NIIT
Be more ambitious

Annual Report 2006-07

NIIT Limited

AMERICAS

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NIIT

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Email: niit.webmaster@niit.com

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OUR VISION

VALUES, MOTIVES AND BELIEFS

WE, NIIT, BELIEVE THAT OUR GROWTH IS THE DERIVATIVE OF THE GROWTH OF EACH ONE OF US. IT IS THE DUTY OF EACH ONE OF US TO ESPOUSE AND GIVE ACTIVE EFFECT TO THE VALUES, MOTIVES AND BELIEFS WE STATE HERE

•

NIIT IS PEOPLE

WE HAVE POSITIVE REGARD FOR EACH ONE OF US

•

WE WILL FOSTER CAREER-BUILDING BY CREATING OPPORTUNITIES THAT DEMAND LEARNING, THINKING AND INNOVATION FROM EACH ONE OF US.

•

WE EXPECT EACH OF US TO CONTRIBUTE TO THE PROCESS OF ORGANISATION BUILDING AND THUS DERIVE PRIDE, LOYALTY AND EMOTIONAL OWNERSHIP.

•

WE RECOGNISE THE NECESSITY OF MAKING MISTAKES AND RISK-TAKING WHEN IT CONTRIBUTES TO THE LEARNING, INNOVATION AND GROWTH OF EACH ONE OF US.

•

NIIT IS QUALITY AND VALUE

EACH OF US WILL ENSURE THAT IN ANY ASSOCIATION WITH SOCIETY, SOCIETY BENEFITS SUBSTANTIALLY MORE THAN:

(A) WHAT SOCIETY GIVES TO US.

(B) WHAT SOCIETY WOULD GAIN FROM ANY OTHER SIMILAR ASSOCIATION

•

WE WILL MEET ANY AND EVERY COMMITMENT MADE TO SOCIETY IRRESPECTIVE OF ANY COST THAT MAY HAVE TO BE INCURRED.

•

WE WILL ENSURE OUR PROFITABILITY, LONG-TERM GROWTH AND FINANCIAL STABILITY, THROUGH THE PROCESS OF DELIVERING THE BEST, BEING SEEN AS THE BEST AND BEING THE BEST.

•

WE WILL BE FAIR IN ALL OUR DEALINGS AND PROMOTE HIGH STANDARDS OF BUSINESS ETHICS.

•

NIIT IS A MISSION

WE WILL GROW IN THE RECOGNITION AND RESPECT WE COMMAND, THROUGH PIONEERING AND LEADING IN THE EFFECTIVE DEPLOYMENT OF TECHNOLOGY AND KNOW-HOW.

•

WE WILL SEEK TO PLAY A KEY-ROLE IN THE DIRECTIONS AND DEPLOYMENT OF TECHNOLOGY AND KNOW-HOW FOR THE BENEFIT OF MANKIND.

NIIT

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CORPORATE INFORMATION

Board of Directors
Rajendra S. Pawar
Chairman and Managing Director

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

P. Rajendran
Chief Operating Officer &
Whole-time Director

Subroto Bhattacharya
Director

Surendra Singh
Director

Shardul S. Shroff
Director

Sanjay Khosla
Director

Company Secretary
Parveen Jain

Group Chief Financial Officer
Ashok Arora

Chief Financial Officer
Jitender Mahajan

Auditors
Price Waterhouse

Financial Institutions/Bankers
ICICI Bank Limited
Indian Overseas Bank
Standard Chartered Bank Limited
Citibank NA
Wachovia Bank of Georgia

Registered Office
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Registrar and Share Transfer Agent
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Unit - NIIT Limited
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NIIT Websites
Corporate Website : www.niit.com

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

NIIT Limited

NIIT

FINANCIAL HISTORY

REVENUES & PROFITABILITY (Rs. Mn)

For the Fiscal period ended	30-Sep-02 12 months #		31-Mar-04 18 months ##		31-Mar-05 12 months	31-Mar-06 12 months	31-Mar-07 12 months
Global Revenues (NIIT & its subsidiaries)	6,541		7,076		3,984	4,507	7,951
REVENUES OF NIIT LTD.	3,603		4,606		2,871	3,449	4,008
Operating Expenses	3,088		3,773		2,497	2,874	3,325
Interest & Finance Expenses	8		20		11	43	50
Depreciation	460		417		195	238	314
Profit Before Tax	47		397		168	294	319
Profit After Tax	91		457		160	270	329
Equity Dividends	174	***	96		106	116	143
Earnings Per Share (Rs.) * - Basic	2.35		17.76		8.26	13.97	16.97
Operating Margin (%)	14.3		18.1		13.0	16.7	17.0
Profit Before Tax / Revenues (%)	1.3		8.6		5.9	8.5	8.0
Return on Capital Employed	1.3		17.0		5.3	7.7	8.5

ASSETS & LIABILITIES (Rs. Mn)

As At	30-Sep-02	31-Mar-04		31-Mar-05	31-Mar-06	31-Mar-07
Sources of Funds						
Equity Capital	386	193		193	193	198
Reserves & Surplus	6,351	2,499		2,538	2,695	2,896
Loan Funds	495	214		500	1,195	1,340
Deferred Tax Liability	87	-		-	-	-
Total	**7,320**	**2,906**		**3,231**	**4,083**	**4,434**
Applications of Funds						
Gross Block (includes Capital Work in Progress)	3,605	1,745		1,878	2,215	2,630
Net Block (includes Capital Work in Progress)	1,749	726		754	954	1,158
Investments	3,507	1,537		1,487	1,456	1,702
Deferred Tax Assets	-	-		-	20	77
Current Assets	3,129	1,620		1,811	2,758	2,846
Current Liabilities	1,066	977		821	1,105	1,349
Net Current Assets	2,063	643		990	1,653	1,497
Total	**7,320**	**2,906**		**3,231**	**4,083**	**4,434**
Debt-Equity Ratio	0.07	0.07		0.18	0.41	0.43
Current Ratio	2.94	1.66		2.21	2.50	2.11
Fixed Asset Turnover	1.00	2.64		1.53	1.56	1.52
Receivable Days	145	106		137	165	144
Dividend per share (Rs.)	4.00	5.00		5.50	6.00	6.50
Book value per share (Rs.)	174	139		141	149	157
Share Price on Closing date (BSE) (Rs.)	131	180		182	296	665
Market Capitalisation (Rs. Mn)	5,050	6,957	**	3,509	5,728	13,138

Notes: # The company had simplified its operating arrangement in the Learning Business in 2002

The Company had spun off its Software Solutions business during the period to a separate Company, NIIT Technologies Limited

* Based on Equity outstanding as on Balance Sheet date

** Based on the listed equity shares as on March 31, 2004

*** Dividend Paid

NIIT at a Glance

Global Learning Solutions for Individuals, Enterprises, Schools and Colleges

- **For Individuals**

  Instructor-led Training, Computer-based Training and e-Learning programmes:
  - GNIIT for IT careers
  - 'NIIT 'Edgeineers', a range of specialized programmes to provide cutting-edge career for engineering graduates and IT professionals
  - NIIT NetworkLABS, specialised programmes on Networking and Infrastructure Management
  - Degrees in alliance with Universities
  - SWIFT for Internet and IT literacy
  - Board exam preparation solutions
  - Bioinformatics and Educational Technology programmes
  - Executive Management Programmes for working professionals, from NIIT Imperia, Centre for Advanced Learning
  - Training programmes for financial services sector from NIIT Institute of Finance, Banking & Insurance
  - Facilitate scholarship programmes through Bhavishya Jyoti Scholarship initiative
- **For Corporations**

  Enterprise Learning Solutions:
  - Instructor-led and e-Learning Training in IT and Soft Skills
  - Advisory Services
  - Custom Content Development
  - Application and Process Rollout Training
  - Learner Management Systems
  - Learner Support Services
  - A suite of catalogue products from Element K
  - Assessment and Testing services from NIIT Litmus
- **For Colleges and Universities**
  - Curriculum Design
  - Custom Courseware Development
  - Learning Delivery, Hosting Services
  - Learner and Faculty Support Services
  - Student Administration
  - In-campus IT Programmes
- **For Government and Private Schools**
  - Integrated solutions for computer and computer-aided education for K-12 learners
- **Hole-in-the-Wall Initiative**
  - Minimally Invasive Education kiosks to provide free and unsupervised access to computers for children belonging to economically and socially marginalized populations

- **Alliances with global IT majors:**
  - EMC, Intel, Microsoft, Oracle, Sun Microsystems, SumTotal, Thomson Prometric
- **Assessed at SEI-CMM Level 5**
- **Awards and Acknowledgements**
  - NIIT was ranked amongst India's "Most Respected Companies" in the IT sector in a survey done by Business World magazine in 2007
  - Leading IT industry magazine Dataquest awarded the "Top Training Company Award" to NIIT in 2006
  - NIIT was ranked amongst "India's Top 50 Most Trusted Services Brands" in a survey conducted by The Economic Times Brand Equity in 2007 for the third consecutive year
  - Customers ranked NIIT as "India's Most Customer Responsive Educational Institution" in 2006, for the 2nd consecutive year by the Avaya GlobalConnect and Economic Times
  - NIIT was awarded the "Indian Franchisor of the Year Award by Franchising Association of India"
  - NIIT is ranked among the Top 20 Companies in the Training Outsourcing Industry: TrainingOutsourcing.com
  - NIIT is the only Asian IT Education company among the 'Top 20 Worldwide IT Training Market Leaders': International Data Corporation
  - Features among the Superbrands of India (2003-05) by the Superbrands Council, US
  - Ranked among '25 Great Places to Work': Business World Survey 2003
  - 'Award for Excellence in Innovative HR practices' 2005: Delhi Management Association and Watson Wyatt World
  - China Information World, the Beijing-based IT weekly presented NIIT with awards for 'Best Contribution towards Vocational Education in China (2004)' and 'Best Curricular Structure in China' in 2004
  - China Computer Weekly, the Chongquing-based publication with a base of over one million readers, recognised NIIT as the 'Most Influential Education Certificate Brand in China for 2004' and the company with the 'Best IT training curriculum' for the same period
  - eAngelz 'Asian Visionaries & Leaders', Singapore award for NIIT Chairman Rajendra S. Pawar
  - NIIT Chairman Rajendra S. Pawar was awarded the ''Distinguished Educationist Award' by Rotary Education Foundation
  - Government of Chongqing, the largest city in the world, appointed NIIT CEO Vijay Thadani as Economic Advisor to help it become hub of knowledge-based economy
- **Global operations in**
  - Americas – Brazil, Cuba, Mexico, Peru, USA
  - Europe – Kazakhstan, UK
  - Asia - Bangladesh, Cambodia, China, India, Indonesia, Malaysia, Nepal, North Korea, Sri Lanka, Turkey, Vietnam
  - Middle East - Iran, Oman, Qatar, Yemen
  - Africa –Botswana, Ghana, Libya, Nigeria, Senegal, Sudan, South Africa, Zimbabwe
  - Australia/Oceania - Fiji

Dear NIIT Shareowner,

Your Directors take pleasure in presenting the twenty-fourth Annual Report along with the audited statement of accounts for the financial year ended March 31, 2007.

Financial Results

The highlights of your Company's financial results for the period April 1, 2006 to March 31, 2007 are as follows:

NIIT Limited (Consolidated Revenue)		(Rs. Mn.)
Particulars	2006-07	2005-06
Net Revenues	**7,951**	4,507
EBITDA (earning before interest, taxes, depreciation and amortization)	**774**	603
Share of profits from associates/attributable to minority	**331**	165
Profit after tax	**573**	401
Basic EPS (Rs.)	**29.54**	21.40
Diluted EPS (Rs.)	**28.06**	21.05

Your Company's consolidated net revenues for the year under review grew from Rs. 4,507 million to Rs. 7,951 million, a growth of 76% on year to year basis and the profit after tax grew from Rs. 401 million to Rs. 573 million, a growth of 43% on year to year basis.

NIIT Limited (standalone)		(Rs. Mn.)
Particulars	2006-07	2005-06
Net Sales (Income from operations)	**3,903**	3,378
Other Income	**105**	71
Profit before depreciation and taxes	**633**	531
Depreciation	**314**	237
Net tax provision	**(10)**	24
Net Profit	**329**	270
Basic EPS (Rs.)	**16.97**	13.97
Diluted EPS (Rs.)	**16.34**	13.88

Your Company's total income from operations for the year under review were Rs. 3,903 million (as against Rs. 3,378 million in the previous financial year), while the net profit was Rs. 329 million (as against Rs. 270 million in the previous financial year).

Business Operations

The year 2006-07 saw your Company gain momentum by accelerating growth and improving profitability by focusing on the following strategy set:

- partnerships,
- new businesses and
- inorganic growth

During the year, your Company initiated nine new technology partnerships, ramped up the NIIT inside model by tying up with formal universities and expanding its network of direct centers.

Your Company also diversified its offerings across skill areas to meet the global demand for such talent. It launched new businesses, including the NIIT Institute of Finance, Banking & Insurance to cater to the growing requirement of manpower in the banking, insurance and financial services industry; NIIT Imperia to address the skill upgradation requirements of middle management; and NIIT Litmus, an assessment and training service.

In August 2006, your Company (through its subsidiary NIIT USA Inc.) acquired Element K Corporation, USA, a Learning Solutions Provider. This was a strategic fit for the Corporate Learning Solutions business of NIIT, which acquired Element K's core assets of e-learning catalogues, robust learning platforms, print courseware titles, custom content, systems integration and managed services.

Your Company continued to figure in the Top 20 IT training companies listing, as well as in the ranking of Top 20 Companies in the Training Outsourcing Industry on a worldwide assessment.

Future Plans

Your Company is transforming itself to ride the wave of Global Talent Development and has been diversifying its offerings to meet the global need for skilled IT-ITES knowledge professionals. Going forward, your Company's growth will be driven by a well-defined strategy set as well as global trends including a worldwide IT workforce CAGR of 9 percent, an increase in training outsourcing and new careers in services-led economies.

Bonus Shares

The Directors have, subject to the approval of the members, approved a bonus issue of equity shares in the ratio of 1:2 i.e. one additional equity share for every two equity shares held by the members on the record date, to be fixed later. Necessary resolution for obtaining the approval of the members has been incorporated in the Notice for the forthcoming Annual General Meeting of the Company.

Split of Shares

The Directors, subject to the approval of the members, have also approved the sub-division of existing 1 (one) Equity Share of Rs. 10 (Rupees Ten) each, into 5 (five) Equity Shares of Rs. 2 (Rupees Two) each. Consequent to the proposal of the split of equity shares, your Directors have also recommended necessary amendment to the Capital Clause of the Memorandum of Association and Articles of Association of the Company, for your approval at the forthcoming Annual General Meeting.

Dividend

In view of the good performance, your Directors are pleased to recommend, for approval of the members at the forthcoming Annual General Meeting, a dividend of Rs. 6.50 per share, compared to Rs. 6.00 per share in the previous financial year.

Transfer to Reserves

In accordance with statutory provisions, your Company has transferred a sum of Rs. 33 million to the General Reserves.

Subsidiaries

At the end of the year under review, the Company has 18 subsidiary companies spread across the globe.

During the year under review, NIIT USA Inc., USA, a wholly-owned subsidiary of your Company acquired "Element K Corporation, USA" ("EKC"), along with its nine step down subsidiary companies. Later, six out of the nine subsidiaries got merged with EKC. EKC is one of the largest comprehensive learning solution providers in the world.

The Company has also begun providing training in the areas of Finance, Banking and Insurance, for professionals both at the entry level as well as in-service, through a new subsidiary, the NIIT Institute of Finance Banking and Insurance Training Limited (IFBI). Set up in partnership with the ICICI Bank Limited, this company became the subsidiary of NIIT on August 3, 2006. IFBI has already commenced operations at six locations in India and is expanding its presence to other cities.

The Company had pursuant to the provisions of Section 212(8) of the Companies Act, 1956 (the Act), filed an application with the Ministry of Company Affairs seeking exemption from attaching a copy of the Balance Sheet, Profit and Loss Account, Directors' Report and Auditors' Report of the subsidiary companies and other documents required to be attached under Section 212(1) of the Act, with the Balance Sheet of your Company. The necessary approval from the Ministry of Company Affairs was received vide their letter dated February 20, 2007. Accordingly, the said documents are not being attached with the Annual Report of your Company. A gist of the financial performance of the subsidiary companies as required by the Ministry of Company Affairs is contained elsewhere in the Annual Report. The Accounts of the subsidiary companies are open for inspection by any Member/Investor at the registered office of the Company. It will make available these documents/details upon request to anyone interested in obtaining the same.

Corporate Governance

In order to enhance customer satisfaction and stakeholder value, NIIT continues to benchmark its corporate governance practices with the best in the world in line with international norms.

NIIT has complied with all the requirements relating to Corporate Governance as stipulated in Clause 49 of the Listing Agreements. For the financial year ended March 31, 2007, the compliance report is provided in the Corporate Governance Report attached to the Annual Report. The Auditor's Certificate confirming the compliance to the conditions of Corporate Governance stipulated in Clause 49 of the Listing Agreements is annexed to the Corporate Governance Report.

NIIT's philosophy on Corporate Governance envisages the attainment of the highest levels of transparency, accountability and equity in all facets of its operations, in all interactions with its stakeholders including Shareholders, NIITians, Lenders and Regulatory Authorities.

Directors

In accordance with the provisions of the Companies Act, 1956 and Articles 64, 65 and 66 of the Articles of Association of your Company, Mr. Surendra Singh and Mr Shardul S. Shroff, Directors of the Company, retire by rotation at the forthcoming Annual General Meeting and being eligible, offer themselves for re-appointment.

Directors' responsibility statement

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

- 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, 2007 and of the profit or loss 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;
- That the Annual Accounts have been prepared on the historical cost convention, as a going concern basis and on accrual basis.

Information relating to Conservation of Energy, Technology Absorption, Research and Development and Exports, 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
The operations of your Company are low energy-intensive. However, appropriate measures, wherever possible, have been initiated to conserve energy. NIIT is continuously evaluating new technologies and invests in them to make its infrastructure more energy efficient.

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

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 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 the Company.

d) Exports, foreign exchange earnings and outgo
The details of foreign exchange earnings and outgo are mentioned in Notes Nos. 11, 12 and 13 contained in the Notes to Accounts (Schedule No. 19) forming part of the Balance Sheet and Profit and Loss Account for the financial year ended March 31, 2007.

Public Deposits
Your Company has not accepted any fixed deposits and, as such, no amount of principal or interest was outstanding on the date of the balance sheet.

Particulars of Employees
Particulars of employees as required under Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules,1975 are given in **Annexure-I** and form part of this report.

