012	95.17	99.26	(4.09)
As at March 31, 2011	90.22	91.67	(1.45)
As at March 31, 2010	77.11	78.60	(1.49)

\* Net of assets recognised in Balance Sheet Rs. 0.33 Million (Previous year Rs. 1.04 Million)

(Rs. Million)

Particulars	Year ended	
	March 31, 2014	March 31, 2013
<b>iv) Net Gratuity Cost recognised in Consolidated Statement of Profit and Loss:-</b>		
Current service cost	12.15	12.85
Interest cost	7.86	7.83
Expected return on Plan Assets	(8.41)	(8.47)
Net Actuarial (gain)/ loss recognised during the year	(9.77)	0.51
<b>Expense recognised in Consolidated Statement of Profit and Loss</b>	<b>1.83</b>	<b>12.72</b>
Actual return on plan assets	8.30	8.40

v) Assumptions used in accounting for gratuity plan:-	Year ended	
	March 31, 2014	March 31, 2013
Discount Rate (Per Annum)	9.25%	8.25%
Future Salary Increase	5.00%	5.00%
Expected Rate of return on plan assets	9.40%	9.40%

Estimates of future salary increase considered in actuarial valuation, takes into account inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market.

## 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

Particulars	Year ended		(Rs. Million)
	March 31, 2014	March 31, 2013	
i) Change in Present value of Obligation:-			
Present value of obligation as at beginning of the year	-	0.38	
Interest cost	-	-	
Current service cost	0.06	0.10	
Benefits paid	-	(0.42)	
Actuarial (gain)/ loss on obligations	0.01	(0.06)	
Present value of obligation as at the year end	0.07	-	

ii) Net Gratuity cost recognised in Contribution to Retirement Benefit Funds in Consolidated Statement of Profit and Loss:		
Current service cost	0.06	0.10
Interest cost	-	-
Net Actuarial (gain)/ loss recognised during the year	0.01	(0.06)
Expense recognised in Consolidated Statement of Profit and Loss	0.07	0.04

iii) Assumptions used in accounting for gratuity plan:-	Year ended	
	March 31, 2014	March 31, 2013
Discount Rate (Per Annum)	9.25%	8.25%
Future Salary Increase	5.00%	5.00%

## For Netherlands Antilles :

Discount Rate (per annum)	3.30%	3.00%
Future Salary Increase	5.00%	5.00%

Gratuity expenses recognised for funded and non-funded schemes in Consolidated Statement of Profit and Loss amounts to Rs.1.90 Million (Previous year Rs.12.76 Million). Gratuity liability recognised for funded and non-funded schemes as at year end amounts to Rs. 4.24 Million (Previous year Rs.10.35 Million).

## 28 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 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, 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.

The summary of options granted is as follows:

Particulars	Grant IV				Grant V				Grant VI			
	2013-14		2012-13		Vest 1		Vest 2		Vest 3		Vest 1	
	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13
Date of Grant	28-Jul-08	28-Jul-08	26-Oct-09	26-Oct-09	26-Oct-09	26-Oct-09	26-Oct-09	26-Oct-09	26-Oct-09	26-Oct-09	23-Jan-10	23-Jan-10
Date of Vesting	28-Jul-09	28-Jul-09	26-Oct-10	26-Oct-10	26-Oct-11	26-Oct-11	26-Oct-12	26-Oct-12	26-Oct-12	26-Oct-12	23-Jan-12	23-Jan-13
Live options at the beginning of the year (Nos.)	-	927,300	1,138,825	1,359,690	1,138,825	1,359,690	1,109,436	1,316,502	71,330	105,080	71,330	102,300
Granted during the year (Nos.)	-	-	-	-	-	-	-	-	-	-	-	-
Forfeited/ lapsed till vesting period (Nos.)	-	-	-	-	-	-	-	159,307	-	-	-	-
Options Vested (Nos)	-	-	-	-	-	-	-	1,157,195	-	-	-	-
Forfeited/ lapsed post vesting (Nos)	-	927,300	1,138,825	220,865	120,720	220,865	132,608	47,759	71,330	33,750	4,920	30,970
Options exercised (Nos)	-	-	-	-	-	-	-	-	-	-	-	-
Outstanding/ exercisable at the end of the year (Nos)	-	-	-	1,138,825	1,018,105	1,138,825	976,828	1,109,436	-	71,330	66,410	71,330
Exercise Price (Rs.)	88.70	88.70	72.20	72.20	72.20	72.20	72.20	72.20	69.20	69.20	69.20	69.20
Remaining Contractual Life (Days)	-	-	-	208	208	573	574	939	-	297	297	662
Fair value of the options based on Black and Scholes Model (Rs.)	32.09	32.09	32.00	32.00	34.77	34.77	36.64	36.64	30.47	30.47	32.91	32.91
Intrinsic Value of the options granted (Rs.)	-	-	-	-	-	-	-	-	-	-	-	-

Particulars	Grant VII				Grant VIII			
	Vest 1		Vest 2		Vest 3		Vest 1	
	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13
Date of Grant	22-Oct-10	22-Oct-10	22-Oct-10	22-Oct-10	22-Oct-10	22-Oct-10	08-May-12	08-May-12
Date of Vesting	22-Oct-11	22-Oct-11	22-Oct-12	22-Oct-12	22-Oct-13	22-Oct-13	08-May-14	08-May-14
Live options at the beginning of the year (Nos.)	20,510	29,020	20,510	29,020	20,510	29,020	50,000	50,000
Granted during the year (Nos.)	-	-	-	-	-	-	50,000	50,000
Forfeited/ lapsed till vesting period (Nos.)	-	-	-	-	-	-	-	-
Options Vested (Nos)	-	-	-	8,510	-	8,510	-	25,000
Forfeited/ lapsed post vesting (Nos)	-	-	-	20,510	-	50,000	-	-
Options exercised (Nos)	8,510	8,510	-	-	8,510	-	-	-
Outstanding/ exercisable at the end of the year (Nos)	12,000	20,510	12,000	20,510	12,000	20,510	50,000	50,000
Exercise Price (Rs.)	67.65	67.65	67.65	67.65	67.65	67.65	2.00	2.00
Remaining Contractual Life (Days)	204	569	570	935	935	1,300	1,134	1,499
Fair value of the options based on Black and Scholes Model (Rs.)	28.35	28.35	32.00	32.00	34.35	34.35	40.64	39.71
Intrinsic Value of the options granted (Rs.)	-	-	-	-	-	-	43.05	43.05

