Consolidated Annual PAT up 32% YoY

Consolidated Annual Net Revenue crosses Rs 1000 Cr, up 27%

Proposed Dividend 65%

# NIIT Limited

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## Audited Financial Results for the Year Ended 31st March 2008

(Rs. Lacs)

| Particulars | STAND-ALONE FINANCIALS | | | | CONSOLIDATED FINANCIALS | |
|---|---|---|---|---|---|---|
| | Quarter Ended 31st March 2008 (Unaudited) | Corresponding Quarter Ended 31st March 2007 (Unaudited) | Year Ended 31st March 2008 (Audited) | Previous Year Ended 31st March 2007 (Audited) | Year Ended 31st March 2008 (Audited) | Previous Year Ended 31st March 2007 (Audited) |
| (1) | (2) | (3) | (4) | (5) | (6) | (7) |
| **1. Income from Operations** | **14,396** | **10,755** | **46,738** | **39,027** | **100,683** | **79,513** |
| 2. Other Income | | | | | | |
| - Interest | 104 | 112 | 422 | 434 | 318 | 370 |
| - Others | 2,105 | 345 | 3,013 | 985 | 735 | 607 |
| **3. Total Income (1+2)** | **16,605** | **11,212** | **50,173** | **40,446** | **101,736** | **80,490** |
| **4. Expenditure** | | | | | | |
| a) (Increase)/Decrease in stock | 1 | 72 | 85 | (315) | 60 | (441) |
| b) Consumption of Raw Material | - | - | - | - | 1,320 | 1,002 |
| c) Purchase of traded goods | 3,140 | 1,127 | 7,223 | 4,387 | 8,700 | 5,539 |
| d) Personnel Cost | 3,037 | 2,971 | 12,508 | 10,743 | 30,536 | 25,545 |
| e) Development, Production & Execution | 1,988 | 1,618 | 6,798 | 6,523 | 26,076 | 20,636 |
| f) Depreciation | 855 | 865 | 3,582 | 3,140 | 5,294 | 4,726 |
| g) Other Expenditure | 3,906 | 3,151 | 14,663 | 11,932 | 23,832 | 19,413 |
| **h) Total** | **12,927** | **9,804** | **44,859** | **36,410** | **95,818** | **76,420** |
| 5. Interest Expenses | 251 | 252 | 1,001 | 843 | 1,903 | 1,610 |
| **6. Profit (+) / Loss (-) before tax** | **3,427** | **1,156** | **4,313** | **3,193** | **4,015** | **2,460** |
| **7. Tax Expense** | **612** | **86** | **1,036** | **31** | **(204)** | **170** |
| - Current Tax | 423 | 117 | 1,181 | 320 | 1,449 | 484 |
| - Deferred Tax Charge/ (Credit) | 64 | 48 | (153) | (345) | (1,655) | (378) |
| - Fringe Benefit Tax | 76 | 58 | 246 | 193 | 257 | 201 |
| - MAT Credit entitlement | 49 | (137) | (238) | (137) | (255) | (137) |
| 8. Provision/ (Write back) of tax relating to earlier years | - | - | - | (132) | - | (132) |
| **9. Profit / (Loss) after Tax before share of Associates' Profit** | **2,815** | **1,070** | **3,277** | **3,294** | **4,219** | **2,422** |
| 10. Profit / (Loss) of Associates | | | | | 3,338 | 3,240 |
| **11. Profit / (Loss) after Tax after share of Associates' Profit** | | | | | **7,557** | **5,662** |
| 12. Net Profit / (Loss) attributable to minority | | | | | (8) | (68) |
| **13. Income attributable to Consolidated Group** | | | | | **7,565** | **5,730** |
| 14. Paid up Equity Share Capital | 3,294 | 1,976 | 3,294 | 1,976 | 3,294 | 1,976 |
| Face Value (Refer note 12 below) | Rs. 2/- each | Rs. 10/- each | Rs. 2/- each | Rs. 10/- each | Rs. 2/- each | Rs. 10/- each |
| **15. Reserves** | | | **33,034** | **28,902** | **37,288** | **29,188** |
| **16. Earnings Per Share (Rs.) - (not annualised)** (Refer note 12 below) | | | | | | |
| - Basic | **1.71** | **0.73** | **2.02** | **2.26** | **4.67** | **3.94** |
| - Diluted | **1.70** | **0.70** | **2.02** | **2.18** | **4.65** | **3.74** |
| **17. Aggregate of Public Shareholding (Refer note 12 below)** | | | | | | |
| - Number of Shares | 115,074,521 | 13,070,569 | 115,074,521 | 13,070,569 | | |
| - Percentage of Shareholding | 69.87% | 66.16% | 69.87% | 66.16% | | |

**Notes to Standalone and Consolidated Financials :-**

1) Pursuant to the implementation of Accounting Standard 11 “The Effects of changes in Foreign Exchange Rates”, as prescribed by Companies (Accounting Standard) Rules 2006, in relation to foreign currency liabilities attributable to acquisition of fixed assets, the Company has recognised an exchange gain of Rs. 109.95 Lacs for the current year with corresponding impact on the profit before taxes.

2) (a) During the year, the Company reviewed its risk management policy and hedging strategies for highly probable forecast transactions and firm commitments w.e.f. January 21, 2008 and designated certain foreign currency derivative instruments which meet the hedging criteria, as cash flow hedges.
(b) The company was earlier amortizing premium/discount on all forward exchange contracts over their life and was simultaneously recognizing the exchange differences on such contracts in the profit and loss account. However, with effect from January 21, 2008, the company fair valued its derivative instruments which resulted in recognition of loss (net of deferred tax) in hedging reserve under shareholders’ equity to the extent of Rs. 57.43 Lacs and liability of Rs. 79.17 Lacs.