Conversion of FCCBs into the Equity Shares of the Company
The Company has received a conversion notice from the Foreign Currency Convertible Bondholder (Intel Capital (Cayman) Corporation). In accordance with the terms of Issue of the said Bonds, the Company has allotted 2,188,000 Equity Shares of Rs. 10 each to the Bondholder on May 31, 2007, which shall rank parri-passu with the existing equity shares of the Company.

Share Capital
During the year under review, the paid-up Share Capital of the Company increased from Rs. 193.25 million to Rs 197.55 million due to the issue of equity shares under the NIIT Employees Stock Option Plan (ESOP-2005).

Subsequently, after the end of the financial year, the Company has made the allotment of 2,188,000 equity shares of Rs. 10 each to Intel Capital (Cayman) Corporation and the Share Capital of the Company stands increased to Rs. 219.43 million.

Management Discussion and Analysis Report
The report as required under the Listing Agreements is annexed and forms part of the Directors' report.

Auditors
M/s. Price Waterhouse, Chartered Accountants, the Auditors of the Company, retire at the forthcoming Annual General Meeting and have confirmed their eligibility and willingness to accept office, if re-appointed.

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 favourable work environment that encourages novelty and meritocracy at all levels.

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

Your Company had during the financial year 2005-06 launched the NIIT Employee Stock Option Plan 2005 (ESOP-2005) with the objective of attracting and motivating employees by rewarding performance and retaining the best talent. The aim was to develop a sense of ownership among the employees within the organisation and to align your Company's stock option scheme with the best practices in the Industry. Pursuant thereto the Compensation/Remuneration Committee made two grants of options to eligible employees of your Company under ESOP 2005 during the financial year 2005-06. The particulars of the Options granted, vested, exercised and allotted under the ESOP-2005 as required to be disclosed under SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999, are appended as **Annexure-II** and form part of this report.

Subsequent to the end of the financial year, the Remuneration/Compensation Committee in their meeting held on June 05, 2007 has given Grant-III to eligible employees of your Company under ESOP-2005.

Acknowledgements

Your Directors take this opportunity to thanks 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.

For and on behalf of the Board

Rajendra S Pawar
Chairman & Managing Director

Place : New Delhi
Date : June 05, 2007

Annexure-I to the Directors' Report

Information as per Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 and forming part of the Directors' Report for the year ended March 31, 2007

A. Employed throughout the year and in receipt of remuneration not less than Rs. 24,00,000 for the year

Name	Age (Yrs.)	Qualification	Experience (Yrs.)	Designation	Gross Remuneration (Rs.)	Date of Joining	Previous Employment & Position held
Rajendra Singh Pawar	56	B. Tech.	35	Chairman & Managing Director	5,480,017	2-Dec-81	HCL Ltd, Corp. Planning Manager
Vijay Kumar Thadani	56	B. Tech.	35	Chief Executive Officer & Whole-time Director	7,852,709	2-Dec-81	Keltron Ltd, Branch Manager
P Rajendran	54	BE	33	Chief Operating Officer & Whole-time Director	11,934,293	1-Sep-82	Keltron Ltd, Resident Manager
Rajeev Katyal	47	BE, MBA	25	Senior Vice President - ELS	2,916,980	2-May-83	First Employment
L Balasubramanian	53	BE	33	President, K12	4,911,154	30-Nov-88	DCM Data Products, Regional Systems Engineering Manager
Tulika Sinha	41	BA	20	Senior Vice President-East, South & IC	2,978,469	2-May-89	East India Pharmaceuticals, Supervisor
Anuradha S Boxwala	42	B.Sc., Diploma in Comp-1 yr	18	Vice President-National Sales & IA, ILB	2,561,803	1-Jul-89	First Employment
Udai Singh	39	BE, ME	18	Executive Vice President-NIIT Imperia	4,432,438	23-Mar-05	NIIT Online Learning Limited, Whole-time Director & COO
Chockalingam Murugan	40	MCA	17	Vice President-Marketing & Product Management, ILB	3,180,070	1-Oct-03	NIIT Online Learing Limited, Business Head
Sunil Sirohi	40	B.Sc., M.Sc., DIP IN MGMT	16	General Manager	2,727,960	5-Aug-91	Europcar Limited, Station Manager
Ashish Basu	47	M.Sc., MBA	24	President, KSB	5,920,272	20-Jun-05	NIIT USA Inc., President KSB Global Solutions
Ajai Manohar Lal	52	B.Sc., M.Sc.	31	Vice President-Channel Management, ILB	2,723,961	17-Jan-00	DTE Gen Mech Forces, Director
Shampi Venkatesh	42	B.Com.	20	Vice President-North, ILB	3,244,720	1-Oct-03	NIIT Online Learing Limited, Head-Operations
Jitender Mahajan	43	B.Com., CA, CS	19	Chief Financial Officer	3,764,889	12-Mar-02	Electrolux Kelvinator Ltd, GM - Corporate Accounts
Ganesh Krishnamurthy	41	B.Com.	17	Vice President	2,582,394	1-Apr-02	Trigyn Technologies Inc., Project Manager
Sanjay Mal	45	B.Com.	15	Vice President-Finance	2,677,372	8-Jan-03	A Arora & Associates, Senior Associate
Amit Roy	56	B.Sc., FCA	31	Vice President-Internal Audit	2,787,202	3-May-04	Titagarh Industries Limited, Executive Director
Manish Mohan	40	BE	16	Vice President	2,524,670	27-Sep-04	Polaris Software Lab Limited, Vice President
Raghavan Govindan	50	B.Sc., MMS	27	President-Individual Learning Business	11,907,389	1-Jun-05	Ingram Micro India, Managing Director

B. Employed for part of the year and in receipt of remuneration not less than Rs. 2,00,000 per month

Name	Age (Yrs.)	Qualification	Experience (Yrs.)	Designation	Gross Remuneration (Rs.)	Date of Joining	Previous Employment & Position held
Sudha Raju	53	MSW	29	Sr. Vice President-K12, South & Strategic Govt.Relationship	2,300,626	17-May-84	Prof. V T D Balaraman, Partner
Suren Singh Rasaily	48	MBA	24	Executive Vice President - Corp. Development	4,538,411	1-Apr-88	Project-21, Business Manager-Eastern Operations
Chandramouli Venkataraman	43	B.Sc., MBA	18	General Manager - K-12	601,770	2-Sep-91	Lifestyle Marketing, Proprietor
Vineet Kumar Whig	39	BA, DIP IN SYS MGMT	15	General Manager	1,222,382	28-Jan-92	First Employment
Santhanam Venkatesh	44	BBA, MBA	22	Senior Vice President - FBT	1,735,379	16-Apr-92	Computer Point Limited, Product Manager Sales & Marketing
Neeraj Agarwal	45	BE	22	Senior Vice President	1,705,372	15-Feb-93	KLG Consultants Limited, Systems Manager
Nicholas George	46	MBA	22	Senior Vice President	3,036,581	9-Aug-06	NIIT Institute of Information Technology, Senior Vice President
Sandeep Sarin	38	B.Com.,CA,MBA	11	Corporate Accounts Controller	360,823	18-May-04	Electrolux, Assistant General Manager-Finance & Accounts
Satesh Rangarajan	39	B.Sc., M.Sc.	17	Regional Manager	354,421	1-Dec-04	Aptech Limited, Senior General Manager-Arab Region
Anup Kumar Adlakha	35	BE, MBA	13	Program Manager	527,537	30-Dec-05	Lionbridge, Delivery Head
Murali Nair	41	BE	17	Vice President	997,856	30-May-06	Tcglvega, General Manager
Ajay Mohan Goel*	44	BE, MBA	22	Vice President - Corporate Development	1,665,405	10-Jan-07	Max Health Staff International Limited, CEO
Sanjay Bhatnagar	45	B.Sc., MBA, DIP IN COMP	23	Vice President	666,030	15-Jan-07	Patni Computers, Vice President-Delivery

* Mr. Ajay Mohan Goel had left the services of the Company during the financial year under review and re-joined the Company on January 10, 2007.

NOTES :

1. The gross remuneration shown above comprises salary, allowances, incentives, monetary value of perquisites as per Income Tax Rules and Company's contribution to Provident Fund and Superannuation Fund.
2. The above does not include provision for gratuity and provision for leave encashment.
3. None of the above employees are related to any Directors of the Company

Annexure II to the Directors' Report

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

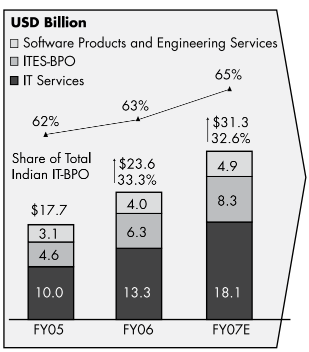
(a)	Options granted @	Grant I – 555,350 Grant II – 46,200 Total – 601,550
(b)	Pricing formula	At a price not less than the then existing face value of the share of the Company. Grant Price Rs. / Market Price Rs. # Grant I * 180.00 / 235.15 Grant II ** 237.00 / 237.00 # Closing price on the National Stock Exchange * at approx 23.45% discount to market price ** at market price
(c)	Options vested	No of shares Grant I 519,050 Grant II 26,330 Total 545,380
(d)	Options exercised	No of shares Grant I 408,767 Grant II 21,800 Total 430,567
(e)	The total number of shares arising as a result of exercise of option	No of shares Grant I 408,767 Grant II 21,800 Total 430,567
(f)	Options lapsed	35,700
(g)	Variation of terms of options	Nil
(h)	Money realized by exercise of options	78,744,660
(i)	Total number of options in force	111,133
(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: 19 (nineteen) • No. of options granted to such personnel: 178,450 (one hundred seventy eight Thousand four Hundred fifty only) ^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'	Rs. 16.04
(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 recognised 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. 15 and 32 contained in the Notes to Accounts (Schedule No. 19) forming part of the Balance Sheet as at March 31, 2007 and Profit and Loss Account for the year ended on that date.
(m)	Weighted-average exercise prices and weighted-average fair values of options shall be disclosed separately for options whose exercise price either equals or exceeds or is less than the market price of the stock	Grant I (Rs.) / Grant II (Rs.) Weighted average exercise price: 180.00 / 237.00 Weighted average fair value: 98.64 / 72.25
(n)	A description of the method and significant assumptions used during the year to estimate the fair values of options, including the following weighted-average information:	
	(i) Risk-free interest rate	7%
	(ii) Expected life	2.5 years
	(iii) Expected volatility	14%
	(iv) Expected dividends, and	The shares to be issued under stock options shall rank pari-passu, including the right to receive dividend. Expected dividend payouts to be paid during the life of the option reduce the value of a call option by creating drop in market price of the stock. Adjustments for known dividend payouts over the life of the option are made to the formulae under Black Scholes method. However, in the present case, as the life of the option is greater than one year, there is considerable difficulty in estimating the amount and time of future dividend payouts with certainty. Hence, future dividend payouts have not been incorporated in the valuation analysis
	(v) The price of the underlying share in market at the time of option grant	For Grant I the market price was Rs. 235.15. For Grant II the market price was Rs. 237.00

@Subsequent to the end of the financial year, the Compensation/Remuneration Committee at its meeting held on June 5, 2007 has granted 115,000 options (Grant-III) to Senior Managerial Personnel of the Company at Rs. 912.15 (closing market price of the previous day of the Committee meeting). The options will vest after 1 (one) year from date of grant and Option Grantees may exercise the vested options within 3 (three) years from the date of vesting of options.

The year 2006-07 saw the NIIT Limited ('NIIT' or 'the Company') gain momentum, through accelerated growth and improved profitability, by adopting the following strategy set:

- Partnerships
  - o Nine new technology partnerships
  - o NIIT Inside model in the formal universities
  - o Tie up with the UK Open University
  - o Direct center expansion
- New Businesses
  - o NIIT Institute of Finance, Banking & Insurance
  - o NIIT Imperia
  - o NIIT Litmus
- Inorganic growth
  - o Acquired and integrated Element K in USA

Business climate

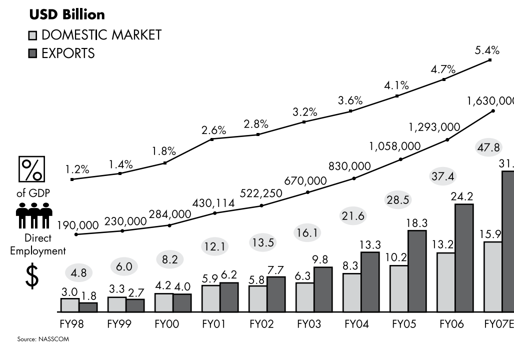


- Software and services (IT-BPO) exports to exceed USD 31 billion in FY2007, against a forecast of USD 30-31 billion
- Steady growth observed across all segments
- Over 1.2 million professionals directly employed in the exports segment alone

The requirement for skilled people in the IT and ITES industry continued to grow at a healthy rate. The IT-ITES sector in India recorded an overall growth of over 32 percent YoY with:

- IT services growing at 36 percent
- Software products and engineering services increasing by 22 percent

To address this growth, the direct employment in the IT-ITES sector expanded by 26 percent, from 1.3 million in FY'06 to 1.6 million.



On a global basis, the IT education and training market increased from USD 21.48 billion in 2005 to USD 22.43 billion in 2006—recording a growth rate of 4.4 percent.

Overall, a skilled workforce emerged as the key determinant for economic growth across the globe:

- In emerging markets, the growing service economy and demand for IT-ITES outsourcing drove the demand for skills.
  - o In India, the IT-ITES industry is estimated to continue growing at a 31 percent CAGR, with IT services notching up a 29 percent and the ITES market a 35 percent growth. The highest momentum continues to be witnessed in Tier II and III cities of the country.
  - o In China and other developing countries, there was a growing demand for IT-ITES skills, as they emulated the successful Indian model.
- In advanced economies, the trend of outsourcing training services witnessed an escalation.
- Technology driven learning gained momentum
- Technology companies increased their international focus while globalization and consolidation remained key drivers for economic growth.

Given this climate, the Company's core competencies, its size, scale and reach positioned it uniquely to serve this growing global opportunity. During the year under review, the Company diversified its offerings across skill areas to ride the wave of global demand for relevant talent. In addition, the Company acquired Element K, a USA-based Learning Solutions Provider. The acquisition was completed as of August 2, 2006 and the consolidated financials of the Company include eight months of operations of Element K.

Review of operations

In FY'07, the Company continued to accelerate its revenue growth and improve profitability in its existing organic business while adding new businesses and inorganic initiatives to hike revenues.

The Company's performance, including the acquisition of Element K, is reflected in the chart below:

Rs. Million	FY'07	FY'06	Change
System wide Revenues	11,163	6,749	65%
Net Revenues	7,951	4,507	76%
EBITDA (earnings before interest, taxes, depreciation and amortization)	774	603	28%
Depreciation	473	374	27%
Share of profits from associates/ attributable to minority	331	165	101%
Profit After Tax	573	401	43%
Basic EPS (Rs.)	29.5	21.4	38%

The Company saw a marked improvement in its net revenue and profitability during the year with

- Net Revenues at Rs. 7,951 million (a 76 percent growth)
- EBITDA at Rs. 774 million (a 28 percent growth)
- Profit after Taxes at Rs. 573 million (a 43 percent growth)

Acquisition of Element K

As of August 2, 2006, NIIT acquired Element K, a USA-based Learning Solutions Provider. Element K delivers Learning Solutions—a combination of catalog content, technology and services—supporting the learning needs of the Corporate, Government and Education and Training Centers. Element K delivers Learning Solutions through its core assets consisting of 2,300 e-learning course catalogs, robust learning platform, 1,300 print courseware titles, custom content, systems integration and managed services. The Company's proven training methodologies and wide spectrum of content are delivered through a variety of formats, including self-paced and instructor-facilitated online courses, vLab® hands-on labs, comprehensive e-reference libraries, technical journals, and KnowledgeHub™, a hosted learning management platform. Element K's learning solutions are enhanced through custom content development and strategic learning services, to address specific business challenges.

The unique and combined offerings strongly positioned NIIT and Element K to emerge as leaders in the Global Learning Solutions and Outsourcing marketplace. Going forward, NIIT, with Element K under its umbrella, will bring the following benefits to customers:

Global Reach: The combined presence of NIIT and Element K in 32 countries will provide customers with access to global learning solutions with local support.

Global Efficiency: Leveraging on NIIT and Element K's operations and development staff around the world, customers will have access to the right balance of local and remote resources based on project requirements. They will also benefit from the flexibility, scale and quality processes provided by the two companies.

Comprehensive Solutions: NIIT and Element K will offer customers their collective experience and capabilities, to deliver best-in-class learning solutions, providing real business results. Both organizations have nearly 25 years of experience in providing learning solutions.

Business review

While the Global IT Training market was estimated to have grown at 4.4 percent in 2006 to touch USD 22.43 billion, in India, the IT training market grew by about 14 percent in 2006, to reach Rs. 14.53 billion.

During the period under consideration, NIIT further strengthened its leadership position in India by growing faster than the industry.

It continued to figure among the Top 20 IT training companies in India, and ranked among the Top 20 Companies in the Training Outsourcing Industry.

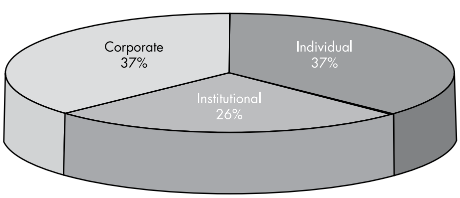
The Company, while being fully integrated into a single segment, built sub businesses which addressed the requirements of the global customer base.

For the financial year 2006-07, the overall performance of the Company (on a comparative basis excluding the acquisition of Element K) was as follows:

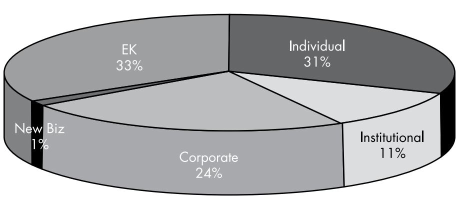
Rs. Million	FY'07	FY'06	change
System wide Revenues	8,520	6,749	26%
Net Revenues	5,308	4,507	18%
EBITDA (earnings before interest, taxes, depreciation and amortization)	724*	603	20%
OM %	14%	13%	27 bps
Depreciation	456	374	22%
Share of profits from associates / attributable to minority	331	165	101%
Profit After Tax	585	401	46%

* excluding the one time acquisition related expenses

Net Revenue - FY'06



Net Revenue - FY'07



During the review period, the Company offered the following learning solutions:

- **Individual:** the Company addressed the needs of Individuals pursuing careers in IT, for improving their professional strengths in the skills upgrade segment and for improving IT awareness through literacy programs, both in India and other developing countries.
- **Institutional:** the Company catered to the requirements of schools for IT-ITES education
- **Corporate:** the Company addressed the requirement for custom content development, learning delivery and platform technology requirements for clients in both the developed and emerging worlds.
- **New Businesses:** the Company addressed the growing need for talent in the banking, insurance and financial services industry through the NIIT IFBI initiative. It also launched Imperia, to take care of the skill upgradation requirements of middle management.
- **Element K:** A USA based Learning Solutions Provider supporting the learning needs of corporates through catalog content, technology and services.