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 IV			Grant V			Grant VI			Grant VII			Grant VIII		
	Vest 1	Vest 2	Vest 3	Vest 1	Vest 2	Vest 3	Vest 1	Vest 2	Vest 3	Vest 1	Vest 2	Vest 3	Vest 1	Vest 2	Vest 3
Market price considered	88.7	72.2	72.2	72.2	72.2	72.2	69.2	69.2	69.2	67.65	67.65	67.65	45.05	45.05	45.05
Exercise price	88.7	72.2	72.2	72.2	72.2	72.2	69.2	69.2	69.2	67.65	67.65	67.65	2	2	2
Dividend yield	2.04%	1.76%	1.76%	1.76%	1.76%	1.76%	1.76%	1.76%	1.76%	1.76%	1.76%	1.76%	2.55%	2.55%	2.55%
Volatility	51.81%	71.63%	66.14%	61.68%	61.68%	61.68%	71.56%	65.68%	61.44%	65.49%	63.40%	60.71%	35.20%	52.84%	52.84%
Average life of the options (in years)	2.5	2.5	3.5	4.5	3.5	4.5	2.5	3.5	4.5	2.5	3.5	4.5	2.5	3.5	3.5
Risk free rate	9.24%	6.55%	6.92%	7.19%	6.92%	7.19%	6.19%	6.51%	6.80%	7.36%	7.56%	7.73%	8.15%	8.22%	8.22%

Other information regarding employee share based payment is as below:

(Rs. Million)

Particulars	Grant IV			Grant V			Grant VI			Grant VII			Grant VIII		
	Vest 1	Vest 2	Vest 3	Vest 1	Vest 2	Vest 3	Vest 1	Vest 2	Vest 3	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*	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13	2012-13
	-	-	-	-	-	-	-	-	-	7.72	-	-	-	-	0.66

(Rs. Million)

Particulars	Grant VII			Grant VIII		
	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*	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13
	-	-	-	0.18	0.08	0.23

For impact on Basic and Diluted EPS, had fair value of the options been used for determining ESOP expense, refer Note 33.

29 FINANCE COSTS	(Rs. Million)	
	Year ended	
	March 31, 2014	March 31, 2013
Interest Expense	163.36	155.99
	<u>163.36</u>	<u>155.99</u>

30 OTHER EXPENSES *	(Rs. Million)	
	Year ended	
	March 31, 2014	March 31, 2013
Equipment Hiring	430.78	294.05
Royalties	10.28	21.47
Freight and Cartage	30.56	50.35
Rent (net of recoveries)	446.34	472.89
Rates and Taxes	18.43	10.04
Power & Fuel	104.83	111.70
Communication	123.48	124.22
Legal and Professional (Refer Note 31 below)	168.47	154.20
Traveling and Conveyance	434.02	438.29
Provision for Doubtful Debts	103.58	84.70
Bad Debts Written off	3.47	0.41
Provision for Doubtful Advances	0.87	3.09
Provision for Unbilled Revenue	24.94	21.81
Advances Written off	0.09	-
Insurance	11.97	15.10
Repairs and Maintenance		
- Plant and Machinery	29.04	25.10
- Buildings	3.50	2.76
- Others	72.99	74.54
Consumables	57.72	98.28
Loss on Sale of Fixed Assets (net)	1.10	3.82
Loss on foreign currency translation and transactions (net)	86.85	77.46
Security and Administration Services	43.18	51.09
Bank Charges	22.72	21.79
Marketing & Advertising Expenses	634.15	638.45
Sales Commission	6.37	7.07
Discounts & Rebates	76.13	75.66
Sundry Expenses	43.62	44.29
	<u>2,989.48</u>	<u>2,922.63</u>

\* Net of expenses amounting to Rs. 17.32 Million (Previous year Rs. 12.20 Million) (Refer Note 41).

31 PAYMENT TO AUDITORS	(Rs. Million)	
	Year ended	
	March 31, 2014	March 31, 2013
a) Payment to the Parent Company auditor:		
- Audit	8.07	8.14
- Tax Audit	0.65	0.61
- Limited Review	1.50	0.90
For other services	0.56	0.71
For reimbursement of expenses (including service tax)	2.32	2.19
	<u>13.10</u>	<u>12.55</u>

b) Payment to other auditors amounting to Rs.8.31 Million (Previous year Rs. 7.02 Million).