3) During the year, 2.5%, 1,000 Foreign Currency Convertible Bonds of USD 10,000 each amounting to Rs. 4,379 Lacs issued in earlier years have been converted into 2,188,000 equity shares of Rs. 10 each fully paid as per the terms of the agreement at a premium of Rs. 190 per share.

4) During the year, the company has issued bonus shares in the ratio of 1:2 i.e. one additional equity share for every two equity shares and also sub-divided 1 equity share of Rs. 10 each into 5 equity shares of Rs. 2 each fully paid up as on the record date i.e. August 31, 2007, as approved in Annual General Meeting held on July 25, 2007. The Company has utilised Capital Redemption Reserve of Rs. 545.98 Lacs and Share Premium amounting to Rs. 551.41 Lacs for issuance of Bonus Shares.

5) Other income includes dividend amounting to Rs. 1,882.90 lacs declared by wholly owned domestic subsidiary Scantech Evaluation Services Limited in respect of which dividend distribution tax would be paid by the subsidiary. In terms of provisions of sub-section 1A of section 115 O of the Income Tax Act 1961, dividend distribution tax payable by the Company, is net of the dividend distribution tax payable by the subsidiary company amounting to Rs. 320 lacs.

6) Under the Employee Stock Option Plan 2005 (ESOP 2005), approved by the shareholders, the Compensation/ Remuneration Committee in its meeting held on June 05, 2007, had approved Grant III for 862,500 options (115,000 options pre bonus and sub-division) at the previous day's closing market price of Rs. 121.62 per equity share (Rs. 912.15 per equity share pre bonus and sub-division). The options will vest after 1 year from date of grant. Out of the total options granted 112,500 options (15,000 options pre bonus and sub-division) have lapsed during the year.

7) Pursuant to Employee Stock Option Plan 2005 “ESOP 2005”, out of the option vested in the previous year, 128,818 options (17,176 options pre bonus and sub-division) have been exercised, 3,375 options (450 options pre bonus and sub-division) have lapsed during the year and 701,305 options (93,507 options pre bonus and sub-division) remain unexercised as on March 31, 2008 .

8) During the year, Company has signed the Share Purchase - Cum - Share Subscription Agreement to acquire 47.87% of share capital in Evolv Services Limited ("Evolv") (Formerly known as Evolv Management Services Private Limited) for a cash consideration of Rs. 280 lacs. Also Evolv has become a subsidiary of the Company due to control of its composition of Board of Directors.

9) During the year, NIIT China (Shanghai) Limited (a step down subsidiary of the Company) has entered into a Joint Venture with Wuxi An Ai Ai Di Education and Training Co. Ltd. The JV is formed by incorporating a new company “NIIT Wu Xi Service Outsourcing Training school”, in China NIIT China (Shanghai) Limited has contributed 60% of the registered Capital amounting to Rs. 2,702,016/- (RMB 480,000). Since NIIT China (Shanghai) Limited has substantial control over the newly formed JV therefore it has become subsidiary company of NIIT Limited.

10) Subsequent to the year end, the Company has invested a sum of Rs. 5 Lacs in the newly established subsidiary company, NIIT Institute of Process Excellence Limited. This Company was incorporated on April 2, 2008 vide board resolution dated March 17, 2008.

11) During the year, the Company has further disposed off part of its holding in Mindshaper Technologies Pvt Ltd of 13,800 fully paid up Equity Shares of Rs. 10/- each for a consideration of Rs. 35 lacs. Mindshaper Technologies Pvt Ltd now ceases to be an associate of the Company.

12) Basic and Diluted Earnings Per Share (EPS) has been restated for all the corresponding periods to give effect of issue of bonus shares and sub-division of shares in accordance with Accounting Standard 20 "Earnings Per Share". Therefore Earnings Per Share of corresponding previous quarter/ period is not comparable with the face value of shares. Paid-up equity share capital and aggregate number of public shareholding for the current quarter and current year represents shares at face value of Rs. 2 each (post sub-division of shares) as against face value of Rs. 10 each for the previous periods.

13) The tax expense for the year is lower by Rs. 48 lacs (net) on account of finalisation of the Income Tax Return for the financial year ended March 31, 2007.

14) During the year, the parent company has initiated internal development of software tools, platforms and content/courseware. Accordingly cost of Rs. 1,047.50 lacs (Rs. 4,236.39 lacs consolidated) has been debited to capital work in progress, crediting respective expenses.

15) During the year, the loan given to the subsidiary company NIIT Multimedia Limited amounting to Rs. 550 lacs has been converted into equity shares of Rs. 10 each in NIIT Multimedia Limited, vide board resolution dated March 17, 2008

16) Loan amounting to Rs. 2,738 Lacs given to NIIT Education Society, a society registered under Societies Registration Act, XXI of 1860 with registrar of Societies, has been assigned to NIIT Institute of Information Technology from NIIT Education Society on same terms and conditions vide board resolution dated March 17, 2008

17) The Board of Directors have recommended a dividend of Rs. 1.30 per equity share (Face value of Rs. 2 each) [Previous year Rs. 6.50 per equity share (Face value of Rs. 10 each)].

18) 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.

19) At the beginning of the quarter, there was no investor complaint pending for resolution, 10 complaints were received during the current quarter, all 10 complaints were disposed off and no complaint was pending for resolution as on March 31, 2008.

20) The figures of the previous quarter/ year, to the extent feasible, have been regrouped/ reclassified to conform to the current quarter classification.

21) The above results of the Company prepared on a standalone basis have been approved and taken on record by the Board of Directors of the Company at its meeting held on June 11, 2008.

**By order of the Board**

**Place: New Delhi**
**Dated: June 11, 2008**

**Vijay K. Thadani**
**CEO & Whole time Director**