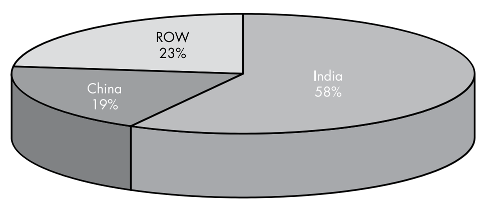
Individual Learning Solutions

Business overview

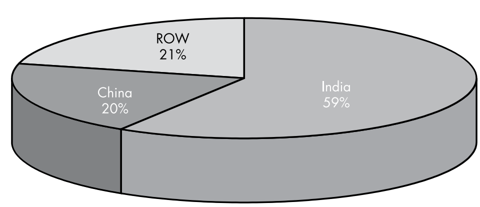
India

In India, the Individual Learning Solutions continued to focus on providing skill sets to people for the IT-ITES industry. Fueled by the growth in hiring by the IT-ITES sector, the increasing requirement for newer skill sets and the rapid changes in technology, this business witnessed robust growth.

Individual Business
System wide Revenue Mix - FY'06



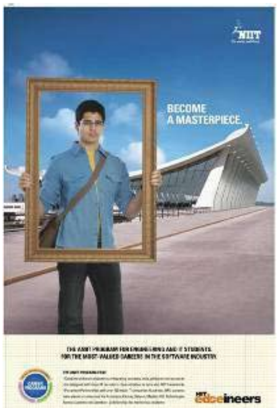
Individual Business
System wide Revenue Mix - FY'07



During the year under review, the Company launched the following new initiatives to cater to the increasing market requirements:

- **Leveraged Technology alliances:** To bring a continuous stream of industry relevant and current products to the market, the Company signed up new partnerships with CompTIA, EMC, among others, besides incorporating Microsoft, Intel and Sun technologies in the Software track of GNIIT

- **Increased focus on Engineers and IT graduates:**



The NIIT "Edgeineers" Program, launched two years ago, gained momentum during the year with enrolments crossing 90,000. The Company also unveiled the Integrated ANIIT program for engineering students, to run parallel to their engineering studies.

- **Launched new programs:** To cater to the growing needs of IT infrastructure management, the Company launched "Network Labs," a dedicated curriculum for infrastructure management (hardware and networking). New courses in Java, .Net and Oracle were also launched.

- **National IT Aptitude Test (NITAT):** In January 2007, the Company held the NITAT for the third year running. Over 67,000 students took the test on a single day, reflecting the popularity of IT as a career option. The test was conducted at 174 centers in 130 cities across India.

To meet the growing business requirements, the Company focused on the following:

- Upgrading its infrastructure and technologies at the centers
- Increasing seat capacity by 18 percent YoY.
- Adding more seats in India's Tier II and III cities.

The Company continued to increase its focus on the quality of placements. As a result, the placements of NIIT students in DQ's Top 20 companies grew by 84 percent. The starting salary of NIIT students also showed a sharp increase (of over 35 percent), an indication of the high acceptance of the NIIT curriculum among employers. The Company's Industry Collaboration Program was expanded to include new organizations that actively hired NIIT students.

On an overall basis, the Company enrolled over 310,000 students, with enrolments for the GNIIT program recording an increase of 112 percent YoY. Enrolments of students with an engineering background increased by 32 percent YoY.

This growth in enrolments resulted in a closing order book of Rs. 1,311 million for NIIT, of which 67 percent will be executable over the next 12 months.

China

During 2006, the IT Training market in China grew by around 18 percent and is expected to expand at a CAGR of 25 percent over the next three years. Against the backdrop of this market growth, NIIT increased its business by 52 percent during FY'07.

The Company enhanced its presence in China by increased reach and introducing new programs. The Company grew through the NIIT Inside model as well as its direct centers. It introduced a Gaming curriculum and partnered with Sun Microsystems to train students on Sun Java technologies.

Keeping placements as a priority, the Company focused on building collaborations with both Indian and MNC IT companies operating in China. To grow its business further, the Company expanded its network in China to offer training at more than 150 locations across 24 provinces.

The Rest of the World

In the rest of the developing world, the Company continued with its strategy of increased focus on high potential geographies.

In FY'06, the Company had entered into an agreement with the UK Open University to offer the University's B.Sc. (Hons) in Computing and its Practice at the NIIT centers in six countries. The program has been launched in Nigeria, Ghana, Sri Lanka and Botswana and received a very encouraging response.

During the year, the Company set up a center of excellence in Havana, Cuba as part of the Government of India's initiative for improvement in bilateral relationships between India and Cuba.

Financials for Individual Learning Solutions

Rs. million	FY'07	FY'06	Change
System wide revenues	5,655	3,912	45%
Net Revenues	2,470	1,670	48%
EBITDA	434	128	238%
OM%	18%	8%	+988bps

The year under review saw the Individual Learning Solutions business record System wide revenue growth of 45 percent YoY, fuelled by a hike in the India (48 percent) and China (52 percent) businesses.

The increase in capacity utilization, from 46 percent to 54 percent, coupled with improved leverage of the fixed costs, saw the EBITDA grow faster at 238 percent (a jump of 988 bps).

Institutional Learning Solutions

The Institutional Learning Solutions, provided IT-ITES training for the private and government owned schools in India.

During the year, in line with its stated strategy, the Company focused on the non-government schools market and it also partnered with Microsoft, Intel and the State Bank of India to provide a complete solution for IT enablement to these schools.

This focus yielded results, with the non government business growing 20 percent YoY in revenue terms. The non-government business now contributes 29 percent to the total Institutional Learning Solutions revenues, as compared to 17 percent in FY'06. The number of such schools being addressed stood at over 800, as of March 31, 2007.

During the year, the Company received orders from the Governments of Chattisgarh, Meghalaya, Uttar Pradesh, Assam and Tripura to impart IT-assisted education in their states. The Government of India's *Sarva Shiksha Abhiyan* chose NIIT to conduct IT-enabled education in 500 schools, which included infrastructure refurbishment and teacher training.

At the end of the year, the Order book for this business stood at Rs. 1,016 million.

Financials for Institutional Learning Solutions

Rs. million	FY'07	FY'06	Change
Net Revenues	847	1,175	-28%
EBITDA	99	213	-54%
OM%	12%	18%	(650)bps

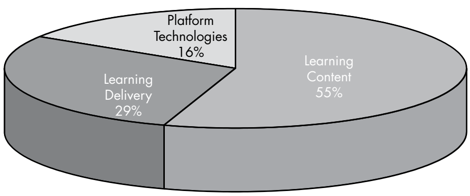
In line with the stated strategy of portfolio re-alignment through selective pursuit of the Government schools business as well as the completion of the Karnataka Government order in FY'06, led to a dip in revenues and reduced EBITDA in FY'07.

Corporate Learning Solutions

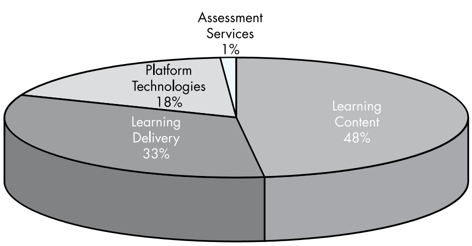
The Corporate Learning Solutions continued to provide end-to-end learning solutions for technology companies as well as for Fortune 500 organizations. During FY'07, the focus of the business continued to be on developed countries, especially the US market, where it made available a vast portfolio of offerings, including the following:

- Custom content development
- Platform technologies
- Learning delivery involving instructor-led and online e-learning and
- Advisory services centered on building integrated learning solutions.

FY'06



FY'07



The Company continued to grow its product mix in the area of Learning Delivery and Platform Technologies.

During the year, the Company added nine new technology customers, taking its total number of customers serviced to over one hundred and forty.

NIIT Litmus

A new offering in the corporate learning solutions space during the year was Litmus, an assessment and testing service. As part of this initiative, the Company tested over 47,000 people pan-India, as part of "Tax Return Preparers" Scheme launched by the Department of Income Tax, Government of India. The Company also trained the over 4000 selected candidates subsequently.

The existing Corporate Learning Solutions of the Company clocked an order intake of USD 50.2 million, up from USD 45.7 million in FY'06. The closing order book stood at USD 40.9 million.

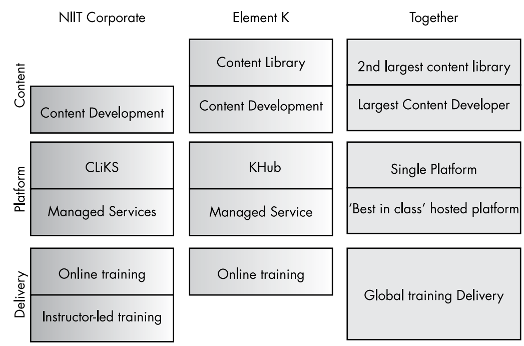
The financials for the existing corporate business were as follows:

Rs. million	FY'07	FY'06	Change
Net Revenues	1,917	1,662	15%
EBITDA	283	262	8%
OM%	15%	16%	(102)bps

Element K

element k

The acquisition of Element K provided a strategic fit to the existing Corporate Learning Solutions of the Company.



The integration of Element K into the Company involved the following:

Cost synergies:

- A cost rationalization exercise was undertaken immediately upon acquisition, which resulted in reducing the overall cost structure.
- During the year, the Company commenced the process of integrating the learning platforms. Once completed, this will result in a lower cost of platform maintenance.

Revenue synergies

- Element K has deep relationships with select technology companies, while NIIT has strong relationships with a large number of technology customers who have evinced interest in the Element K's offerings.
- Element K offers its content library to over 1,500 Corporate customers, who can also avail of NIIT's value added services.
- The Company will be marketing the content library of Element K in markets outside USA, thereby increasing its reach.

MANAGEMENT DISCUSSION AND ANALYSIS (Contd.)

For the eight months from August'06 to March'07 Element K reported:

Rs. million	FY'07
Net Revenues	2,643
EBITDA	72
OM%	3%
Depreciation	16
Net other income*	(46)
PAT	9

* Including the cost of the loan taken for financing the acquisition

The success of the above initiatives was visible from the fact that Element K was EBITDA positive and EPS accretive from the very first quarter after acquisition.

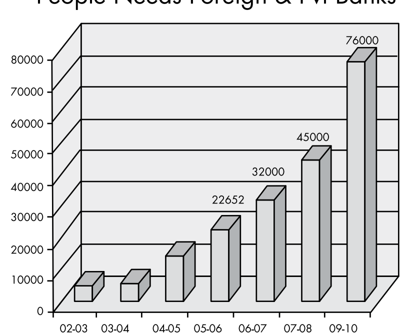
New Business initiatives

During the year, the Company launched new businesses to cater to the growing requirement of talent in areas other than IT.

ifbi
Institute of Finance, Banking & Insurance

The need for skilled people in the banking, insurance and financial services industry provided the base for the formation of the NIIT Institute of Finance, Banking & Insurance Training Limited (NIFBIT), in equity partnership with ICICI Bank Limited. This subsidiary was set up to provide the skill sets required by people to pursue a career in Banking, Insurance and allied services. NIFBIT currently provides training to create entry-level professionals in Banking. Going forward, it will extend this to the Insurance and financial services segments and help re-skill existing professionals through short-duration programs.

People Needs Foreign & Pvt Banks



NIFBIT's existing courses are of a six-month duration and the Company has trained over 2,500 people during FY'07 through six centers set up during the year.

NIIT IMPERIA
CENTRE FOR ADVANCED LEARNING

Another new initiative launched during the year, was NIIT Imperia - Centers of Advanced Learning. This initiative has been rolled out in partnership with the Indian Institute of Management (IIM) Ahmedabad, Kolkata and Indore. The initial focus area for NIIT Imperia is Executive Management Education. Live programs are delivered by the IIM professors in their respective cities to students sitting in specially designed classrooms in six cities across India.

The addressable market for Imperia

In FY'07, Imperia enrolled over 700 students for the courses offered by the IIMs in two admission cycles.

For the year, the financial performance of these two new businesses was as under:

Rs. Million	FY'07
System wide revenues	101
Net Revenue	73
EBITDA	(91)

The EBITDA was negative given the first year of operations of both businesses and was contributed by the initial setting up costs and high marketing expenses.

Recognitions

- NIIT won the Avaya Global Connect Award for "India's Most Customer Responsive Educational Institution" in 2006, for the second consecutive year. In a survey conducted by noted research agency AC Nielson, NIIT was rated the highest in the educational institutions' category, on prescribed parameters of responsiveness, customer education, top management emphasis, innovation and learning.
- NIIT was ranked amongst India's Top 50 Most Trusted Services brands in a survey conducted by

The Economic Times Brand Equity.
- NIIT won the Indian Franchisor of the Year Award instituted by the Franchising Association of India.
- NIIT was ranked amongst India's Most Respected Companies in the IT sector, in a survey conducted by BusinessWorld magazine.
- In addition to the above, NIIT was also a proud recipient of the Dataquest Top Training Company Award in 2006.

Consolidated Financial review of the Company

The financial summary for FY'07 is as follows:

Rs. Million	FY'07	FY'06	Change
Revenues	7,951	4,507	76%
Operating Expenses	7,177	3,904	84%
- Personnel Cost	2,555	1,280	100%
- Development, Production & execution costs	2,674	1,511	77%
- Administration & Others (excl finance costs)	1,344	861	56%
- Marketing	604	252	140%
EBITDA	774	603	28%
OM%	10%	13%	
Net Other Income	(55)	35	
Depreciation & Amortisation	473	374	
Taxes	4	29	
Share of Associate profits/ profits attributable to Minority shareholders	331	165	
Profit after tax attributable to equity holders	573	401	43%
Basic EPS (Rs.)	29.5	21.4	38%

Revenues

The Company recorded Revenues of Rs. 7,951 million (up 76 percent YoY). This growth was a result of the growth in the Individual and Corporate Learning Solutions, the acquisition of Element K and the launch of new businesses.

Net other income

The net other income during the period under consideration reflected the net interest expense for the Company as well as the capital gains on mutual fund investments and other miscellaneous income. The interest earned by the Company touched Rs. 37 million, as compared to Rs. 19 million in the previous financial year. However, due to an increase in the interest expense linked to the increase in debt relating to the acquisition, the net interest expense increased from Rs. 27 million in FY'06 to Rs. 124 million in FY'07. The Company booked a net loss on account of the foreign exchange fluctuation of Rs. 12 million as compared to a loss of Rs. 2 million booked in the previous year due to the volatility in foreign exchange rates.

Expenses

On an overall basis, the operating expenses increased 84 percent YoY, primarily due to the integration of Element K into the financials of the Company. Moreover, as Element K had a relatively higher cost base, the increase in costs was higher than the increase in revenues. Of the total expense increase of Rs. 3,273 million, Element K contributed Rs. 2,571 million. Excluding Element K, the overall expenses increased 18 percent. This was due to the growing level of operations, launch of new businesses and inflation.

The increase in depreciation was attributed to the addition of assets during the year.

Detailed Analysis of Consolidated Balance Sheet as on March 31, 2007

Rs. million

Particulars	March 31, 2007		March 31, 2006	
Sources of Funds				
Share Capital	197.56		193.25	
Minority Interest	3.87		0.68	
Employee Stock Option outstanding	5.88		19.66	
Cumulative Preference Shares	-		56.00	
Reserves and Surplus	2,941.74		2,455.66	
Net Worth		3,149.05		2,725.25
Secured Loans	2,254.70		649.17	
Unsecured Loans	443.38		441.17	
Loan funds		2,697.18		1,090.34
Total		5,847.12		3,815.60

Application of Funds				
Fixed Assets				
Gross Block	5,702.05		2,735.43	
Depreciation	1,988.87		1,604.71	
Net Block		3713.18		1,130.72
Capital Work in Progress		133.53		255.96
Investment		611.28		399.62
Net Current Assets		1,307.75		2,008.95
Deferred Tax Assets		80.66		20.00
Miscellaneous Expenditure		0.71		0.35
Total		5,847.12		3,815.60

Share Capital

During the year, 430,567 options were exercised by NIITians, resulting in an increase in the share capital by Rs. 4.31 million

As of March 31, 2007, the total paid up share capital of the Company was Rs. 197.56 million. At the end of the year, vested but unexercised options stood at 111,133.

After the end of the financial year, the Company received the notice of conversion from the holder of the Foreign Currency Convertible Bonds for conversion to equity shares of the Company. Accordingly, the Company issued 2,188,000 equity shares to Intel Capital Corporation in May 2007.

Preference Share Capital

The preference share capital in FY'06 reflected the amount invested by IFC (the minority partner) in Hole-in-the-Wall Limited (HIWEL), a subsidiary of the Company. In FY'07, IFC transferred its entire preference capital to the Company for a token amount.

Employee Stock Option Plan

In FY'06, the Company launched its employee stock option plan ESOP 2005 and granted 601,550 options to its employees. During FY'07, 545,400 options were vested and of these 430,567 were exercised by employees. At the year end, 111,133 options were still outstanding.

Reserves and Surplus

For the purposes of consolidation, the Company adopts Indian Accounting Standard (IAS) 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 'Cumulative Translation Reserve'

Foreign Currency Convertible Bonds

In April 2005, in accordance with a shareholder approval dated February 24, 2005, the Company raised a sum of USD 10,000,000 as Foreign Currency Convertible Bonds with tenure of five years. These bonds were privately placed with Intel Capital Corporation and carried a coupon of 2.50 percent per annum. The bonds were convertible to equity at any time during the currency of the bonds at a fixed currency conversion rate of Rs. 43.76 per USD and a fixed share price of Rs. 200 per share.

After the financial year end, the Company received the conversion notice from Intel Capital Corporation for the conversion of the bonds and accordingly, the Company issued 2,188,000 shares on May 31, 2007.

Loan Funds

In FY'07 the Company raised an additional USD 35 million as a long term debt to partly fund the acquisition of Element K. During the year, the Company has repaid loans totalling Rs. 178 million. As of the year end, the total secured loans stood at Rs. 2,255 million which included:

- The Loan raised for acquisition funding (USD 35 million)–Rs. 1,520 million
- Rupee term loan–Rs. 451 million
- Vehicle loan–Rs. 29 million
- Working capital–Rs. 254 million

The unsecured loans included the FCCB for Rs. 438 million and deferred lease obligations of Rs. 5 million.