32 EXCEPTIONAL ITEMS	(Rs. Million)	
	Year ended	
	March 31, 2014	March 31, 2013
Gain on Currency Translation Reserve Transferred to Consolidated Statement of Profit and Loss on buy back of shares by subsidiary	119.86	-
(Expenditure)/ Reversal of provision in connection to sale of erstwhile subsidiary	134.45	(85.25)
Provision for settlement of litigation	(30.91)	-
Legal and Professional Expenses	(51.69)	(90.98)
(Provision)/ Recovery for doubtful debts	-	38.91
Provision for Inventory	(24.20)	-
Provision for business support on account of change in delivery technology	(80.84)	-
Performance Linked Incentive	-	(36.99)
	<u>66.67</u>	<u>(174.31)</u>

- (i) During the year, NIIT USA, Inc. bought back a part of its equity. Such buy back tantamounts to partial disposal of investment. Accordingly, the proportionate amount of currency translation reserve has been transferred to Consolidated Statement of Profit and Loss.
- (ii) During the year, the Group has reversed the additional provision of Rs. 134.45 Million for an Indemnity upon settlement of the claim with buyers of the erstwhile subsidiary, Element K Corporation, USA. in respect of which provisions were made in the earlier years.
- (iii) The Group was defending a civil lawsuit in which the plaintiff alleged NIIT (USA) Inc. was liable under a successor liability theory in respect of purchase of business in earlier years. The same has been settled for Rs. 30.91 Million subsequent to year end and has been accrued for in these Consolidated Financial Statements.
- (iv) During the year, the Group has additionally incurred a sum of Rs. 51.69 Million (Previous year Rs. 90.98 Million) on account of legal and professional expenses in connection with sale of erstwhile subsidiary and litigation.
- (v) The Holding Company realised an amount of Rs. 38.91 Million during the previous year against the provision made in the earlier years in respect of dues from government and other customers. Therefore, the amount of provision was written back during the previous year and reported as an exceptional item.
- (vi) During the year, the Holding Company has significantly transitioned from physical mode of courseware delivery to Cloud and Collaborative Delivery Model. On account of change in delivery technology, the Holding Company has written down inventory aggregating to Rs. 24.20 Million for the inventory lying with the Holding Company and business partners and made provision for business support amounting to Rs. 80.84 Million, to its business partners. The same has been shown as exceptional items (net) in the Consolidated Statement of Profit and Loss. Issuance of credit note against these provision is in process which shall be completed subsequent to the year end.



(vii) During the previous year, the Group had paid an amount of Rs. 36.99 Million towards variable compensation as additional incentive on account of profits earned from divestment of step down erstwhile subsidiary Element K Corporation, USA.

### 33 EARNINGS PER SHARE

Particulars	Year ended	Year ended
	March 31, 2014	March 31, 2013
Profit attributable to Equity Shareholders (Rs. Million) (A)	177.70	262.58
Weighted average number of Equity Shares outstanding during the year (Nos.) – (B)	165,126,830	165,095,597
Add : Effect of Potential Dilutive Shares (being Stock options) (Nos.)	22,958	83,680
Weighted average shares outstanding considered for determining Diluted Earnings per Share (Nos.) - (C)	165,149,788	165,179,277
Nominal Value of Equity Shares (Rs.)	2/-	2/-
Basic Earnings per Share (Rs.) (A/B)	1.08	1.59
Diluted Earnings per Share (Rs.) (A/C)	1.08	1.59
<b>EARNINGS PER SHARE [had fair value method been employed for accounting for Employee Stock Options (Refer note 28)]</b>		
Profit attributable to Equity Shareholders (Rs. Million) - (D)	177.62	253.79
Basic Earnings per Share (Rs.) (D/B)	1.08	1.54
Diluted Earnings per Share (Rs.) (D/C)	1.08	1.54

### 34 RELATED PARTY TRANSACTIONS 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 Ltd UK
- 9 NIIT Smart Serve Limited, India
- 10 NIIT Technologies BV
- 11 NIIT Healthcare Technologies Inc.
- 12 NIIT MediaTechnologies LLC, UK

#### 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)

#### Parties in which the Key Managerial Personnel of the Group are interested

- 1 NIIT Institute of Information Technology
- 2 NIIT Foundation (formerly known as NIIT Education Society)
- 3 Pace Industries Private Limited
- 4 NIIT Network Services Limited

## b) Details of significant transactions and balances with related parties :

(Rs. Million)

Nature of Transactions	Associates	Key Managerial Personnel	Relatives of Key Managerial Personnel	Parties in which Key Managerial Personnel of the Company are interested	Total
Dividend Income (Footnote i)	123.20 (115.95)	- (-)	- (-)	- (-)	123.20 (115.95)
Loan Given (Footnote ii)	- (-)	- (-)	- (-)	1.00 (28.00)	1.00 (28.00)
Loan Given Received Back (Footnote iii)	- (-)	- (-)	- (-)	1.00 (28.00)	1.00 (28.00)
Other Income (Footnote iv)	- (-)	- (-)	- (-)	- (0.21)	- (0.21)
Purchase of Goods (Footnote v)	- (-)	- (-)	- (-)	0.76 (-)	0.76 (-)
<b>Purchase of Services (Footnote vi)</b>					
Employee Benefit Expense	- (4.71)	- (-)	- (-)	- (0.27)	- (4.98)
Other Expenses	- (2.42)	- (-)	- (-)	5.82 (0.03)	5.82 (2.45)
Other Services (Included in Other Expenses)	19.77 (0.07)	- (-)	- (-)	0.60 (-)	20.37 (0.07)
Professional Technical & Outsourcing Services	4.05 (6.20)	- (-)	- (-)	11.54 (0.47)	15.59 (6.67)
<b>Recovery of Expenses By (Footnote vii)</b>					
Employee Benefit Expense	- (-)	- (-)	- (-)	0.42 (0.25)	0.42 (0.25)
Other Expenses	4.88 (28.30)	- (-)	1.66 (1.66)	1.29 (9.93)	7.83 (39.89)
Other Services (Included in Other Expenses)	0.21 (-)	- (-)	- (-)	- (-)	0.21 (-)
Purchases of Traded Good	- (-)	- (-)	- (-)	- (2.19)	- (2.19)
Professional Technical & Outsourcing Services	- (-)	- (-)	- (-)	5.12 (-)	5.12 (-)
<b>Recovery of Expenses From (Footnote viii)</b>					
Employee Benefit Expense	7.58 (5.00)	- (-)	- (-)	15.33 (0.04)	22.91 (5.04)
Other Expenses	5.54 (10.43)	- (-)	- (-)	4.45 (15.22)	9.99 (25.65)
Other Services (Included in Other Expenses)	19.06 (15.09)	- (-)	- (-)	- (-)	19.06 (15.09)
Remuneration (Footnote ix)	- (-)	8.06 (22.14)	- (-)	- (-)	8.06 (22.14)
Sale of Courseware (Footnote x)	- (-)	- (-)	- (-)	1.80 (-)	1.80 (-)
Sale of Services (Footnote xi)	15.04 (6.30)	- (-)	- (-)	3.72 (3.00)	18.76 (9.30)
Sale of Goods (Footnote xii)	- (-)	- (-)	- (-)	1.53 (0.16)	1.53 (0.16)
Interest Income (Footnote xiii)	- (-)	- (-)	- (-)	0.08 (0.68)	0.08 (0.68)