Fixed Assets

As of the beginning of the year, the Net block stood at Rs. 1,131 million. During the year, the Company invested Rs. 784 million in fixed assets including capitalization of the opening capital work in progress. The addition was for the following

- Upgradation, renovation and modernization of existing education centers
- Infrastructure development
- New product development
- Capacity increase through the establishment of new centers for the existing and new businesses and
- Normal capital expenditure

Upon acquisition of Element K, the Company acquired fixed assets of Rs. 86 million. The acquisition also resulted in the creation of goodwill amounting to Rs. 2,428 million.

Investments

During the year, the Company divested its full holding in Medvarsity and part of the holding in Mind Shaper Technologies Private Limited.

At the year end, the investments stood at Rs. 611 million which included the holding value of:

- NIIT Technologies Limited- Rs. 592 million,
- Mind Shaper Technologies Private Limited–Rs. 5 million
- Aesthetic Technologies Private limited–Rs. 9 million and
- Investments in debt schemes of mutual funds-Rs. 5 million.

Net Current Assets

The elements of net current assets were as follows:

Inventories

Inventories mainly included training material including educational software used by the Company for imparting IT-ITES education. Over the year, the value of the inventory held by the Company increased from Rs. 88 million to Rs. 132 million reflecting the increased level of operations.

Trade Receivables

Net receivables from institutions, corporates and business partners amounted to Rs 2,204 million as of March 31, 2007, representing an outstanding of 101 days, as compared to Rs. 1,895 million (153 days outstanding), as on March 31, 2006. Element K contributed Rs. 383 million to the total debtors. The conscious strategy of the Company of being selective in pursuit of government schools business has contributed to the reduced level of receivables in the organic business.

Of the total receivables, an amount of Rs. 877 million (March'06, Rs. 789 million) was outstanding for more than six months.

Cash and Bank

The cash and bank balances as on March 31, 2007 stood at Rs. 736 million. The total cash and cash equivalents on March 31, 2007 were Rs. 741 million (including the mutual fund investments made in debt schemes of a short term nature). During the year the Company:

- Generated Rs. 566 million from operations
- Utilized Rs. 1,237 million for investment activities including acquisition of Element K and purchase of fixed assets
- Received Rs. 446 million from financing activities. This also included an amount of USD 35 million raised as loan for financing the acquisition.

Other Current Assets

This included interest receivable, unexecuted subscription and unbilled revenues. Over the year, the amount increased from Rs. 73 million to Rs. 302 million, primarily due the unexecuted subscription in the books of Element K, amounting to Rs. 187 million.

Loans and Advances

This included advances to suppliers, deferred expenses, rent advances, security deposits given for premises, advance tax paid as well as loans given to the NIITian Welfare Trust, NIIT Education Society and to NIITians. During the year, the Company received back the loan of Rs. 100 million granted to the NIITian Welfare Trust.

The consolidation of Element K contributed Rs. 272 million to the increase in the level of loans and advances.

Current Liabilities

This represented Sundry creditors including capital creditors, advances from customers, security deposits, deferred revenues and other liabilities. The outstanding liabilities were Rs. 2,822 million in March 2007 as compared to Rs. 1,132 million in March 2006. This increase was attributable to the acquired company as well as the increased level of business operations.

Provisions

This represented provisions for leave encashment, gratuity and dividend. The Company adopted the revised Accounting Standard 15 in FY'07 and accordingly provided for compensated absences as well as gratuity. Moreover, in view of the conversion of the FCCB, the Company provided for dividend on the enhanced equity base, at a proposed rate of Rs. 6.50 per equity share of Rs. 10 each.

Accounting Policies

The Company has selected the accounting policies described in the notes to accounts, which have been consistently applied, except where otherwise stated and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2007 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 arms length, fairness and transparency. The details of related party transactions are given in the Notes to Accounts.

Human Resources

During FY'07 the Company added 954 employees taking the total number of NIITians as of March 31, 2007 to 3,213.

NIIT Limited – Stand alone financials

Revenue from Operations

The revenues of the Company increased 16 percent YoY to touch Rs. 3,903 million.

Other Income

The other income earned by the Company included the following:

- Profit on the mutual fund investments
- Recoveries made from subsidiaries for common services
- The net provisions written back
- Miscellaneous other income

Revenue Recognition Policy

The significant Accounting policies and practices followed by NIIT Limited are disclosed in Note 1 of Schedule "19" (Notes to Accounts) of the Accounts for the year.

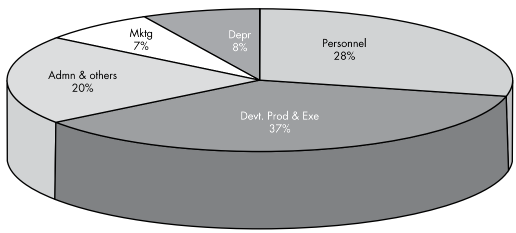
Rs million

Impact of Foreign Currency	Year ended March 31, 2007	Year ended March 31, 2006
Earning in Foreign currency (net of taxes)	828	682
Revenue Expenditure in Foreign Currency	224	130
Net Revenue Earning in Foreign Currency	604	552
Capital Expenditure in Foreign Currency	24	10
Net Foreign Currency Earnings	580	542

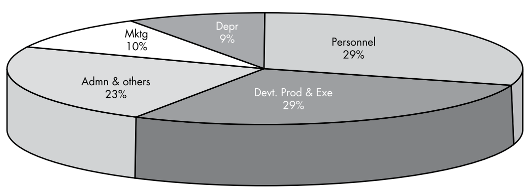
Expenses

The overall expenses increased 17 percent from Rs. 3,155 million to Rs. 3,689 million. Within the overall costs, personnel cost constituted 29 percent, registering a YoY growth of 22 percent. While development, production and execution charges registered a reduction of 8 percent YoY, they contributed 29 percent towards the total costs for FY'07. The administration and other costs increased to 23 percent of the total expenses primarily due to the increased rentals and other premise related costs viz. electricity, water and communication and increased travel expenses. Marketing expenses rose on account of the enhanced marketing initiatives, to launch the new businesses.

FY'06



FY'07



Capital Structure

During the year, the Company issued 430,567 shares to employees upon exercise of vested options.

Accordingly, at the end of the year, the paid up share capital stood at Rs. 197.56 million.

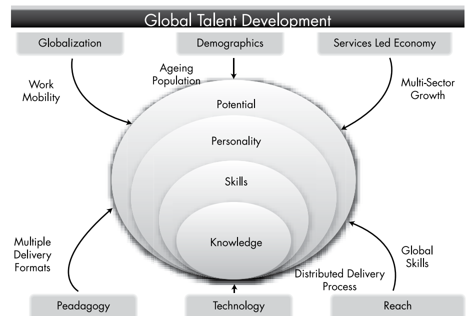
Reserves

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

Future Outlook

Over the last three years, with steadily accelerating growth and with diversification of offerings, the Company has positioned itself as a Global Talent Development Corporation.

The Company is moving up the value chain—from imparting knowledge and skills to building the potential for global talent requirements in multiple fields of activity.



The existing markets for the Company are poised for healthy growth:

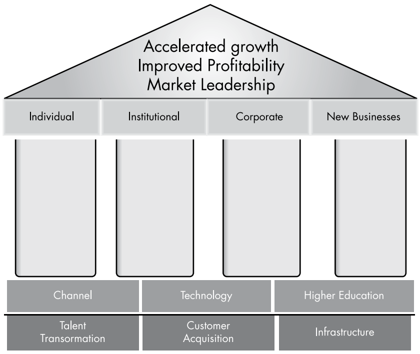
- India
  - The projected sustainable GDP growth rate of more than eight percent and emergence of new service sectors which is fuelling the need for skilled workforce
  - The Indian IT and ITES industry is projected to grow at 31 percent CAGR; IT at 29 percent and ITES and 35 percent
- USA/Europe
  - Training outsourcing is gaining momentum
  - Technology companies are increasing their international focus
  - Globalization and consolidation is taking place
- China/Developing world
  - There is a growing demand for IT skills in China, APAC, CIS and Latin America
  - Universities are looking at industry partnerships

Therefore, the key growth drivers for the Company would be

- Worldwide IT workforce growth at nine percent CAGR
- Increasing trend of training outsourcing
- New careers in services led economies

The strategy set being adopted by the Company is focused around:

- Accelerated growth
- Improved profitability and
- Market leadership



based on a foundation of channel, technology and higher education partnerships and operating strategies which include talent transformation, customer acquisition and improved infrastructure.

Risk Management

The Company has constantly endeavored to broaden the charter of risk management to include opportunities as well as threats. It uses an integrated risk management approach, based on a number of techniques to cover the full range of risks in the framework. Today, risk assessment and mitigation is an important part of decision making and management at all levels of the Company.

Internal Control Systems and its adequacy

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

Disclaimer

Investors are cautioned that this discussion contains forwards looking statements that involve risks and uncertainties. When used in this discussion, words like ‘anticipate’, ‘believe’, ‘estimate’, ‘intend’, ‘will’, and ‘expect’ and other similar expressions as they relate the Company or its business are intended to identify such forward-looking statements. 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. It takes proactive approach and revisits its governance practices from time to time so as to meet business and regulatory needs.

COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

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

BOARD OF DIRECTORS

Composition

Your Company is managed and guided by a professional Board comprising seven Directors of which four are Independent Directors, constituting more than half of the Board's total strength. Your Company's Board comprises of 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. 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 behavior and compliance with laws and regulations;
- Reviewing and approving borrowing/lending/investment limits/exposure limits, etc.;
- Keeping shareholders informed about plans, strategies and performance.

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

Director's Attendance and other directorship & membership/chairmanship.

The names and categories of the Directors on the Board, along with their attendance at Board Meetings held during the year and at last Annual General Meeting and the number of other Directorship and Chairmanship/Membership of Committees of each Director in various companies, are given below:

Sr. No.	Name of Directors	Category	No. of Directorships in other Indian Companies*	No. of Membership (Chairmanship) in other Board Committees**	No. of Board Meetings		Whether attended last AGM
					Held	Attended	
1	Mr. Rajendra S. Pawar (Chairman and Managing Director)	Promoter	12	6	10	9	Yes
2	Mr. Vijay K. Thadani (Chief Executive Officer & Whole-time Director)	Promoter	8	4 (1)	10	8	Yes
3	Mr. P. Rajendran (Chief Operating Officer and Whole-time Director)	Executive	8	2 (2)	10	9	Yes
4	Mr. Subroto Bhattacharya (Director)	Independent, Non Executive	6	7 (3)	10	8	Yes
5	Mr. Surendra Singh (Director)	Independent, Non Executive	6	5 (2)	10	10	Yes

6	Mr. Shardul S. Shroff (Director)	Independent, Non Executive	6	3	10	2	No
7	Mr. Sanjay Khosla*** (Director)	Independent, Non Executive	-	-	10	2	No

* Other Directorships do not include those of private limited companies and companies incorporated outside India.

** Includes only Audit Committee and Shareholders'/Investors' Grievance Committee of Public Limited Companies.

*** Mr. Sanjay Khosla, being NRI, had participated in the meetings through tele-conference, wherever he could not attend in person.

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

Mr. Rajendra S. Pawar

Designation: Chairman and Managing Director

Profile: Mr. Pawar is the Chairman and co-founder of the NIIT Limited.

A distinguished alumnus of the premier IIT Delhi, he is known for promoting industry-academia alliances and has been working closely with the country's well-known educational institutions. He is an established thought leader in the industry. He has served on the Prime Minister's National Task force, which aims at making India an IT Superpower by 2008. He is also helping the Government of South Africa to develop a growth strategy for its Information in Communication & Technology (ICT) industry. He is actively involved in India's key Chambers of Commerce and has led several ICT industry initiatives, giving voice to the sector's aspirations and goals. He has been a Founder Member of the National Association of Software and Service Companies (NASSCOM).

Recognising his pioneering and entrepreneurial work in the education and software sectors, Global Business Intelligence firm, Ernst & Young conferred on Mr. Pawar its prestigious Master Entrepreneur of the Year Award in 1999. His contributions to the IT industry in India have also earned him the IT man of the Year award instituted by IT industry journal, Dataquest.

He serves on the Board of Governors of Indian Institute of Technology, Delhi, the Indian School of Business and the Scindia School. He also serves on the Board of Management of world's largest distance learning university, Indira Gandhi National Open University (IGNOU). He is also a member of Planning Commission's task force on skill development.

Roles and Responsibilities: Mr. Pawar plays a major role in providing thought leadership and strategic inputs to the Company in addition to supervising the functional heads of Corporate Development, Strategic HR and Corporate Communications.

Mr. Vijay K. Thadani

Designation: Chief Executive Officer and Whole-time Director

Profile: Mr. Thadani, co-founder and Chief Executive Officer of NIIT has built an organisation that is recognised for its innovative efforts of taking computer education to the masses. He has led the Company's globalisation effort since 1991, taking the NIIT flag to over 40 countries. He mentored NIIT's Strategic Alliance Programme that resulted in successful acquisitions of leading technology companies to fill in critical technology gaps in NIIT's software solutions and corporate solutions offerings and to gain customer access.

Mr. Thadani is deeply involved in strengthening and consolidating NIIT's presence in the Chinese market, where the Company has begun operations in 1998 and now has presence across 25 provinces in China and has a network of over 100 centers in that country. He was recently honoured with the position of Economic Consultant to Chongquing, world's largest city in the People's Republic of China.

Mr. Thadani has headed many Industry Associations and Societies including the Indian IT industry association, MAIT. He has also chaired the Indian Government's Committee on National Information Infrastructure Policy. He has also served as the Chairman of the IT Committee of CII in the United States and has led delegations to Korea, Japan, Taiwan, China and the United States to promote India's IT capability. He is currently the Chairman of CII National Committee on Education.

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

Roles and Responsibilities: Mr. Thadani's responsibilities include leading NIIT's Strategic Alliance initiative, the Technology partnership initiative and leveraging growth opportunities in addition to overseeing the Finance, Legal and Secretarial and Investor Relations functions. He oversees NIIT's Global Learning Business and is also the Chairman of NIIT Institute of Finance Banking and Insurance Training Limited, a subsidiary company incorporated during the year for providing training in financial sectors.

Mr. P. Rajendran

Designation: Chief Operating Officer and Whole-time Director

Profile: Mr. Rajendran joined the Company at the time of its inception in 1982 and has been a part of the core team, which has developed the organisation and brought it to its present position of international standing.

An alumnus of the premier IIT Delhi, Mr. Rajendran now leads NIIT's staff services functions. A people's person and a believer in leveraging Information Technology for HR competitiveness, he has helped NIIT emerge as one of the most preferred employers in the Indian IT Industry. The Company received the 1998 National HRD Award for the best HR practices, the World HRD Congress 2000 Award for Innovative HR practices and the Delhi Management Association–Watson Wyatt Award 2004 for Excellence in Innovative HR Practice.

Mr. Rajendran has also been actively associated with Indian industry associations like CII, Manufacturers' Association of Information Technology, NASSCOM and professional bodies like Institute of Electrical and Electronics Engineers, USA. He takes keen interest in the area of deployment of ICT for human development and creation of jobs in the future. He has chaired the HRM sub-committee and IT sub-committee of CII's Northern Regional Council.

Roles and Responsibilities: Mr. Rajendran assists the CEO in the management of operations of the Company. In addition, he leads the corporate teams engaged in Human Resources, Commercial Services, Information Resources and Legal Services.

Mr. Subroto Bhattacharya

Designation: Non-Executive Independent Director

Profile: Mr. Subroto Bhattacharya, a Chartered Accountant with over 30 years of experience, specialises in Finance and Management Consultancy. He has been part of the core team in several reputed organisations. He was invited to the NIIT Board as an Independent Director in 1998.

Roles and Responsibilities: Mr. Bhattacharya advises NIIT on financial and management issues and is the Chairman of the Audit Committee.

Mr. Surendra Singh

Designation: Non-Executive Independent Director

Profile: Mr. Surendra Singh has served in the Central and State Governments as an IAS Officer. Starting his Public Service in 1959, Mr. Singh has held positions like Special Secretary to the Prime Minister of India, responsible for all the economic work in the PM's Office, Cabinet Secretary to the Government of India, Secretary to the Council of Ministers and Secretary, Ministry of Industry. He was an Executive Director on the board of the World Bank, representing India, Bangladesh, Sri Lanka and Bhutan. He was director on the Boards of the International Finance Corporation (IFC) and the Multilateral Investment Guarantee Agency (MIGA). Mr. Surendra Singh was invited to the NIIT Board as an Independent Director in 2001.

Roles and Responsibilities: Mr. Singh advises NIIT on Internal Controls, Audit Systems and Investor Relations. He chairs the Shareholders'/Investors' Grievance Committee of Board of Directors.

Mr. Shardul S. Shroff

Designation: Non-Executive Independent Director

Profile: Mr. Shardul S. Shroff has been a practicing lawyer with Amarchand & Mangaldas & Suresh A. Shroff & Co. since 1980. Amarchand Mangaldas, founded in 1917, is one of the leading Law Firm in India. Mr. Shroff, as one of the Managing Partners, has catalyzed several practice areas of the Firm out of its New Delhi office. His specialisations include mergers and acquisitions, capital markets, disinvestments and privatisation of government shares, project finance, infrastructure specially Airport Privatisations, Aviation, Oil & Gas, Power, Telecom, Ports, Roads, corporate finance, structured finance insolvency and corporate reconstruction. He has been instrumental in developing the media law, policy and regulatory practice, and technology law practice of the Firm and has served on a number of several high-powered committees appointed by the Government of India, including on various economic legislations. Mr. Shroff was invited to the NIIT Board as an Independent Director in 2001.

Roles and Responsibilities: Mr. Shroff advises NIIT on issues relating to Corporate Governance and other Legal and Statutory Compliances. He is the Chairman of the Compensation/Remuneration Committee of the Board of Directors.

Mr. Sanjay Khosla

Designation: Non-Executive Independent Director

Profile: Mr. Khosla is an alumnus of the premier IIT, Delhi and has done advanced management programme from Havard University. He joined Kraft Foods Inc., on January 22, 2007, as President International, responsible for the company's US$11 billion business outside of North America. He was earlier based in Auckland, New Zealand, and was the Managing Director of Fonterra Brands, the consumer arm of Fonterra Co-operative Group Limited, New Zealand's largest multi-national company and one of the world's biggest dairy companies. As Managing Director of Fonterra Brands, Mr. Khosla managed a business that spans more than 40 countries and has annual revenues of approximately US$ 3 Billion. Prior to this, Mr. Khosla was Senior Vice President, Global Beverages, Unilever and Chairman of that company's Global Board for the beverages category. During his 27 years career with Unilever, Mr. Khosla held senior positions in India, Europe and United Kingdom. Mr. Khosla was invited to the NIIT Board as an Independent Director in 2002.