Refer Notes 20 &amp; 22 for Guarantees collaterals and commitments

## Footnotes:-

Previous year figures are given in parenthesis.

### i) Includes Dividend Income from:

NIIT Technologies Limited Rs. 123.20 Million (Previous year Rs. 115.95 Million)

### ii) Loans Given relates to:

NIIT Institute of Information Technology Nil (Previous year Rs. 25.00 Million)

NIIT Foundation (formerly known as NIIT Education Society) Rs. 1.00 Million (Previous year Rs. 3.00 Million)

### iii) Loans Given Received Back relates to:

NIIT Institute of Information Technology Nil (Previous year Rs. 25.00 Million)

NIIT Foundation (formerly known as NIIT Education Society) Rs. 1.00 Million (Previous year Rs. 3.00 Million)

### iv) Other Income includes:

NIIT Institute of Information Technology Nil (Previous year Rs.0.21 Million)

### v) Includes Purchase of Goods from:

NIIT Foundation (formerly known as NIIT Education Society) Rs. 0.76 Million (Previous year Nil)

### vi) Includes Purchase of Services from:

#### Employee Benefit Expense

NIIT Institute of Information Technology Nil (Previous year Rs.0.27 Million)

NIIT Technologies BV Nil (Previous year Rs. 4.71 Million)

#### Other Expenses

NIIT Smart Serve Limited Nil (Previous year Rs. 2.42 Million)

NIIT Foundation (formerly known as NIIT Education Society) Rs. 4.25 Million (Previous year Rs. 0.03 Million)

#### Other Services (Included in Other Expenses)

NIIT Institute of Information Technology Rs. 0.20 Million (Previous year Nil)

NIIT Technologies Limited Rs. 19.77 Million (Previous year Rs.0.07 Million)

NIIT Foundation (formerly known as NIIT Education Society) Rs. 0.40 Million (Previous year Nil)

#### Professional Technical & Outsourcing Services

NIIT Institute of Information Technology Rs. 11.53 Million (Previous year Nil)

NIIT Smart Serve Limited Nil (Previous year Rs. 0.37 Million)

NIIT Foundation (formerly known as NIIT Education Society) Rs. 0.01 Million (Previous year Rs. 0.10 Million)

NIIT Technologies Pte Ltd Rs. 1.78 Million (Previous year Rs. 6.20 Million)

NIIT Technologies Inc., USA Rs. 2.27 Million (Previous year Nil)

### vii) Includes Recovery of Expenses by:

#### Employee Benefit Expense

NIIT Institute of Information Technology Rs. 0.42 Million (Previous year Rs. 0.25 Million)

#### Other Expenses

NIIT Network Services Limited Nil (Previous year Rs.0.95 Million)

NIIT Technologies Limited Nil (Previous year Rs. 23.80 Million)

NIIT Technologies Limited, UK Rs. 4.88 Million (Previous year Rs. 4.50 Million)

NIIT Institute of Information Technology Nil (Previous year Rs. 8.31 Million)

NIIT Foundation (formerly known as NIIT Education Society) Rs. 5.12 Million (Previous year Nil)

Renuka Thadani Rs. 0.99 Million (Previous year Rs. 0.99 Million)

Veena Oberoi Rs. 0.66 Million (Previous year Rs. 0.66 Million)

Pace Industries Private Limited Rs. 0.66 Million (Previous year Rs. 0.66 Million)

**Other Services (Included in Other Expenses)**

NIIT Technologies Inc., USA Rs. 0.21 Million (Previous year Nil)

**Purchase of Traded Goods**

NIIT Institute of Information Technology Nil (Previous year Rs. 2.19 Million)

**Professional Technical & Outsourcing Services**

NIIT Foundation (formerly known as NIIT Education Society) Rs. 5.12 Million (Previous year Nil)

**viii) Includes Recovery of Expenses From:**

**Employee Benefit Expense**

NIIT Technologies Inc., USA Rs. 0.91 Million (Previous year Rs. 0.51 Million)

NIIT Technologies Limited Rs. 6.67 Million (Previous year Rs. 4.48 Million)

NIIT Institute of Information Technology Rs. 15.33 Million (Previous year 0.01 Million)

**Other Expenses**

NIIT Foundation (formerly known as NIIT Education Society) Rs. 1.06 Million (Previous year Rs. 1.67 Million)

NIIT GIS Limited Rs. 0.40 Million (Previous year Rs. 0.83 Million)

NIIT Institute of Information Technology Rs. 3.39 Million (Previous year Rs. 13.42 Million)

NIIT Technologies Limited Rs. 5.13 Million (Previous year Rs. 9.60 Million)

**Other Services (Included in Other Expenses)**

NIIT Media Technologies LLC, UK Rs. 1.89 Million (Previous year Rs. 1.25 Million)