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

Board Meetings

The Board of Directors met 10 (Ten) times during the financial year 2006-2007 on the following dates:

Sr. No.	Date of Meetings
1	May 1, 2006
2	May 12, 2006
3	June 5, 2006
4	June 29, 2006 (11.00 A.M.)
5	June 29, 2006 (3.00 P.M.)
6	July 19, 2006
7	July 27, 2006
8	October 27, 2006
9	January 19, 2007
10	March 24, 2007

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

The necessary information as mentioned in Annexure1A to Clause 49 of the Listing Agreements have been placed before the Board for their consideration. The Board and Committees have addressed the following key items, among other things:

- Three years Perspective Plan & Vision of the Company for global eminence;
- Annual business plan;
- Investments and/or loans made by the Company;
- Formation of subsidiaries (including overseas Companies);
- Review of operations (including subsidiaries);
- Strategic acquisitions of companies and critical assets ;
- Strategic decisions relating to various ventures;
- Statutory matters;
- Review of compensation to Directors;
- New alliances;
- Review of Minutes of Committee meetings;
- Review of foreign exchange exposures;
- Review of Board Minutes of the Subsidiary Companies
- Review of annual budgets, capital budgets and updates;
- Review and adoption of accounts and quarterly and annual financial results.

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

BOARD COMMITTEES

In accordance with the Listing Agreement with Stock Exchanges on Corporate Governance, the following Committees are in operation:

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

Audit Committee

As a measure of good Corporate Governance and to provide assistance to the Board of Directors in fulfilling the Board's oversight responsibilities, an Audit Committee was constituted. All the members of the Committee are Non-Executive 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 meeting by invitation. The recommendations of Audit Committee are accepted and implemented by the Board. The Audit Committee comprises of :

Chairman: Mr. Subroto Bhattacharya

Members: Mr. Shardul S. Shroff and Mr. Surendra Singh

Functions and Terms of Reference

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

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

  The particulars of the meeting attended by the members of the Audit Committee and the dates of the meetings held during the financial year 2006-2007 are given below:

Name of Members	No. of Meetings		Date of Meetings
	Held	Attended	
Mr. Subroto Bhattacharya	5	4	April 28, 2006 June 29, 2006 July 27, 2006 October 27, 2006 January 19, 2007
Mr. Surendra Singh	5	5	
Mr. Shardul S. Shroff	5	1	

Compensation/Remuneration Committee

The Compensation/Remuneration Committee of the Company is constituted to evaluate remuneration and benefits for the Executive Directors and to frame policies and systems for Employee Stock Option Plans.

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

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

Chairman: Mr. Shardul S. Shroff

Members: Mr. Surendra Singh, Mr. Sanjay Khosla and Mr. Subroto Bhattacharya

Functions & Terms of Reference

The broad terms of reference of the Compensation/

Remuneration Committee of the Company are as follow:

- To institute and guide global employees compensation and benefit policies;
- Appraisal of the performance of the Executive Directors;
- To determine and recommend to the Board, compensation payable to Executive Directors;
- To formulate and administer the Company's employee stock option programs from time to time.

The particulars of the meeting attended by the members of the Compensation/Remuneration Committee and the date of the meeting held during the financial year 2006-07 are given below:

Name of Members	No. of Meetings		Date of Meeting
	Held	Attended	
Mr. Shardul S. Shroff	1	-	June 29, 2006
Mr. Surendra Singh	1	1	
Mr. Sanjay Khosla*	1	-	
Mr. Subroto Bhattacharya	1	1	

* Mr. Sanjay Khosla had participated in the Meeting through tele-conference.

Remuneration Policy

The Remuneration Committee has the powers to determine and recommend to the Board the amount of remuneration, including performance-linked bonus and perquisites, payable to the Managing Director and Whole-time Directors. The recommendations of the Committee are based on the evaluation of the performance of Managing Director and Whole-time Directors on certain parameters, as laid down by the Board as part of the self-evaluation process and Company's Rules/Policies. In terms of the guidelines, the Company ensures that the remuneration by way of salary and other allowances and monetary value of perquisites should be within the overall limit as specified under the Companies Act, 1956. In the event of absence or inadequacy of net profits in any financial year, the remuneration payable to the managerial person(s) shall be governed by Section 2 of Part II of Schedule XIII of the Companies Act, 1956 or any modification thereto.

Details of Remuneration paid/payable to Managing Director and Whole-time Directors for the financial year 2006-07

(Amount in Rs.)

Name of Directors	Mr. Rajendra S Pawar	Mr. Vijay K Thadani	Mr. P Rajendran
Salary	1,560,000	3,120,000	2,460,000
Part – A Perquisites and allowance	3,159,103	3,209,271	2,319,540
Part – B Contribution to Provident Fund, Superannuation Fund or Annuity Fund	760,914	1,523,438	1,154,753
Performance- Linked Bonus	-	-	6,000,000
Commission	-	-	-
Others	-	-	-
Total	5,480,017	7,852,709	11,934,293
Stock Options under ESOP-2005	Nil	Nil	60,000 shares*

* Stock options were granted to Mr. P Rajendran on August 2, 2005. During the financial year the option vested in Mr. Rajendran and consequent to exercise of his options, the equity shares were allotted to him on March 24, 2007.

- Service contracts of the Executive Directors: Until cessation in service
- Notice period of the Executive Directors: Six months unless otherwise agreed by the Board
- Severance fee payable to the Executive Directors: None unless otherwise agreed by the Board

Remuneration to Independent Non-Executive Directors

None of the Independent Non-Executive Directors have any pecuniary relationship or transactions with the Company, its Promoters, and its Directors, its Senior Management, its subsidiaries and associated Companies, except for the following:

1. Remuneration paid to Non-Executive Directors is by way of Commission (based on the net profits of the Company) and Sitting Fees (for attending the meetings of the Board/Committees).
2. During the year under review, the Company sought legal and professional advices on need basis from M/s Amarchand & Mangaldas & Suresh A Shroff & Co., a firm in which Mr. Shardul S. Shroff is a partner, for which a payment of Rs.204,353/- net of TDS was made. The transaction is non-material transaction and therefore, does not affect the independence of the Director.

Details of Remuneration paid/payable to Non-Executive Independent Directors for the financial year April 1, 2006 to March 31, 2007 and other details:

(Amount in Rs.)

Name of Director	Mr. Subroto Bhattacharya	Mr. Surendra Singh	Mr. Shardul S. Shroff	Mr. Sanjay Khosla
Commission	500,000	500,000	500,000	500,000
Sitting Fees	320,000	460,000	60,000	40,000
No. of shares held in the Company*	7,500	7,500	7,500	7,500

* Allotted under 'NIIT Employee Stock Option Plan 2005'.

Criteria for making payment to Non-Executive Directors

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

Disclosures regarding re-appointment of Directors

The resumes of all the directors who are retiring by rotation and being eligible, proposed to be re-appointed are provided in the Notice to the Annual General Meeting.

Employees Stock Option Plans

The remuneration policy is directed towards rewarding performance of the employees of the Company. It is aimed at attracting and retaining high caliber talent. The Company has an stock option plan, which is linked to performance and achievement of the Company's objectives.

Details of options granted under NIIT Employee Stock Option Scheme

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

Shareholders' / Investors' Grievances Committee

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

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

Chairman: Mr. Surendra Singh

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

Mr. Parveen Jain, Company Secretary and Legal Counsel is the Compliance Officer of the Company.

Functions and Terms of reference

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

- To review the redressal complaints from shareholders and investors.
- To appoint a Compliance Officer and determine his/her role and responsibilities

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

Name of Members	No. of Meetings		Date of Meeting
	Held	Attended	
Mr. Surendra Singh	4	4	June 29, 2006 July 27, 2006 October 27, 2006 January 19, 2007
Mr. Vijay K. Thadani	4	3	
Mr. P. Rajendran	4	3	

During the financial year 2006-2007 the Company received 389 request/queries/complaints from various Investors/Shareholders relating to non-receipt of dividend/change of Bank account details/ bonus shares/Annual Report/transfer of shares/ dematerialisation, etc. The same were addressed and resolved to the satisfaction of the Investors. As on March 31, 2007, no query/complaint was pending for redressal.

Other Committees constituted by the Board

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

a) The Operations Committee which approves the opening/closing of bank accounts, grant of power of attorney/authorisation, borrowings other than through debentures.

b) The Share Allotment Committee, which approves allotment, split, consolidation, rematerialisation and issue of new and duplicate shares.

c) The Share Transfer Committee, which approves share transfers lodged with the Company/Registrar.
d) The Strategic Investments Committee, which approves various strategic investments of the Company.

CODE OF CONDUCT

NIIT's Board has laid down a Code of Conduct for all Board Members and Senior Management Personnel of the Company. The Code of Conduct is available on the Company's website www.niit.com. All Board Members and Senior Management Personnel have affirmed compliance with the Code of Conduct during the financial year 2006-07. A declaration signed by Chief Executive Officer (CEO) to this effect is enclosed at the end of 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 statements present the true and fair view of the Company's affairs and are in compliance with existing accounting standards, internal control and disclosures, is annexed to this report.

SUBSIDIARY COMPANIES

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

GENERAL MEETINGS

Particulars of the last three Annual General Meetings and Special Business Transacted there at:

Sr. No.	Place	Date & Day	Time	Special Business Transacted
1	FICCI Auditorium Tansen Marg, New Delhi-110 001	Thursday, August 17, 2006	11.00 A.M.	• Re-appointment of Mr. Rajendra S Pawar as Managing Director of the Company. • Approval for minimum remuneration payable to Mr. Rajendra S Pawar, Managing Directors. • Re-appointment of Mr. Vijay K Thadani as Whole-time Director of the Company. • Approval for minimum remuneration payable to Mr. Vijay K Thadani, Whole-time Director. • Payment of Commission to Non Executive Directors of the Company.
2	FICCI Auditorium Tansen Marg, New Delhi-110 001	Friday, July 22, 2005	11.30 A.M.	• Grant of a corpus of Rs. 50 Million for setting up a university. • Revision of Remuneration payable to Mr. Rajendra S. Pawar, Chairman & Managing Director. • Revision of Remuneration payable to Mr. Vijay K. Thadani, Whole - time Director. • Revision of Remuneration payable to Mr. P. Rajendran, Whole-time Director.
3	FICCI Auditorium Tansen Marg, New Delhi-110 001	Thursday, July 29, 2004	10.00 A.M.	• Revision of Remuneration payable to Mr. Rajendra S. Pawar, Chairman & Managing Director. • Revision of Remuneration payable to Mr. Vijay K. Thadani, Whole-time Director. • Revision of Remuneration payable to Mr. P. Rajendran, Whole-time Director. • Revision of Remuneration payable to Mr. Arvind Thakur, Whole -time Director. • Payment of sitting fees to the Non Executive Directors. • De-listing of equity shares of the Company from Ahmedabad, Delhi, Chennai and Kolkata Stock Exchanges.

Particulars of the last three Extraordinary General Meetings and Special Business Transacted there at:

Sr. No.	Place	Date & Day	Time	Special Business Transacted
1	FICCI Auditorium Tansen Marg, New Delhi-110 001	Thursday, February 24, 2005	10.00 A.M.	• Issue of Foreign Currency Convertible Bonds.
2	FICCI Auditorium Tansen Marg, New Delhi-110 001	Friday, June 22, 2001	10.00 A.M.	• Increase of limits of investment of Foreign Institutional Investors from 40 percent to 49 percent of the paid up equity capital of the Company.

3.	FICCI Auditorium Tansen Marg, New Delhi-110 001	Thursday, August 17, 2000	10.00 A.M.	• Approval for partial modification of the resolution relating to the Employee Stock Option Scheme for the Directors/Employees of Companies. • Approval for partial modification of the resolution relating to the Employee Stock Option Scheme for the Directors/Employees of Subsidiary Companies. • Increase of limits of investment of Foreign Institutional Investors from 30 percent to 40 percent of the paid up equity capital of the Company.

Postal Ballot

Details of the Special Resolution passed by the Company through the Postal Ballot:

I) Special Resolution passed through Postal Ballots during the financial year 2006-07:
Special Resolution under section 81(1A) of the Companies Act, 1956 was passed to enable the Company to issue any Equity Linked Foreign Securities like Foreign Currency Convertible Bonds (FCCBs), American Depository Receipts (ADRs), Global Depository Receipts (GDRs), etc. for an amount not exceeding US $ 50 million.

II) Procedure for Postal Ballots:
The procedure prescribed under Section 192A of the Companies Act, 1956 read with the Companies (Passing of the Resolution by Postal Ballots) Rules, 2001 has been followed for the postal ballot conducted for the special resolution mentioned above:

i. The Board of Directors of the Company, at its meeting held on June 5, 2006 had appointed Mr. D. P. Gupta, a practicing Company Secretary, as the Scrutinizer for conducting the postal ballot voting process in a fair and transparent manner.
ii. The Company had completed on June 9, 2006 the despatch of postal ballot forms along with postage prepaid business reply envelopes to its Members whose name(s) appeared on the Register of Members/list of beneficiaries as on June 3, 2006.
iii. The postal ballots received in business reply envelopes/other mode from the Members were kept in safe custody in sealed ballot boxes before commencing the scrutiny of such postal ballots forms.
iv. All postal ballots forms received up to the close of working hours on July 10, 2006, the last date and time fixed by the Company for receipt of the forms were considered for scrutiny.
v. Envelopes containing postal ballot forms received after close of business hours on July 10, 2006, were not considered for scrutiny.
vi. Based on the Report dated July 15, 2006 submitted by the Scrutinizer, the brief details of which are given below, the Chairman, Mr Rajendra S. Pawar had announced the results of the Postal Ballot, on July 17, 2006:

Particulars	No. of Postal Ballot Papers	No. of shares	Percentage
Postal ballots forms with assent for the resolution	1,106	6,718,353	95.04%
Postal ballots forms with dissent for the resolution	27	350,934	4.96%
Total valid Postal Ballot Forms	1,133	7,069,287	100.00%

Note : Out of 1151 Postal Ballot forms received by the Company, 18 Postal Ballot Forms comprising of 1154 shares were declared invalid.

Accordingly, the Special Resolution set out in the Notice dated June 5, 2006 was duly passed by the requisite majority of the Shareholders. The results were published in 'The Statesman' and 'Vir Arjun' newspapers dated July 19, 2006.

III) Whether any special resolution is proposed to be conducted through postal ballots:
As on date, there is no proposal to pass any special resolution 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. All the transactions entered during the financial year 2006-07 with Related Parties were on arm length basis and the same are reported under Note 20 of Schedule 19 of 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 to Notes, forming part of the Account of the Company.

b. Compliance
The Company has complied with the requirements of the Stock Exchanges/SEBI and Statutory Authority(ies) on all matters related to the capital market during the last three years. There are no

penalties or strictures imposed on the Company by Stock 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 minimisation procedures. The online risk management system is introduced through which all the designated officials submit quarterly reports which is 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 review period.

e. Remuneration of Directors

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

f. Management discussion and Analysis

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

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 Agreements.

B. Non-mandatory Requirements

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

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

b) Shareholders' Rights : The Company sends financial results along with Director's reports and Auditors' report to all the shareholders every year.

c) Training of Board Members : Board Members participate in relevant conferences and industry forums as part of their training.

d) Mechanism for evaluating Non-Executive Board Members : The key parameters are contributions to the strategy for growth of the Company, setting directions for improvement in governance and participating in the relevant meetings on a regular basis.

e) Whistle Blower Policy : The culture of openness with easy access to the senior management provides an environment for easy and free exchange of ideas and issues faced by people in the Company. A formal whistle blower policy is not in place. Employees may report to the Management concerns about unethical behavior, actual or suspected fraud or violation of the Company's Code of Conduct.

C. Code for prevention of Insider -Trading Practices

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

D. Accounting Treatment in preparation of financial statements

The Company has followed the guidelines of Accounting Standards laid down by the Institute of Chartered Accountants of India (ICAI) in preparation of financial statements and there has been no deviation from the prescribed Accounting Standards.

E. Statutory Compliance

The Company has a system in place whereby all Business Heads/ Unit In-charges gives a Compliance Certificate to the Board of Directors through the Compliance Officer of the Company relating to compliance of laws, rules, regulations and guidelines applicable to their areas of operation. The Company takes appropriate steps after consulting internally and if necessary, from independent legal counsels that the business operations are not in contravention of any laws. The Company takes all measures to register and protect Intellectual Property Rights including trade name/ service/trade marks/Patents, etc belonging to the Company.

MEANS OF COMMUNICATION

a. The quarterly/half yearly/annual results during the year were published in the leading national English and Hindi Newspapers and displayed on the web site of the Company www.niit.com where official news releases, financial results, consolidated financial highlights and presentations are also displayed.

b. The Company had Quarterly Investors tele-conferences and Press Conferences on June 29, 2006, July 27, 2006, October 27, 2006 and January 19, 2007 for the investors of the Company immediately after the declaration of Quarterly/ Annual results.
c. The Management Perspective, Business Review and Financial Highlights are part of the Annual Report.
d. The quarterly distribution of Shareholding is also displayed on the Company's website.

SHAREHOLDERS' INFORMATION

Annual General Meeting

Date : Wednesday, July 25, 2007

Time : 11.00 A.M.

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

Book Closure Dates: July 19, 2007 to July 25, 2007 (both days inclusive)

Financial Year : April 1 to March 31

Financial Calendar (tentative and subject to change):

Financial reporting for the first quarter ending June 30, 2007	By last week of July 2007
Financial reporting for the second quarter ending September 30, 2007	By last week of October 2007
Financial reporting for the third quarter ending December 31, 2007	BY last week of January 2008
Financial reporting for the year ending March 31, 2008	By last week of June 2008
Annual General Meeting for the year ending March 31, 2008	By last week of September 2008

Dividend

In view of our confidence in the future, the Board of Directors has recommended a dividend of Rs. 6.50 per equity share subject to approval of the shareholders' at the ensuing Annual General Meeting. The dividend shall be paid to the shareholders within 30 days from the date of approval at the Annual General Meeting and as per the provisions of the Companies Act, 1956.

Unclaimed/unpaid Dividend

All unclaimed/unpaid dividend due for the financial years ended upto September 30, 1999 have been transferred to the Investor Education and Protection Fund of the Central Government pursuant to Section 205A of the Companies Act, 1956. The shareholders are requested to apply for revalidation/issue of demand drafts for the Dividend for the financial year 1999-2000 on or before February 16, 2008, after which any unpaid dividend amount for the year 1999-2000 will be transferred by the Company to Investor Education and Protection Fund (IEPF) and no claim shall lie against the Company or IEPF after the said transfer.