NIIT Technologies Limited Rs. 5.23 Million (Previous year Rs. 6.96 Million)

NIIT Technologies Inc., USA Rs. 11.94 Million (Previous year Rs. 6.88 Million)

**ix) Remuneration Paid to :**

Rajendra S Pawar Rs. 2.64 Million (Previous year Rs. 6.14 Million)

Vijay K Thadani Rs. 2.69 Million (Previous year Rs. 9.70 Million)

P Rajendran Rs. 2.73 Million (Previous year Rs. 6.31 Million)

**x) Includes Sale of Courseware :**

NIIT Foundation (formerly known as NIIT Education Society) Rs. 1.80 Million (Previous year Nil)

**xi) Sale of Services**

NIIT Foundation (formerly known as NIIT Education Society) Rs. 1.25 Million (Previous year Rs. 0.13 Million)

NIIT Institute of Information Technology Rs. 2.47 Million (Previous year Rs. 2.89 Million)

NIIT Technologies FZ LLC Rs. 1.09 Million (Previous year Nil)

NIIT Technologies Limited Rs. 9.82 Million (Previous year Rs. 2.31 Million)

NIIT Technologies Pte Limited, Singapore Rs. 3.85 Million (Previous year Rs. 3.99 Million)

**xii) Includes Sale of Goods :**

NIIT Foundation (formerly known as NIIT Education Society) Rs. 1.53 Million (Previous year Rs. 0.16 Million)

**xiii) Includes Interest Income :**

NIIT Institute of Information Technology Nil (Previous year Rs. 0.53 Million)

NIIT Foundation (formerly known as NIIT Education Society) Rs. 0.08 Million (Previous year Rs. 0.15 Million)

## (c) Outstanding balances

(Rs. Million)

Nature of Transactions	Associates	Key Managerial Personnel	Relatives of Key Managerial Personnel	Parties in which Key Managerial Personnel of the Company are interested	Total
Receivable	1.27 (4.54)	- (-)	- (-)	2.10 (11.78)	3.37 (16.32)
Payable	5.76 (15.69)	- (3.82)	- (-)	0.15 (2.68)	5.91 (22.19)

The Holding Company has given a commitment to support NIIT Institute of Information Technology to meet the shortfall, if any, in repayment of loan taken by it from a bank [Refer Note 22 (c)].

- 35 The Group is internally developing new software tools, platforms and content/courseware. The investments would further 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:

(Rs. Million)

Description	Year ended	
	March 31, 2014	March 31, 2013
Salary and Other employee benefits	124.76	120.32
Professional & Outsourcing Expenses	69.26	65.49
Rent	18.34	14.85
Other Expenses	20.23	10.22
<b>Total</b>	<b>232.59</b>	<b>210.88</b>

## 36 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 – Geographical

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

(Rs. Million)

Particulars	Revenue from customers by location of customers	Carrying amount of segment assets by location of the assets	Additions to fixed assets
India	4,875.49 (5,855.84)	8,747.90 (9,584.95)	323.75 (696.89)
America	2,482.45 (2,425.38)	1,580.06 (1,806.50)	65.71 (80.71)
Europe	1,553.96 (772.76)	335.94 (232.92)	1.92 (0.06)
Rest of the World	598.06 (554.00)	544.02 (458.77)	43.02 (28.96)
<b>Total</b>	<b>9,509.96 (9,607.98)</b>	<b>11,207.92 (12,083.14)</b>	<b>434.40 (806.62)</b>

Previous year figures are given in parenthesis.

## 37 LEASES

### a) Operating Leases:

Total of future Minimum Lease Payments under non-cancelable leases outstanding at the Balance Sheet date:

Particulars	As at	
	March 31, 2014	March 31, 2013
Not later than 1 year	115.17	107.84
Later than 1 year but not later than 5 years	125.09	163.16
Later than 5 years	31.10	-

Aggregate payments during the year under operating leases in respect of equipments, vehicles and premises for office and employees accommodation amounting to Rs. 655.70 Million (Previous year Rs. 632.59 Million).

Sub lease receipts recognised in the Consolidated Statement of Profit and Loss for the year amounting to Rs. 0.22 Million (Previous year Rs. 1.25 Million). The sublease has been netted off against the respective lease rental expenses in the Consolidated Statement of Profit and Loss.

### b) Finance Leases:

- Asset acquired under finance lease comprising of plant & machinery, office equipments and furniture & fixtures. 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 plant and machinery and furniture and fixtures that have been capitalised are as follows:

Particulars	As at	
	March 31, 2014	March 31, 2013
<b>Not later than 1 year</b>		
Minimum lease payments	52.79	42.43
Finance charges	3.88	6.23
Present value of lease payments	48.91	36.20
<b>Later than 1 year but not later than 5 years</b>		
Minimum lease payments	20.48	41.31
Finance charges	2.12	3.46
Present value of lease payments	18.36	37.85
<b>Total</b>		
Minimum lease payments	73.27	83.74
Finance charges	6.00	9.69
Present value of lease payments	67.27	74.05

- The net worth of Hole-in-the-wall Education Limited ("HIWEL") was fully eroded as at beginning of the year. HIWEL had entered into various contracts for project implementations but the majority of the contracts shall be executed in future. Based on projected financial performance and cash flows, the net worth position of the HIWEL is expected to improve in the future years. In view of the above and taking into consideration the letter of support from the Holding Company (NIIT Ltd.), the financial statements of HIWEL have been prepared on going concern basis.