Nomination Facility

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

Listing of Shares

The shares of the Company are listed at the National Stock Exchange of India Limited, Mumbai, Bombay Stock Exchange Limited, Mumbai and the Calcutta Stock Exchange Association Limited, Kolkata. An application for delisting from the Calcutta Stock Exchange has been filed and approval is awaited. The listing fees for the year 2007-08 have been paid to the Stock Exchanges.

Stock Code

Trading symbol on the NSE : NIITLTD

Trading symbol on the BSE : 500304

ISIN No. at NSDL/CDSL : INE 161A01020

Details of last three Annual General Meetings and book closure dates:

Annual General Meeting	Date when held	Book Closure/Record Dates
23rd AGM	Thursday, August 17, 2006	Friday, August 11, 2006 to Thursday, August 17, 2006
22nd AGM	Friday, July 22,2005	Tuesday, July 19, 2005 to Friday, July 22, 2005
21st AGM	Thursday, July 29, 2004	Friday, July 16, 2004 to Friday, July 16, 2004

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 Agreements, is annexed to this Report.

Stock Market Data

The Monthly High and Low Share Prices and Market Capitalisation of Equity Shares of the Company traded on Bombay Stock Exchange Limited, Mumbai and National Stock Exchange of India Limited, Mumbai from April 1, 2006 to March 31, 2007 and the comparison of share prices of the Company vis-à-vis the Sensex and Nifty Indices are given below:

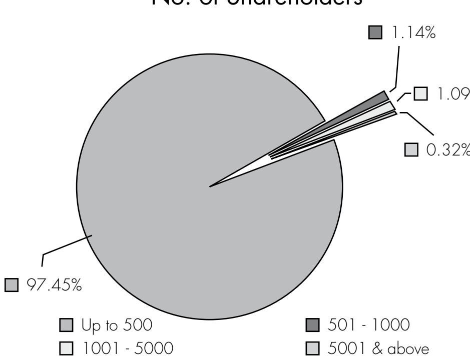
Share Price Movement during the year April 1, 2006 to March 31, 2007

	Bombay Stock Exchange Limited				National Stock Exchange of India Limited			
Month	Sensex	High (Rs.)	Low (Rs.)	M Cap (Rs. Mn.)	Nifty	High (Rs.)	Low (Rs.)	M Cap (Rs. Mn.)
Apr-06	12,043	319	261	5,891	3,558	311	263	5,889
May-06	10,399	409	302	7,007	3,071	405	302	6,991
Jun-06	10,609	395	267	7,099	3,128	378	272	7,099
Jul-06	10,744	400	328	7,008	3,143	382	332	6,993
Aug-06	11,699	382	340	6,679	3,414	369	325	6,676
Sep-06	12,454	357	308	6,408	3,588	349	308	6,361
Oct-06	12,962	345	299	6,485	3,744	347	299	6,500
Nov-06	13,696	452	335	8,634	3,955	452	333	8,645
Dec-06	13,787	550	418	10,216	3,966	555	406	10,091
Jan-07	14,091	652	490	10,871	4,083	655	499	10,942
Feb-07	12,938	714	535	13,064	3,745	715	498	13,063
Mar-07	13,072	804	642	13,769	3,822	805	643	13,831

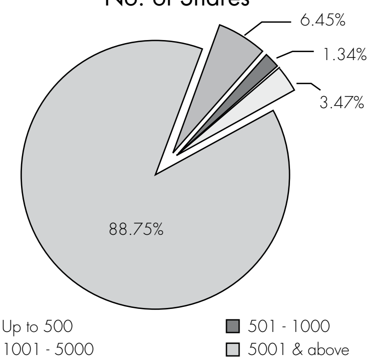
Shareholding Distribution as on March 31, 2007

Range	No. of Shareholders	% to Total shareholders	No. of Shares	% to Total Shares
Up to - 500	30,109	97.45	1,273,881	6.45
501 - 1000	351	1.14	263,926	1.34
1001 - 5000	338	1.09	685,113	3.47
5001 & above	99	0.32	17,532,286	88.74
TOTAL	30,897	100.00	19,755,206	100.00

No. of Shareholders



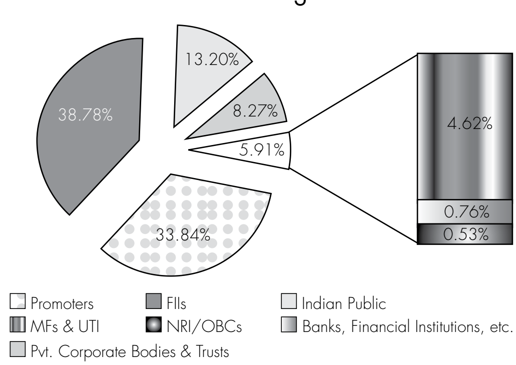
No. of Shares



Shareholding Pattern as on March 31, 2007

Category	No. of shares Holding	% age of Holding
Promoters' Holding		
Promoters		
- Indian Promoters	6,684,637	33.84
- Foreign Promoters	-	-
Sub Total (A)	6,684,637	33.84
Public Shareholding		
Mutual Funds and UTI	913,399	4.62
Banks, Financial Institutions, Insurance Companies, etc.	149,041	0.76
Foreign Institutional Investors	7,660,479	38.78
Private Corporate Bodies & Trust	1,634,450	8.27
Indian Public	2,608,086	13.20
NRI/OCBs	105,114	0.53
Sub Total (B)	13,070,569	66.16
Grand Total (A) +(B)	19,755,206	100.00

Share Holding Pattern



Details of request/queries/complaints in numbers received and resolved during the financial year

Nature of query/complaint	Received	Resolved	Unresolved
Change of address	53	53	-
Change of Bank details	20	20	
Non receipt of Dividend	27	27	-
Correction in dividend warrant	181	181	-
Share transfer related	17	17	-
Share holding query	11	11	
Duplicate/Loss of share certificate/s	21	21	-
Exchange of old share certificates into new share certificate/s	24	24	-
Non Receipt of Share certificate after de-merger	5	5	-
SEBI/Stock Exchange letters	6	6	-
Legal related	9	9	-
Non Receipt of Annual Report	2	2	-
Others (not classified above)	13	13	-
Total	389	389	

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

OUTSTANDING FOREIGN CURRENCY CONVERTIBLE BONDS

The Company had issued 1000, 2.5% Foreign Currency Convertible Bonds of US $ 10,000 each, aggregating to US $ 10 million in the year 2005-06 to Intel Capital Corporation. The said Bonds were convertible into fully paid up equity shares of the Company at any time between April 4, 2005 to April 3, 2010 at the option of the Bondholder at the conversion price of Rs. 200 per share. The said Bonds were outstanding for conversion on March 31, 2007, however the same have been converted into 2,188,000 equity shares subsequent to the close of the financial year.

DEMATERIALISATION OF SHARES AND LIQUIDITY

The Shares of the Company are compulsorily traded in dematerialised form by all categories of investors w.e.f.15th February, 1999. 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, 2007, 98.84 percent of the shares of the Company were held in a dematerialised form.

LIQUIDITY OF SHARES

The Company's shares are traded on the BSE and NSE electronically (dematerialised form). The shares are included on the BSEMIDCAP and BSE 500 Indices of "Bombay Stock Exchange Ltd Mumbai (BSE)."

SHARE TRANSFER SYSTEM

The Company has appointed a common Registrar for the physical share transfer and dematerialisation of shares. The shares lodged for physical transfer/ transmission/ transposition are registered normally within a period of fortnight, if the documents are complete in all respects. For this purpose, the Share Transfer Committee meets as often as required. During the review period, the Committee met 26 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.

COMPLIANCE OFFICER

Mr. Parveen Jain, Company Secretary and Legal Counsel is Compliance Officer of the Company.

REGISTRAR FOR DEMATERIALISATION (ELECTRONIC MODE) OF SHARES AND PHYSICAL TRANSFER OF SHARES

The Company has appointed a Registrar for dematerialisation 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. : 011-42541234, 23541234
Fax Nos. : 011-42541967,
E-mail : rta@alankit.com

REGISTERED OFFICE

NIIT Limited
NIIT House, C-125, Okhla Phase - I
New Delhi - 110 020

ADDRESS FOR CORRESPONDENCE.

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

Investors Services Department
NIIT Limited
NIIT House, C-125, Okhla Phase - I
New Delhi - 110 020.
Tel Nos. : 91 11 41407000
Fax : 91 11 26817344
e-mail –investors@niit.com

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

The above report was adopted by the Board of Directors at their meeting held on June 5, 2007

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(s)

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 2006-07.

Place : New Delhi
Dated : June 05, 2007

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(s)

To,
The Board of Directors
NIIT Limited
C-125 Okhla Phase-I
New Delhi - 110 020

We hereby certify that for the Financial Year 2006-07:

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 2006-07 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 2006-07 and that the same have been disclosed in the notes to the financial statements; and
   - instances of significant fraud of which we are aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

Place : New Delhi
Dated : June 05, 2007

Vijay K. Thadani
CEO and Whole-time Director

Jitender Mahajan
Chief Financial Officer

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

To the Members of NIIT Limited,

We have reviewed the implementation of Corporate Governance procedures by NIIT Limited during the year April 1, 2006 to March 31, 2007 with the relevant records and documents maintained by the Company, furnished to us for our review and the Report on Corporate Governance as approved by the Board of Directors.

The compliance of conditions on Corporate Governance is the responsibility of the Management. Our examination 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.

We further 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.

We state that no investor grievances are pending exceeding for a period of one month against the Company as at March 31, 2007 as per the records maintained by the Shareholders'/Investors' Grievance Committee of the Company.

On the basis of our review and according to the explanations given to us, the conditions of Corporate Governance as stipulated in Clause 49 of the Listing Agreement(s) of the Stock Exchanges have been complied with in all material aspect by the Company.

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

Place : New Delhi
Dated : June 05, 2007

AUDITORS' REPORT

TO THE MEMBERS OF NIIT LIMITED

1. We have audited the attached Balance Sheet of NIIT Limited, as at March 31, 2007, and the related Profit and Loss Account and Cash Flow Statement for the year ended on that date annexed thereto, which we have signed under reference to this report. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003, as amended by the Companies (Auditor's Report) (Amendment) Order, 2004, issued by the Central Government of India in terms of sub-section (4A) of Section 227 of 'The Companies Act, 1956' of India (the 'Act') and on the basis of such checks of the books and records of the company as we considered appropriate and according to the information and explanations given to us, we further report that:

(i) (a) The company is maintaining proper records showing full particulars including quantitative details and situation of fixed assets.

(b) The fixed assets are physically verified by the management according to a phased programme designed to cover all the items over a period of two years, which in our opinion, is reasonable having regard to the size of the company and the nature of its assets. Pursuant to the programme, a portion of the fixed assets has been physically verified by the management during the year and no material discrepancies between the book records and the physical inventory have been noticed.

(c) In our opinion and according to the information and explanations given to us, a substantial part of fixed assets has not been disposed off by the company during the year.

(ii) (a) The inventory (excluding stocks with third parties) has been physically verified by the management during the year. In respect of the inventory lying with third parties, these have substantially been confirmed by them. 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 three subsidiaries covered in the register maintained under Section 301 of the Act. The maximum amount involved during the year and the year-end balance of such loans aggregates to Rs. 1,650.60 lacs and Rs. 1,500.83 lacs respectively.

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

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

In respect of the aforesaid loans, there is no overdue amount more than Rupees One Lac.

(b) The company has taken unsecured loans, from one wholly owned subsidiary covered in the register maintained under Section 301 of the Act. The maximum amount involved during the year and the year-end balance of such loan are Rs. 1,625 lacs and Rs. 1,625 lacs respectively.

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

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

(iv) In our opinion and according to the information and explanations given to us, having regard to the explanation that certain items purchased are of special nature for which suitable alternative sources do not exist for obtaining comparative quotations there is an adequate internal control system commensurate with the size of the company and the nature of its business for the purchase of inventory, fixed assets and for the sale of goods and services. Further, on the basis of our examination of the books and records of the company, and according to the information and explanations given to us, we have neither come across nor have been informed of any continuing failure to correct major weaknesses in the aforesaid internal control system.

(v) (a) In our opinion and according to the information and explanations given to us, the particulars of contracts or arrangements referred to in Section 301 of the Act have been entered in the register required to be maintained under that section.

(b) In respect of certain transactions of the value of Rs. 8,393.28 lacs with subsidiaries and Rs. 882.37 lacs with other companies, the management has informed us that the transactions dealt are of a specialised nature and therefore comparable prices are not available. 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 Lacs 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 or any other relevant provisions of the Act and the rules framed there under.

(vii) In our opinion, the company has an internal audit system commensurate with its size and nature of its business.

(viii) The Central Government of India has not prescribed the maintenance of cost records under clause (d) of sub-section (1) of Section 209 of the Act for any of the products of the company.

(ix) (a) According to the information and explanations given to us and the records of the company examined by us, in our opinion, the company is *generally* regular in depositing the undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income-tax, sales-tax, wealth tax, service tax, cess and other material statutory dues as applicable with the appropriate authorities.

(b) According to the information and explanations given to us and the records of the company examined by us, the particulars of dues of income-tax, sales-tax, wealth tax, service tax, customs duty, excise duty and cess as at March 31, 2007 which have not been deposited on account of a dispute, are as follows:-

Name of the statute	Nature of dues	Amount (Rs. Lacs)	Period to which the amount relates	Forum where the dispute is pending
Andhra Pradesh General Sales Tax Act, 1957	Demand for works contract tax	559.46	2001 – 2006	High Court of Andhra Pradesh

(x) The company has no accumulated losses as at March 31, 2007 and it has not incurred any cash losses in the financial year ended on that date or in the immediately preceding financial year.

(xi) According to the records of the company examined by us and the information and explanations given to us, the company has not defaulted in repayment of dues to any financial institution or bank as at the balance sheet date.

(xii) The company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.

(xiii) The provisions of any special statute applicable to chit fund/ nidhi/ mutual benefit fund/ societies are not applicable to the company.

(xiv) In our opinion, the company is not a dealer or trader in shares, securities, debentures and other investments.

(xv) The company has provided a corporate guarantee of USD 38.5 million (Rs. 16,725.05 Lacs) to ICICI Bank for loan availed by its subsidiary NIIT (USA) Inc., which is within the limits under Section 372A of the Act and is therefore not considered prejudicial to the interest of the company.

(xvi) In our opinion, and according to the information and explanations given to us, on an overall basis, the term loans have been applied for the purposes for which they were obtained.

(xvii) On the basis of an overall examination of the balance sheet of the company, in our opinion and according to the information and explanations given to us, there are no funds raised on a short-term basis which have been used for long-term investment.

(xviii) The company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Act during the year.

(xix) The company has not issued any debentures during the year.

(xx) The company has not raised any money by public issues during the year.

(xxi) During the course of our examination of the books and records of the company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the company, noticed or reported during the year, nor have we been informed of such case by the management.

4. Further to our comments in paragraph 3 above, we report that:
   (a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
   (b) In our opinion, proper books of account as required by law have been kept by the company so far as appears from our examination of those books;
   (c) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
   (d) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Act;
   (e) On the basis of written representations received from the directors, as on March 31, 2007 and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2007 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Act;
   (f) In our opinion and to the best of our information and according to the explanations given to us, the said financial statements together with the notes thereon and attached thereto give in the prescribed manner the information required by the Act and give a true and fair view in conformity with the accounting principles generally accepted in India:
      (i) in the case of the Balance Sheet, of the state of affairs of the company as at March 31, 2007;
      (ii) in the case of the Profit and Loss Account, of the profit for the year ended on that date; and
      (iii) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

H. Singh
Partner
Membership Number F- 86994
For and on behalf of
Price Waterhouse
Chartered Accountants

Place : New Delhi
Date : June 05, 2007

BALANCE SHEET as at 31st March, 2007

	Schedule No./ (Note Reference)		As At 31st March, 2007 (Rs.)		As At 31st March, 2006 (Rs.)
SOURCES OF FUNDS					
SHAREHOLDERS' FUNDS					
Share Capital	'1'	197,558,060		193,252,390	
Employees Stock Option Outstanding	'1A'	5,878,052		19,661,111	
Reserves and Surplus	'2'	2,890,235,831	3,093,671,943	2,675,076,117	2,887,989,618
LOAN FUNDS					
Secured Loans	'3'	734,236,492		649,173,451	
Unsecured Loans	'4'	605,877,554	1,340,114,046	546,168,900	1,195,342,351
			4,433,785,989		4,083,331,969
APPLICATION OF FUNDS					
FIXED ASSETS	'5'				
Gross Block		2,601,895,297		2,006,187,174	
Less: Depreciation		1,471,621,126		1,261,349,406	
Net Block			1,130,274,171		744,837,768
Capital work-in-progress (including Capital Advances)			27,947,396		208,898,268
INVESTMENTS	'6'		1,701,973,282		1,456,351,215
DEFERRED TAX ASSETS (Net)	'19(30)'		77,261,205		20,000,000
CURRENT ASSETS, LOANS AND ADVANCES					
Inventories	'7'	119,763,512		88,227,695	
Sundry Debtors	'8'	1,541,852,798		1,528,975,637	
Cash and Bank Balances	'9'	283,951,704		520,129,237	
Other Current Assets	'10'	63,756,297		72,081,709	
Loans and Advances	'11'	836,732,786		548,698,312	
		2,846,057,097		2,758,112,590	
Less : CURRENT LIABILITIES AND PROVISIONS					
Current Liabilities	'12'	1,079,478,307		953,022,008	
Provisions	'13'	270,248,855		151,845,864	
		1,349,727,162		1,104,867,872	
Net Current Assets			1,496,329,935		1,653,244,718
			4,433,785,989		4,083,331,969

NOTES TO ACCOUNTS '19'