- 39 The net worth of NIIT Yuva Joyti Limited ("NYJL") is eroded as at the year end. NYJL is entering into contracts with the entities in the private sector as well as with state governments in order to expand its reach and at the same time enhancing its course offerings. National Skills Development Council (NSDC) has also committed financial support in the form of loans and funds for market development initiatives to enable the Company in meeting the targeted skilled manpower training as per the Investment Agreement. Based on such support and committed operational and financial support from the Holding Company, NIIT Limited, the financial statements of NYJL have been prepared on a going concern basis.
- 40 (a) 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. 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.
- (b) NIIT Ventures Inc., was incorporated for the purposes of holding investment in its erstwhile subsidiary, Element K Corp. Subsequent to the sale of its investment in Element K in the preceding financial year, neither have there been any significant operations, other than meeting its commitments and obligations in connection to the sale, nor are there any plans to commence any business. Considering these factors, there is doubt on the ability of the Company to continue as a going concern. Accordingly, the assets and liabilities of NIIT Ventures Inc., have been stated at net realisable values in the consolidated financial statements.
- 41 NIIT Yuva Jyoti Limited ("NYJL") has entered into a Market Development Assistance (MDA) Agreement with NSDC, whereby NSDC has agreed to provide assistance for the specified purpose of Market Development in the focus sectors. MDA shall be disbursed in installments over a period of 4 years and 4 months upto March 31, 2016. During the year, the Group has received an installment of Rs. 119.84 Million (Previous year Rs. 37.10 Million) from NSDC. NYJL has incurred Rs. 26.32 Million (Previous year Rs. 19.51 Million) during the year. The balance amount of Rs. 112.24 Million (Previous year Rs. 18.73 Million) is included in Other Payables under the head Other Current Liabilities.
- 42 The Company's wholly owned domestic subsidiary Scantech Evaluation Services Limited has declared interim dividend amounting to Rs. 103.06 Million for financial year 2013-14 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. 17.52 Million.
- 43 In consideration of National Skill Development Corporation ("NSDC") supporting the skill development activities and initiatives of NIIT Yuva Jyoti Limited ("NYJL"), inter-alia, by way of tangible and intangible support, NYJL has entered into a revenue sharing agreement with NSDC. In terms of this agreement, NYJL has agreed to share certain percentage of its operating revenue with NSDC over a period of 5 years beginning April 1, 2017. This revenue sharing is subject to timely disbursement and reimbursements and intangible support to be provided by the NSDC and may be revised downwards in case of change in the business plan.
- 44 **Derivative Instruments**
- a) During the year, the Holding Company has taken currency interest rate swap to hedge the currency and interest rate risk in respect of foreign currency term loan for the entire tenure of the loan. The interest rate has been fully hedged at a fixed rate of 11% p.a.



b) The following table summarises the movement of the principal swap during the current year:

(USD Mn)

Particulars	March 31, 2014	March 31, 2013
Opening balance as at beginning of the year	12	-
Additions during the current year	-	12
Matured during the year	-	-
Closing balance as at the end of the year	12	12

c) An amount of Rs. 2.99 Million (Previous year Rs. 30.66 Million) (net) has been charged to Hedging Reserve in the Balance Sheet (Refer Note 4).

45 Previous year figures, to the extent feasible, have been regrouped/ recast wherever necessary to conform to the current year's classification.

Signatures to Notes ' 1 ' to ' 45 ' above of these Financial Statements.

For and on behalf of the Board

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

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

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

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

**Ashok Arora**  
*Group Chief Financial Officer*

**Rohit Kumar Gupta**  
*Chief Financial Officer*

**Rajesh Arora**  
*Company Secretary*

Place : New Delhi  
Date : May 21, 2014

(Pursuant to General Circular No. 2/2011 dated February 8, 2011 issued by Ministry of Corporate Affairs)

Name of the Subsidiary Company	Currency *	Share Capital	Reserve (Refer Note 2 below)	Total Assets	Total Liabilities	Details of Investment (Except in case of Investment in Subsidiary)	Turnover (Refer Note 5 below)	Profit / (Loss) Before Taxation	Provision for tax/ Deferred tax charges/ (credit)	Profit After Tax	Dividend Proposed / Paid
NIIT Online Learning Limited	INR	4.39	0.85	5.30	0.06	3.51 (Refer note 3 below)	-	(0.08)	-	(0.08)	-
Hole-in-the-Wall Education Limited	INR	66.00	(124.33)	16.91	75.24	-	7.16	(13.56)	-	(13.56)	-
Scantech Evaluation Services Limited	INR	99.10	90.90	310.75	120.75	97.50 (Refer note 4 below)	-	139.60	5.31	134.29	103.06
NIIT Institute of Finance Banking and Insurance Training Limited	INR	101.13	(34.94)	173.63	107.44	-	638.14	104.24	4.01	100.23	-
NIIT (USA) Inc., USA	USD	822.21	213.06	1,693.33	664.06	-	2,340.11	154.32	13.45	140.87	327.91
NIIT Ventures Inc., USA**	USD	-	0.47	0.62	0.15	-	-	(0.04)	-	(0.04)	-
PT NIIT Indonesia, Indonesia	IDR	7.56	(7.56)	-	-	-	-	(0.79)	0.12	(0.91)	-
NIIT Antilles NV, Netherlands Antilles	USD	1,644.13	(1,324.20)	900.98	581.05	-	143.90	(137.23)	0.04	(137.27)	-
NIIT Malaysia Sdn Bhd, Malaysia	MYR	71.10	(27.04)	45.36	1.30	-	-	3.40	-	3.40	-
NIIT GC Limited, Mauritius	USD	118.70	(86.68)	91.66	59.64	-	-	(2.97)	-	(2.97)	-
NIIT China (Shanghai) Limited, Shanghai	CNY	30.59	130.28	314.44	153.57	-	179.96	20.94	6.02	14.92	-
NIIT Wuxi Service Outsourcing Training School	CNY	4.50	97.69	147.93	45.74	-	223.95	0.61	7.17	(6.56)	-
NIIT Limited, U.K.	GBP	12.65	16.58	386.69	357.46	-	1,409.88	(13.16)	(2.60)	(10.56)	-
Evolv Services Limited	INR	14.75	40.75	68.75	13.25	-	50.04	6.59	0.03	6.56	-
NIIT Institute of Process Excellence Limited	INR	220.00	(113.52)	130.99	24.51	-	173.30	33.79	-	33.79	-
Chongqing NIIT Education Consulting Limited	CNY	5.39	(1.24)	20.32	16.17	-	58.27	(1.23)	0.70	(1.93)	-
Wuxi NIIT Information Technology Consulting Limited	CNY	5.73	1.15	6.94	0.06	-	2.67	2.62	0.75	1.87	-
Changzhou NIIT Information Technology Consulting Limited	CNY	3.43	1.17	6.53	1.93	-	31.58	11.08	1.35	9.73	-
Su Zhou NIIT Information Technology Consulting Limited	CNY	3.44	3.60	15.18	8.14	-	39.48	14.45	3.34	11.11	-
NIIT Yuva Jyoti Limited	INR	231.32	(223.10)	302.60	294.38	-	30.54	(103.32)	-	(103.32)	-
NIIT West Africa Limited	NGN	3.32	(11.18)	69.68	77.54	-	50.34	(7.68)	(0.39)	(7.29)	-
Oingdao NIIT Information Technology Company Limited	CNY	13.13	0.56	33.78	20.09	-	7.27	(15.43)	(3.01)	(12.42)	-
Chongqing An Dao Education Consulting Limited	CNY	4.38	2.50	10.61	3.73	-	25.35	0.74	(1.39)	2.13	-
Zhangjiagang NIIT Information Services Limited	CNY	4.31	0.33	6.97	2.33	-	10.03	(7.78)	(1.83)	(5.95)	-
Chengmai NIIT Information Technology Company Limited	CNY	4.39	0.01	9.01	4.61	-	14.79	0.37	0.82	(0.45)	-

\* Local currency of the respective entity in which financials are made.

\*\* Share Capital INR 4661

Notes: 1. Amount in foreign currency in the Financial Statements of the subsidiaries mentioned above have been converted in Indian Rupee equivalent as per the generally accepted accounting principles in India.

2. Reserves include Currency Transition Reserve.

3. Amount represents investment in Mutual Funds.

4. Amount represents investment in NIIT Technologies Limited.

5. Turnover does not include Other Income.

Indian rupee equivalents of the foreign currencies mentioned in the above table as on March 31, 2014 is as follows:

1 INR = 18.4415 INR 1 CNY = 9.6615 INR

1 GBP = 100.1356 INR 1 USD = 40.0993 INR

1 NGN = 0.3659 INR 1 IDR = 0.0053 INR

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## PROXY FORM

[Pursuant to Section 105(6) of the Companies Act, 2013 and Rule 19(3) of the Companies (Management and Administration) Rules, 2014]

**31<sup>st</sup> Annual General Meeting – July 7, 2014**

Name of the Member(s):

Registered Address:

Email:

DP ID:

Folio No. / Client ID No.:

I/We, being the member(s) of \_\_\_\_\_ shares of the above named Company, hereby appoint:

1) Name: \_\_\_\_\_ Address: \_\_\_\_\_

E-mail Id: \_\_\_\_\_

Signature: \_\_\_\_\_

or falling him/her

2) Name: \_\_\_\_\_ Address: \_\_\_\_\_

E-mail Id: \_\_\_\_\_

Signature: \_\_\_\_\_

or falling him/her

3) Name: \_\_\_\_\_ Address: \_\_\_\_\_

E-mail Id: \_\_\_\_\_

Signature: \_\_\_\_\_

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 31<sup>st</sup> Annual General Meeting of the Company, to be held on Monday, 7<sup>th</sup> July, 2014 at 10.00 A.M. IST, at Mapple Exotica, Khasra No. 123, Chattarpur Mandir Road, Satbari, New Delhi – 110 074 and at any adjournment thereof in respect of such resolutions as are indicated below:

Proxy Form Cont...

Resolution Number	Resolution	Vote (Optional see Note 3) (Please mention number of shares)		
		For	Against	Abstain
Ordinary Business				
1	Adoption of Balance Sheet, Statement of Profit and Loss, Report of the Board of Directors and Auditors for the financial year ended March 31, 2014			
2	To declare dividend on equity shares.			
3	To appoint a Director in place of Mr. Vijay K Thadani (DIN: 00042527), who retires by rotation and being eligible, offers himself for re-appointment.			
4	To appoint M/s Price Waterhouse, Chartered Accountants, (Firm Registration Number FRN301112E), as Statutory Auditors of the Company.			
Special Business				
5	Payment of Remuneration to Mr. P Rajendran, COO & Whole-Time Director for financial year 2013-14			
6	Payment of Commission to Non-Executive Directors of the Company			
7	Payment of Minimum Remuneration to Mr. Rajendra S Pawar, Chairman and Managing Director of the Company			
8	Re-Appointment of Mr. Vijay K Thadani as CEO & Whole-Time Director of the Company			
9	Re-Appointment of Mr. P Rajendran as COO & Whole-Time Director of the Company			
10	Appointment of Mr. Anand Sudarshan, as Independent Director of the Company			
11	Appointment of Ms. Geeta Mathur, as Independent Director of the Company			
12	Appointment of Mr. Sanjay Khosla, as an Independent Director of the Company			
13	Appointment of Mr. Surendra Singh, as an Independent Director of the Company			

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2014

Signature of Member \_\_\_\_\_

Signature of Proxy holder(s) \_\_\_\_\_

Affix Revenue Stamp not less than Rs.0.15

**Note:**

1. This form of proxy, in order to be effective, should be duly stamped, completed, signed and deposited at the registered office of the Company, not less than 48 hours before the commencement of the Annual General Meeting.
2. A proxy need not be a member of the Company.
3. It is optional to indicate your preference. If you leave the for, against or abstain column blank against any or all resolutions, your proxy will be entitled to vote in the manner as he/she may deem appropriate.
4. A person can act as proxy on behalf of members not exceeding fifty and holding in the aggregate not more than 10% of the total share capital of the company carrying voting rights. A member holding more than 10% of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or share-holder.
5. Appointing a proxy does not prevent a member from attending the meeting in person if he/she so wishes.
6. For the resolutions, explanatory statements and notes, please refer Notice of the 31<sup>st</sup> Annual General Meeting.