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

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

Rajendra S Pawar
Chairman and Managing Director

Vijay K Thadani
CEO & Whole-time Director

Ashok Arora
Group Chief Financial Officer

Jitender Mahajan
Chief Financial Officer

Parveen Jain
Company Secretary & Legal Counsel

Place : New Delhi
Date : June 05, 2007

PROFIT AND LOSS ACCOUNT for the year ended 31st March, 2007

	Schedule No./ (Note Reference)	Year ended 31st March, 2007 (Rs.)	Year ended 31st March, 2006 (Rs.)
INCOME			
Revenue from Operations	'19 [1(v) and 17]'	3,902,695,364	3,377,702,730
Other Income	'14'	105,394,703	71,152,730
		4,008,090,067	3,448,855,460
EXPENDITURE			
Personnel	`15'	1,087,886,979	890,655,088
Development, Production and Execution	`16'	1,059,442,000	1,156,918,898
Administration, Finance and Others	`17'	859,171,170	634,457,758
Marketing	`18'	368,286,161	235,414,941
Depreciation and Amortisation	`5'	314,028,915	237,596,873
		3,688,815,225	3,155,043,558
Profit before Tax		319,274,842	293,811,902
Income Tax Expense	`19(30)'		
- Current		32,020,000	20,040,000
- Deferred charge/ (credit)		(34,450,500)	(20,000,000)
- Fringe Benefit Tax		19,265,649	18,854,634
- MAT Credit Entitlement		(13,724,220)	-
Provision for tax relating to earlier years		(13,183,603)	5,036,988
Profit after Tax		329,347,516	269,880,280
Balance brought forward from Previous year		2,018,573,084	1,907,890,350
Balance available for appropriation		2,347,920,600	2,177,770,630
APPROPRIATION			
Dividend :-			
- Proposed Dividend on Equity Shares		142,630,839	115,947,834
- Corporate Dividend Tax on above		24,240,111	16,261,684
Transferred to General Reserve		32,934,752	26,988,028
Balance Carried to Balance Sheet		2,148,114,898	2,018,573,084
		2,347,920,600	2,177,770,630
Earnings per share	`19(32)'		
- Basic		16.97	13.97
- Diluted		16.34	13.88

NOTES TO ACCOUNTS `19'

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

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

Rajendra S Pawar
Chairman and Managing Director

Vijay K Thadani
CEO & Whole-time Director

Ashok Arora
Group Chief Financial Officer

Jitender Mahajan
Chief Financial Officer

Parveen Jain
Company Secretary & Legal Counsel

Place : New Delhi
Date : June 05, 2007

CASH FLOW STATEMENT for the year ended 31st March, 2007

		Year ended 31st March, 2007 (Rs.)		Year ended 31st March, 2006 (Rs.)
A. CASH FLOW FROM OPERATING ACTIVITIES				
Net Profit before Tax		319,274,842		293,811,902
Add/ (Less):				
Depreciation and Amortisation	314,028,915		237,596,873	
Provision for doubtful advances	-		2,494,396	
Foreign Exchange Adjustments	10,964,696		(3,783,837)	
Interest Expenses	84,290,323		55,782,948	
Interest Income	(43,379,199)		(20,393,193)	
Loss/ (Profit) on Disposal of Fixed Assets (Net)	(6,924,899)		2,439,509	
Profit on sale of Investments	(7,372,645)		(12,426,051)	
Liabilities written back	(3,841,135)		(34,140,312)	
Provision for Gratuity & Leave Encashment (Net)	6,293,808		(8,586,340)	
Employees Stock Option Expenses	6,607,424	360,667,288	15,430,517	234,414,510
Operating profit before Working Capital Changes		679,942,130		528,226,412
Add/ (Less) : Increase/ Decrease in Operating Working Capital				
Trade Receivable	(15,231,489)		(454,767,286)	
Inventories	(31,535,817)		(14,426,515)	
Other Current Assets	20,823,287		(1,650,050)	
Loans and Advances	(78,088,547)		(84,511,162)	
Current Liabilities and Provisions	118,637,550	14,604,984	231,169,360	(324,185,653)
Interest Paid - Others		-		(2,791,694)
Direct Tax -(Paid)/ Refund received (Including TDS)		(14,249,632)		(44,848,896)
Net cash from operating activities (A)		680,297,482		156,400,169
B. CASH FLOW FROM INVESTING ACTIVITIES				
Purchase of fixed assets (including capital work in progress)		(537,812,042)		(371,305,734)
Proceeds from Sale of fixed assets		28,431,148		7,404,925
Net Decrease/ (Increase) in Short term investment		56,597,141		112,761,741
Loan Given to Subsidiaries		(150,083,400)		(49,000,000)
Loan Given to NIITian Welfare Trust		-		(42,840,000)
Loan Given to NIITian Welfare Trust received back		100,000,000		-
Interest Received		30,881,324		17,133,484
Proceeds from disposal of Investments in Associates		9,450,000		-
Proceeds from disposal of Investments in Subsidiary Companies		-		140,000,000
Investment in Equity Share- in Subsidiary Companies		(301,296,562)		(209,528,793)
Loan Given to NIIT Education Society		(229,000,000)		(73,500,000)
Loan Given to NIIT Education Society received back		22,500,000		-
Loan Given to Subsidiaries received back		49,000,000		197,055,000
Net cash used in investing activities (B)		(921,332,391)		(271,819,377)

CASH FLOW STATEMENT for the year ended 31st March, 2007 (Contd.)

		Year ended 31st March, 2007 (Rs.)		Year ended 31st March, 2006 (Rs.)
C. CASH FLOW FROM FINANCING ACTIVITIES				
Issue of Shares (Including Share Premium)		78,744,660		-
Issue of Foreign Currency Convertible Bonds		-		437,900,000
Vehicle Loan				
- Received during the year	8,709,290		25,795,732	
- Repaid during the year	(13,833,907)	(5,124,617)	(12,087,338)	13,708,394
Term Loan				
- Received during the year	-		400,000,000	
- Repaid during the year	(163,888,890)	(163,888,890)	(169,240,416)	230,759,584
Loan From Banks - Cash Credit		254,076,548		-
Interest Paid on Fixed Loan (including finance charges on finance lease arrangement)		(83,842,077)		(49,891,460)
Dividend Paid (Including Dividend Tax)		(132,608,248)		(121,878,542)
Receipts of Inter Company Deposits		162,500,000		105,000,000
Repayment of Inter Company Deposits		(105,000,000)		(88,000,000)
Net cash from Financing Activities (C)		4,857,376		527,597,976
Net Increase/ (Decrease) in Cash & Cash Equivalents (A+B+C)		(236,177,533)		412,178,768
Cash and cash equivalents as at the beginning of the year		520,129,237		107,950,469
Cash and cash equivalents as at the end of the year		283,951,704		520,129,237
Cash and cash equivalents comprise				
Cash, Cheques & Drafts (in hand) and Remittances in transit		172,695,532		76,231,024
Balance with Scheduled Banks*		111,256,172		443,898,213
*[Fixed Deposits include Rs. 19,026,534/- (Previous year Rs. 18,194,930/-) pledged as margin money]				
Cash and cash equivalents as at the end of the year		283,951,704		520,129,237

Notes :

1 The above Cash flow statement has been prepared under the indirect method as set out in AS-3 issued by the "Institute of Chartered Accountants of India".

2 The Schedules from 1-19 forms an integral part of the Cash Flow Statement.

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

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

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

Rajendra S Pawar
Chairman and Managing Director

Vijay K Thadani
CEO & Whole-time Director

Ashok Arora
Group Chief Financial Officer

Jitender Mahajan
Chief Financial Officer

Parveen Jain
Company Secretary & Legal Counsel

Place : New Delhi
Date : June 05, 2007

SCHEDULES annexed to and forming part of the Balance Sheet as at 31st March, 2007

Schedule No.	As At 31st March, 2007 (Rs.)	As At 31st March, 2006 (Rs.)
1. SHARE CAPITAL		
[Refer Note 15 on Schedule 19]		
Authorised		
50,000,000 Equity Shares of Rs. 10/- each	500,000,000	500,000,000
2,500,000 Redeemable Preference Shares of Rs. 100/- each	250,000,000	250,000,000
	750,000,000	750,000,000
Issued		
19,756,406 Equity shares of Rs 10/- each (Previous year - 19,325,839 Equity Shares of Rs. 10/- each)	197,564,060	193,258,390
	197,564,060	193,258,390
Subscribed		
19,755,206 Equity shares of Rs 10/- each (Previous year - 19,324,639 Equity Shares of Rs. 10/- each)	197,552,060	193,246,390
	197,552,060	193,246,390
Paid-up		
19,755,206 Equity shares of Rs 10/- each (Previous year - 19,324,639 Equity Shares of Rs. 10/- each)	197,552,060	193,246,390
Add: Forfeited Shares (amount originally paid-up)	6,000	6,000
Note : Issued Share Capital includes 17,461,494 Equity Shares of Rs. 10/- each allotted as fully Paid-up bonus shares by way of capitalisation of General Reserve/ Share Premium Account/ Capital Redemption Reserve in 1998-99, 1994-95 , 1992-93 and 1987-88.		
	197,558,060	193,252,390
1A. EMPLOYEES STOCK OPTION OUTSTANDING		
[Refer Note 1(vii) and 15 on Schedule 19]		
Employees Stock Option Outstanding	5,878,052	29,654,154
Less: Deferred Employees Compensation	-	(9,993,043)
	5,878,052	19,661,111

Schedule No.		As At 31st March, 2007 (Rs.)		As At 31st March, 2006 (Rs.)
2. RESERVES AND SURPLUS				
Capital Redemption Reserve				
As per Last Balance Sheet		54,598,467		54,598,467
Share Premium [Refer Note 15 on Schedule 19]				
As per Last Balance Sheet	44,794,328			
Add: Additions during the year on account of exercise of ESOP's	96,982,490	141,776,818		44,794,328
General Reserve [Refer Note 1(vi), 16 and 30 on Schedule 19]				
As per Last Balance Sheet	557,110,238		530,122,210	
Less : Utilised for leave encashment on account of revised AS15 (Net of deferred tax asset amounting to Rs. 228 lacs)	(44,299,342)		-	
Add : Transfer from Profit & Loss Account	32,934,752	545,745,648	26,988,028	557,110,238
Profit and Loss Account		2,148,114,898		2,018,573,084
		2,890,235,831		**2,675,076,117**
3. SECURED LOANS [Refer Note 6 on Schedule 19]				
Loans from Banks				
- Rupee Term Loans	450,694,443		614,583,333	
- Cash Credit	254,076,548		-	
- Vehicle Loans	29,465,501	734,236,492	34,590,118	649,173,451
[Amount due within one year Rs. 174,625,950/- (Previous year Rs. 176,603,971/-)]				
		734,236,492		649,173,451
4. UNSECURED LOANS [Refer Notes 1 (viii), (ix), 27 and 33(b) on Schedule 19]				
Long Term Loan from Subsidiaries		162,500,000		105,000,000
2.5% Foreign Currency Convertible Bonds		437,900,000		437,900,000
Deferred Lease Obligation		5,477,554		3,268,900
		605,877,554		546,168,900

SCHEDULES annexed to and forming part of the Balance Sheet as at 31st March, 2007 (Contd.)

5. FIXED ASSETS
[Refer Notes 1 (i), (ii), (viii), (ix) and (x) and 33 (b) on Schedule 19]

(Amount in Rs.)

Description of Assets	GROSS BLOCK				DEPRECIATION AND AMORTISATION				NET BLOCK	
	Cost As on 01.04.2006	Additions during the year	Sales/ Adj. during the year	Total as on 31.03.2007	As on 01.04.2006	For the year	Sales/ Adj. during the year	Total as on 31.03.2007	As on 31.03.2007	As on 31.03.2006
Tangible										
Land-Freehold	39,515,082	-	-	39,515,082	-	-	-	-	39,515,082	39,515,082
Buildings	76,576,793	138,163,311	5,849,080	208,891,024	15,292,920	3,249,467	1,636,713	16,905,674	191,985,350	61,283,873
Plant & Machinery										
- Owned	1,073,619,694	220,316,913	88,222,542	1,205,714,065	794,530,020	133,364,719	87,427,313	840,467,426	365,246,639	279,089,674
- Leased	4,506,135	2,886,444	630,450	6,762,129	2,679,237	1,941,350	627,325	3,993,262	2,768,867	1,826,898
Lease Hold Improvements	83,889,388	90,504,726	-	174,394,114	40,034,536	26,372,002	-	66,406,538	107,987,576	43,854,852
Furniture & Fixtures										
- Owned	97,758,888	45,502,724	6,862,714	136,398,898	79,486,480	13,981,974	6,861,906	86,606,548	49,792,350	18,272,408
- Leased	3,617,204	2,886,444	217,074	6,286,574	1,970,683	1,825,819	216,963	3,579,539	2,707,035	1,646,521
Vehicles	66,054,452	16,634,253	23,481,584	59,207,121	12,219,344	6,466,721	6,986,975	11,699,090	47,508,031	53,835,108
Sub Total (a)	1,445,537,636	516,894,815	125,263,444	1,837,169,007	946,213,220	187,202,052	103,757,195	1,029,658,077	807,510,930	499,324,416
Intangible (courseware/products)										
Software										
- acquired	467,217,037	204,076,752	-	671,293,789	260,122,072	105,722,555	-	365,844,627	305,449,162	207,094,965
- Internally generated	88,309,536	-	-	88,309,536	51,387,009	20,370,598	-	71,757,607	16,551,929	36,922,527
Patents	5,122,965	-	-	5,122,965	3,627,105	733,710	-	4,360,815	762,150	1,495,860
Sub Total (b)	560,649,538	204,076,752	-	764,726,290	315,136,186	126,826,863	-	441,963,049	322,763,241	245,513,352
Total (a+b)	2,006,187,174	720,971,567	125,263,444	2,601,895,297	1,261,349,406	314,028,915	103,757,195	1,471,621,126	1,130,274,171	744,837,768
Previous year	1,863,255,991	253,413,309	110,482,126	2,006,187,174	1,124,390,225	237,596,873	100,637,692	1,261,349,406	744,837,768	
						Capital Work-in Progress (Including Capital Advances)			27,947,396	208,898,268

Notes :

(i) Gross Block of Building includes 10 shares of Rs. 50/-each in Lotia Palace Housing Society and 10 shares of Rs. 500/- each in the Guru Vidya Co-operative Housing Society Ltd.
(ii) Out of the total land as above, 100 acres land at Tehsil Behror, District Alwar is allotted for educational purposes. This land cannot be transferred without the approval of the allotment authority.
(iii) Addition to building includes borrowing costs of Rs. 7,474,485/- (Previous year Nil).
(iv) Capital work in progress includes borrowing costs of Nil (Previous year Rs. 6,358,820/-).

Schedule No.		As At 31st March, 2007 (Rs.)		As At 31st March, 2006 (Rs.)
6.INVESTMENTS				
[Refer Notes 1 (iii), 19, 22, 23, 24, 25 and 28 on Schedule 19]				
A. LONG TERM, TRADE [UNQUOTED]				
In Subsidiary Companies				
-Equity				
24,162,113 (Previous year 18,662,113) Shares of 1 US $ each fully paid-up in NIIT (USA) Inc., USA[1]	1,083,566,259		827,183,209	
Less: Provision for diminution in value of Investment	(398,415,709)	685,150,550	(398,415,709)	428,767,500
500,000 (Previous year 500,000) Equity Shares of 1 US $ or Rp. 2,297 each fully paid-up in PT NIIT Indonesia, Indonesia	17,560,000		17,560,000	
Less: Provision for diminution in the value of investment	(17,560,000)	-	(17,560,000)	-
35,056,000 (Previous year 35,056,000) Equity Shares of 1 US $ each fully paid-up in NIIT Antilles NV, Netherlands Antilles	1,628,688,400		1,628,688,400	
Less: Provision for diminution in value of Investment	(773,531,096)	855,157,304	(773,531,096)	855,157,304
3,949,175 (Previous year 3,949,175) Equity Shares of Re 1 each fully paid-up in NIIT Online Learning Limited [2]	3,949,175		3,949,175	
Less: Provision for diminution in value of Investment	(3,949,175)	-	(3,949,175)	-
900,000 (Previous year 900,000) Equity Shares of Rs 10/- each fully paid-up in Hole-in-the-Wall Education Limited (Formerly known as Minimally Invasive Education Company Limited)		9,000,000		9,000,000
9,910,000 (Previous year 9,910,000) Equity Shares of Rs. 10 each fully paid-up in Scantech Evaluation Services Ltd		99,064,000		99,064,000
50,000 (Previous year 50,000) Equity Shares of Rs. 10 each fully paid-up in NIIT Multimedia Limited		500,000		500,000
155,000 (Previous year 100,000) Equity Shares of 1 GBP each fully paid-up in NIIT Limited-UK [3]		13,101,328		8,187,916
4,000,000 (Previous year nil) Equity Shares of Rs. 10 each fully paid-up in NIIT Institute of Finance Banking and Insurance Training Limited		40,000,000		-
- Preference				
5,600,000 (Previous year Nil) Non Convertible Cumulative Redeemable Preference Shares of Rs. 10/- each fully paid-up in Hole-in-the-Wall Education Limited (Formerly known as Minimally Invasive Education Company Limited)		100		-

Notes :

1 During the year the Company has made further investment of Rs.256,383,050 in NIIT USA Inc., by acquiring 5,500,000 Equity Shares of the same.

2 a) Pursuant to the Order dated July 20, 2005, of Hon'ble High Court of Delhi, 108,000,000 equity shares of Re 1 each have been reduced to 3,949,175/- equity shares of Re 1 each.

b) 8.5% 325,000,000 Cumulative Redeemable Preference Share of Re.1 each, have also been extinguished pursuant to the aforesaid Order on receipt of Rs. 140,000,000. Further, Rs. 4,685,877/-, being the differential amount over and above the carrying cost of the investments as at March 31, 2005, has been included in Other Income in Schedule 14, in the Previous year.

3 During the year the Company has made further investment of Rs. 4,913,412 in NIIT Limited-UK by acquiring 55,000 Equity Shares of the same.

		As At 31st March, 2007 (Rs.)		As At 31st March, 2006 (Rs.)
In Other Companies				
45,911 (Previous Year 80,311) Equity Shares of Rs 10/- each fully paid-up in Mindshaper Technologies Pvt. Ltd.	14,291,629		25,000,000	
Less: Provision for diminution in the value of investment	(14,291,629)	-	(25,000,000)	-
190,627 (Previous Year 190,627) Equity Shares of Rs 10/- each fully paid-up in Aesthetics Technologies Pvt. Ltd.	20,000,584		20,000,584	
Less: Provision for diminution in the value of investment	(20,000,584)	-	(20,000,584)	-
Nil (Previous Year 600,000) Equity Shares of Rs 10/- each fully paid-up at par in Medvarsity Online Ltd.		-		6,000,000
B. LONG TERM, OTHERS [UNQUOTED]				
In Other Companies				
240 Equity Shares of Rs.10/- each fully paid-up in Hinduja HCL Singtel Communication Pvt. Ltd.	2,400		2,400	
Less: Provision for diminution in the value of investment	(2,400)	-	(2,400)	-
C. SHORT TERM, NON TRADE [UNQUOTED]				
[Refer Note 19 on Schedule 19]				
In Mutual Funds		-		49,674,495
		1,701,973,282		1,456,351,215

SCHEDULES annexed to and forming part of the Balance Sheet as at 31st March, 2007 (Contd.)