NIIT Limited

CIN: L74899DL1981PLC015865

Regd. Office : 8, Balaji Estate, First Floor, Guru Ravi Das Marg, Kalkaji, New Delhi - 110 019

**NIIT**

**ATTENDANCE SLIP**  
**31<sup>st</sup> Annual General Meeting – July 7, 2014**

DP ID:

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

Folio No. / Client ID No.:

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No. of Shares held:

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

I certify that I am a member/proxy for the member of the Company.

I hereby record my presence at the 31<sup>st</sup> Annual General Meeting of the Company held on Monday, July 7, 2014 at 10.00 a.m. IST. at Mapple Exotica, Khasra No. 123, Chattarpur Mandir Road, Satbari, New Delhi – 110 074

Name of the Member : \_\_\_\_\_

Name of the Proxy : \_\_\_\_\_

Signature : \_\_\_\_\_

Note: Please complete this Attendance Slip and hand it over at the Attendance Verification Counter at the entrance of the meeting hall. Members are requested to bring their copy of the Annual Report for reference at the meeting.





## **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

#### **Cognitive Arts**

500, Davis Drive, Suite 650  
Evanston, Illinois 60201, USA  
Phone: +1 847 425 8500  
Fax: +1 847 425 8510

## **EUROPE**

### **United Kingdom**

#### **NIIT Limited**

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London EC3R 7QQ  
United Kingdom  
Phone: +44 207 002 0700  
Fax: +44 207 002 0701

#### **NIIT Limited UK**

(Niederlassung Deutschland)  
Leonardo-da-Vinci-Allee 3  
60486 Frankfurt am Main  
Germany  
Phone: +0049 0 69 174871  
Fax: +0049 0 69 174872

## **ASIA**

### **China**

#### **NIIT China (Shanghai) Ltd.**

7A, Long Feng Mansion  
1566, Yan An West Road  
Shanghai 200052, PRC  
Phone: +86 21 5258154  
Fax: +86 21 52581541

### **India**

- **NIIT Limited**
- **NIIT Institute of Finance Banking and Insurance Training Limited**
- **NIIT Institute of Process Excellence Limited**
- **NIIT Yuva Jyoti Limited**

#### **Registered Office:**

#### **NIIT Limited**

8, Balaji Estate, First Floor  
Guru Ravi Das Marg, Kalkaji  
New Delhi 110 019  
India  
Phone: +91 11 41675000  
Fax: +91 11 41407120

#### **Corporate Office**

#### **NIIT Limited**

85, Sector 32 Institutional  
Gurgaon 122 001  
India  
Phone: +91 124 4293000  
Fax: +91 124 4293333

## **Malaysia**

### **NIIT Malaysia Sdn Bhd**

6th Floor, Plaza See Hoy Chan  
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50200 Kuala Lumpur  
Malaysia  
DID: +603 2050 1955  
Tel: +603 2050 1888  
Fax: +603 2031 8618

### **NIIT (USA) Inc Singapore Branch**

1, North Bridge Road  
#19 04-05, High Street Center  
Singapore 179094  
Phone: +65 63372472  
Fax: +65 63382844

## **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 Branch**

Unit 4, Loft Left E, Fancourt  
Office Park  
Cnr. Northumberland &  
Felstaed Avenue, Northriding  
2162 South Africa  
Phone: +27 110283888  
/110284888  
Mobile: +27 726663082

### **Nigeria**

#### **NIIT West Africa Ltd.**

Flat 5, House #3  
Gbemishola Street  
Ikeja, Lagos  
Nigeria  
Phone: +234 803 1112713

## **AUSTRALIA**

### **Sydney**

#### **NIIT (USA) Inc.**

Level 7, 10 Barrack Street  
Sydney, NSW 2000  
Phone: +02 9392 8686  
Fax: +02 9299 8195



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CENTRE FOR ADVANCED LEARNING

**NIIT  
nguru**  
Solutions for Schools

**NIIT  
UNIQUA**  
CENTRE FOR PROCESS EXCELLENCE  
AN NIIT GEIMPACT VENTURE

**YuvaJyoti**  
skills for jobs

## FORM A

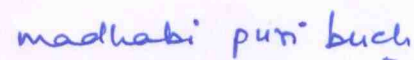
Format of covering letter of the annual audit report to be filed with the Stock Exchange

1.	Name of the Company	NIIT Limited
2.	Annual financial statements for the year ended	31 <sup>st</sup> March 2014
3.	Type of Audit observation	Un-qualified
4.	Frequency of observation	N.A.
5.	To be signed by- <ul style="list-style-type: none"><li>• CEO/Managing Director</li><li>• CFO</li><li>• Auditor of the company</li><li>• Audit Committee Chairman</li></ul>	

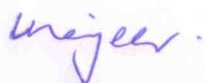


For Price Waterhouse  
Firm Registration No.: 301112E  
Chartered Accountants

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



**Madhabi Puri Buch**  
Chairman of Audit  
Committee Meeting



**Usha Rajeev**  
Partner  
Membership No. 087191



**Rohit Kumar Gupta**  
Chief Financial Officer

Date: May 21, 2014  
Place: New Delhi