Schedule No.		As At 31st March, 2007 (Rs.)		As At 31st March, 2006 (Rs.)
7. INVENTORIES (Finished Goods) [Refer Notes 1(iv) and 17 on Schedule 19]				
Education and Training Material *		100,205,431		68,692,773
Software		19,558,081		19,534,922
		119,763,512		88,227,695
Note: * Net of provision for non-moving stocks of Rs. 1,500,000/- (Previous year Rs. 3,000,000/-).				
8. SUNDRY DEBTORS (Unsecured) [Refer Note 10 (a) and 31 on Schedule 19]				
Outstanding for over six months				
- Considered Good	634,946,793		541,359,190	
- Considered Doubtful	202,930,337		216,428,106	
Other Debts - Considered Good	906,906,005		987,616,447	
	1,744,783,135		1,745,403,743	
Less : Provision for Doubtful Debts	202,930,337	1,541,852,798	216,428,106	1,528,975,637
		1,541,852,798		1,528,975,637
9. CASH AND BANK BALANCES				
Cash and Cheques in Hand		172,695,532		76,231,024
Balances with Scheduled Banks in :				
- Current Accounts		86,575,879		173,574,472
- Dividend Account		4,769,803		5,168,533
- Fixed Deposit Accounts [Fixed Deposits include Rs. 19,026,534/- (Previous year Rs. 18,194,930/-) pledged as margin money]		19,230,890		264,457,212
- Exchange Earners' Foreign Currency Account		679,600		697,996
		283,951,704		520,129,237
10. OTHER CURRENT ASSETS (Unsecured, considered good)				
Interest Receivable		17,998,735		5,500,860
Unbilled Revenue (Net)		45,757,562		66,580,849
		63,756,297		72,081,709

Schedule No.		As At 31st March, 2007 (Rs.)		As At 31st March, 2006 (Rs.)
11. LOANS AND ADVANCES				
(Unsecured, considered good except where otherwise stated) [Refer Notes 16, 21 and 26 on Schedule 19]				
Loans to Subsidiaries		150,083,400		49,000,000
Loan to NIITian Welfare Trust		-		100,000,000
Loan to NIIT Education Society		280,000,000		73,500,000
Recoverable from Subsidiaries		2,150,243		4,643,722
Advances recoverable in cash or in kind or for value to be received*				
- Considered good	192,411,511		157,840,010	
- Considered doubtful	9,479,928		12,940,987	
	201,891,439		170,780,997	
Less : Provision for Doubtful Advances	9,479,928	192,411,511	12,940,987	157,840,010
* Includes amount due from Directors Nil (Previous year Rs. 92,334/-) Maximum amount due from directors during the year Rs. 3,889,382/- (Previous year Rs. 3,080,001/-).				
Security Deposits				
- Considered good	198,153,902		163,714,580	
- Considered doubtful	733,449		3,012,501	
	198,887,351		166,727,081	
Less : Provision for Doubtful Security Deposits	733,449	198,153,902	3,012,501	163,714,580
Advance payment of Fringe Benefit Tax	38,329,793		-	
Less : Provision for Fringe Benefit Tax	(38,120,283)	209,510	-	-
MAT Credit entitlements		13,724,220		-
		836,732,786		548,698,312

SCHEDULES annexed to and forming part of the Balance Sheet as at 31st March, 2007 (Contd.)

Schedule No.		As At 31st March, 2007 (Rs.)		As At 31st March, 2006 (Rs.)
12. CURRENT LIABILITIES				
[Refer Notes 1(xii) and 34 on Schedule 19]				
Sundry Creditors				
- Due to small scale industrial undertakings		2,708,909		2,742,735
- Others		849,209,331		783,069,636
Amount Payable to Subsidiaries		6,570,212		4,699,834
Advances from Customers		121,046,054		97,490,461
Security Deposits		7,116,116		7,494,114
Interest accrued but not due on loans		4,903,710		4,455,464
Unpaid Dividend *		4,769,803		5,168,533
Unclaimed fractional share payment		139,777		142,778
Deferred Revenue		14,252,763		4,990,064
Other Liabilities		68,761,632		42,768,389
* There are no amounts due for payment to the Investor Protection Fund under section 205C of the Companies Act, 1956 as at the year end.				
		1,079,478,307		953,022,008
13. PROVISIONS				
[Refer Notes 1(vi), (xi), (xii) and 16 on Schedule 19]				
Provision for compensated absences		84,159,569		9,100,300
Provision for Gratuity		-		1,655,414
Proposed Dividend on Equity Shares		142,630,839		115,947,834
Provision for Fringe Benefit Tax	-		18,854,634	
Less : Advance Tax	-	-	(18,589,954)	264,680
Corporate Dividend Tax		24,240,111		16,261,684
Provision for Current Tax	280,913,385		264,899,999	
Less : Advance Tax	(261,695,049)	19,218,336	(256,284,047)	8,615,952
		270,248,855		151,845,864

SCHEDULES annexed to and forming part of the Profit and Loss Account as at 31st March, 2007

Schedule No.		Year ended 31st March, 2007 (Rs.)		Year ended 31st March, 2006 (Rs.)
14. OTHER INCOME				
[Refer Notes 1(v) , (viii), 19 and 24 on Schedule 19]				
Profit on sale of				
- Short term other Investments (net)	1,922,645		12,426,051	
- Fixed Assets (net)	6,924,899	8,847,544	-	12,426,051
Profit on sale of long term other trade investments		5,450,000		-
Provisions/ Other Liabilities written back		3,841,135		16,778,164
Provision for Doubtful Debts written back	-		74,140,000	
Less: Additional provision created	-	-	(56,777,852)	17,362,148
Recoveries from Overseas Subsidiaries for expenses		78,274,872		12,129,377
Recovery of expenses from NIIT Institute of Information Technology		-		7,599,014
Miscellaneous		8,981,152		4,857,976
		105,394,703		71,152,730
15. PERSONNEL				
[Refer Notes 1(vi), (vii), 5, 8, 15, 16 and 18 on Schedule 19]				
Salaries and Benefits [Includes contribution towards Provident and Other Funds Rs. 44,937,768/- (Previous year Rs. 35,140,528/-)]		1,018,669,203		831,134,446
Employees Stock Option Expenses		6,607,424		15,430,517
Welfare and Other Expenses		62,610,352		44,090,125
		1,087,886,979		890,655,088
16. DEVELOPMENT, PRODUCTION AND EXECUTION				
[Refer Notes 5, 8 and 9 on Schedule 19]				
Courseware and Manuals [Includes inventory write off for Rs. 10,009,204/- (Previous year Rs. 11,102,712/-)]		370,240,747		254,511,412
Bought out Packages/ Products		36,947,569		152,654,677
Course Execution Charges		306,719,746		455,367,290
Professional Charges		272,170,740		149,543,969
Equipment Hiring		36,700,433		113,753,236
Consumables		4,200,637		5,601,282
Others		32,462,128		25,487,032
		1,059,442,000		1,156,918,898

SCHEDULES annexed to and forming part of the Profit and Loss Account as at 31st March, 2007 (Contd.)

Schedule No.		Year ended 31st March, 2007 (Rs.)		Year ended 31st March, 2006 (Rs.)
17. ADMINISTRATION, FINANCE AND OTHERS [Refer Notes 1(v), (vii), (viii), (ix), (x), 5, 7, 8, 14 and 33 on Schedule 19]				
Rent		171,901,155		121,309,653
Rates and Taxes		998,291		1,445,836
Electricity and Water		100,603,850		75,492,015
Communication		72,205,629		47,069,132
Legal and Professional		65,730,932		53,461,354
Travelling and Conveyance		207,182,849		153,221,092
Bank, Discounting and Other Financial Charges		8,853,077		7,686,098
Insurance Premium		10,407,885		6,771,321
Repairs and Maintenance				
- Plant and Machinery		13,462,180		16,603,240
- Buildings		2,850,599		3,271,983
- Others		37,248,834		29,267,622
Provision for doubtful debts		27,500,000		-
Interest paid on:				
- Fixed Loans	68,256,968		52,991,254	
- Others	16,033,355		2,791,694	
	84,290,323		55,782,948	
Less: Interest Received (Gross) :				
- Deposits	(5,129,937)		(10,994,932)	
- Loans	(36,686,830)		(9,374,996)	
- Others	(1,562,432)		(23,265)	
	(43,379,199)	40,911,124	(20,393,193)	35,389,755
Provision for doubtful advances		-		2,494,396
Loss on exchange fluctuations (Net)		7,114,309		822,504
Expenses on Equipment Hiring		35,214,710		34,403,426
Loss on sale of fixed assets (Net)		-		2,439,509
Sundry Expenses		56,985,746		43,308,822
		859,171,170		**634,457,758**
18. MARKETING [Refer Note 5 on Schedule 19]				
Advertisement and Publicity		345,979,544		221,822,623
Discount		171,835		71,651
Others		22,134,782		13,520,667
		368,286,161		**235,414,941**

SCHEDULE '19': Notes to Accounts for the accounting year ended 31st March, 2007

1. STATEMENT ON SIGNIFICANT ACCOUNTING POLICIES

These financial statements are prepared on an accrual basis, under historical cost convention and in accordance with the Accounting Standards issued by the Institute of Chartered Accountants of India. The disclosure requirements of Schedule VI of the Companies Act, 1956, have been complied with to the extent applicable. The significant accounting policies adopted by the Company are detailed below.

i) Fixed Assets, Depreciation and Amortisation

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

Expenses incurred on internal development of courseware and products are capitalised either individually or as a knowledge bank in the form of software, once their technical feasibility is established in accordance with the requirements of Accounting Standard 26, "Intangible Assets" issued by the Institute of Chartered Accountants of India. Expenses incurred during the research phase till the establishment of commercial feasibility is charged to the Profit and Loss Account.

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

Computers, printers and related accessories (Included under Plant and Machinery)	2-5 years
Leasehold Improvements	3 years or lease period, whichever is lower
Software (courseware and products) and patents	3-5 years
Assets under employee benefits scheme except vehicles	3 years
Assets acquired under lease (Included under Plant & Machinery and Furniture & Fixtures)	Lease Period
All other assets	Rates prescribed under schedule XIV to the Companies Act, 1956

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

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

ii) Impairment of Assets

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

iii) Investments

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

iv) Inventory Valuation – Finished Goods

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

v) Revenue Recognition

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

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

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

Interest income is recognised on accrual basis.

vi) Retirement Benefits

Gratuity

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

Acturial gains if any are recognised in the Profit and Loss Account and disclosed as an asset in the Balance Sheet.

Compensated Absences

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

Superannuation

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

Provident Fund

The Company makes contribution to the "NIIT LIMITED EMPLOYEES' PROVIDENT FUND TRUST", which is a defined benefit plan to the extent that the Company has an obligation to make good the shortfall, if any, between the return from the investments of the trust and the notified interest rate. The Company's obligation in this regard is actuarially determined and provided for if the circumstances indicate that the trust may not be able to generate adequate returns to cover the interest rates notified by the Government. The Company's contribution towards Provident Fund is charged to Profit and Loss Account.

Pension Fund

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

vii) Employees Stock Option Plan (ESOP)

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

viii) Foreign Currency Transactions

Transactions in foreign currency are booked at standard rates determined periodically which approximates the actual rates, and all monetary assets and liabilities in foreign currency are restated at the end of accounting year. Gain/ Loss arising out of fluctuations on realisation/payment or restatement, except those identifiable to acquisition of fixed assets is charged/ credited to the Profit and Loss Account. Gain/ Loss on account of exchange fluctuations identifiable to fixed assets acquired is adjusted against the carrying value of the related fixed asset.

Foreign currency assets/ liabilities covered by forward contracts are stated at the forward contract rate and difference between the forward rate and the exchange rate at the inception of the forward contract are recognised to the Profit and Loss Account over the life of the contract except in case of liabilities relating to acquisition of fixed assets which are adjusted against the carrying value of the related fixed assets.

Certain forward foreign exchange contracts are marked to its current market value at each Balance Sheet date and the gain or loss on the contract is recognised in the statement of Profit and Loss Account for the year.

ix) Leases

The Company has taken assets as well as premises on lease. Lease rental in respect of operating lease arrangements are charged to expense on a straight line basis as per the terms of the related agreement.

Lease rentals in respect of finance lease transactions entered into prior to 31st March, 2001 are charged to expense when due as per the terms of the related agreement. Finance lease transactions entered into after this date 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.

x) Borrowing Cost

Borrowing costs are recognised in the Profit and Loss Account for the period in which they are incurred except where the cost is incurred during the construction of an asset that takes a substantial period to get ready for its intended use, in which case, it is capitalised.

xi) Taxation

Tax expense, comprising of both current tax (including fringe benefits 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 (including fringe benefits tax) is determined based on the provisions of Income Tax Act, 1961. Minimum Alternate Tax (MAT) paid in excess of normal income tax is recognised as asset (MAT Credit entitlement) only to the extent, there is reasonable certainty that company shall be liable to pay tax as per the normal provisions of the Act in future.

xii) 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.

2. CONTINGENT LIABILITIES
   i. Guarantees issued to bankers outstanding at the end of accounting year Rs. 23,875,777/- (Previous year Rs. 26,213,032/-).
   ii. Corporate Guarantee Rs. 75,000,000/- given on behalf of NIITian Welfare Trust for loan availed by Trust (Previous year Rs. 75,000,000/-).
   iii. Corporate Guarantee Rs. 1,672,505,450/- (USD 38.5 Million) given to ICICI Bank on behalf of NIIT USA Inc. (Previous year Nil) (Also, refer note 25 below).
   iv. Claims against the Company not acknowledged as debts Rs. 13,000,000/- (Previous year Rs. 16,100,000/-).
   v. Andhra Pradesh works contract tax demand Rs. 55,946,064/- (Previous year Rs. 31,318,455/-). Management does not foresee any financial implication on these statements of accounts upon completion of such analysis.
3. Estimated amount of contracts remaining to be executed on capital account (net of advances) not provided for Rs. 22,008,717/- (Previous year Rs. 231,556,747/-).
4. Pursuant to the Scheme of Arrangement under section 391 to 394 of the Companies Act, 1956 approved by Hon'ble High Court of Delhi vide order of May 18, 2004, the Global Solution Business Undertaking (GSB) of the Company constituting software services and solutions including investment in subsidiaries engaged in business process outsourcing and geographical information services and other world wide subsidiaries, were transferred to NIIT Technologies Limited (hereinafter referred to as NTL) from the appointed date i.e. April 1, 2003. In this regard, mutation of certain immovable properties transferred to NTL in terms of the Scheme of Arrangement is yet to be completed.
5. Certain common resources are shared by the Company and NIIT Technologies Ltd. (NTL). This resulted in the Company recovering Rs. 11,563,410/- (Previous year Rs. 6,082,754/-) from NTL and NTL recovering Rs. 39,502,005/- (Previous year Rs. 37,603,332/-) from the Company which have been included/ netted off against relevant head in the Profit & Loss Account viz., Personnel, Development, Production and Execution, Administration & Others and Marketing expenses.
6. i) Working Capital Limits are secured by hypothecation of stocks and book debts of the Company. The Company has utilised the fund-based limits during the year to the extent of Rs. 254,076,548/- (Previous year Nil).
   ii) Rupee Term Loan from bank is secured by way of first charge created on all movable assets, both present and future, and specified immovable properties, subject to first charge created on stocks and book debts of the Company in respect of working capital limits above.
   iii) Vehicle loans from banks are secured by way of hypothecation of the vehicles financed.
7. Interest received is gross of tax deducted at source of Rs. 4,788,977/- (Previous year Rs. 702,867/-).
8. Expenses during the year are net of recoveries towards common services from domestic subsidiaries amounting to Rs. 8,433,564 /- (Previous year Rs. 4,226,291/-).
9. The course execution charges include payments to licensees, business partners, channel partners and other agencies for execution of education and training business.
10. DERIVATIVE INSTRUMENTS
    a. The Company has outstanding foreign exchange forward contracts of USD 6,000,000 (Previous year USD 6,000,000) as at March 31, 2007 for hedging its exposure to movements in foreign exchange rates relating to trade receivables. Foreign currency receivables that are not hedged by derivative instruments or otherwise amount to BHD 230 (Previous year Nil), EURO 49,066 (Previous year EURO 136,780), GBP 203,533 (Previous year GBP 82,567), MYR 873 (Previous year MYR 41,604), SGD 56,824 (Previous year SGD 82,506), and USD 3,882,547 (Previous year USD 1,534,099).

b. Foreign currency payables that are not hedged by derivative instruments relate to payables of USD 453,250 (Previous year USD 376,111), EURO 40,338 (Previous year EURO 40,338), SGD 6,150 (Previous year SGD 1,150), GBP Nil (Previous year GBP 17,682) and CNY 21,423 (Previous year CNY 28,340).

11. EARNINGS IN FOREIGN CURRENCY

Particulars	Year ended March 31, 2007 (Rs.)	Year ended March 31, 2006 (Rs.)
Export of services & products	741,037,746	661,503,072
Interest (Net of Taxes)	8,440,038	8,785,258
Recovery of expenses from overseas subsidiaries	78,274,872	12,129,377

12. CIF VALUE OF IMPORTS

Particulars	Year ended March 31, 2007 (Rs.)	Year ended March 31, 2006 (Rs.)
Bought out packages/ products	21,708,684	4,438,175
Capital goods	23,531,960	10,214,637

13. EXPENDITURE IN FOREIGN CURRENCY (Net of taxes)

Particulars	Year ended March 31, 2007 (Rs.)	Year ended March 31, 2006 (Rs.)
Production, development and execution	146,798,953	87,259,030
Travel	49,213,197	32,735,063
Professional fee	3,108,425	316,112
Others	3,212,497	5,438,525

14. PAYMENT TO AUDITORS

Particulars	Year ended March 31, 2007 (Rs.)	Year ended March 31, 2006 (Rs.)
Statutory Audit fee	6,300,000	5,800,000
Tax Audit fee	550,000	500,000
Others	1,585,000	1,017,158
Reimbursement of expenses (including Service Tax)	1,500,499	1,087,881

15. EMPLOYEES STOCK OPTION SCHEME

During the Previous year, the Company had established NIIT Employee Stock Option Plan 2005 "ESOP 2005" and the same was approved at the General Meeting of the Company held on May 18, 2005. The plan was set up so as to offer and grant, for the benefit of employees (excluding promoters) of the Company, who are eligible under "Securities Exchange Board of India (SEBI) (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999", options of the Company in aggregate up to 1,925,000 options under ESOP 2005, in one or more tranches, and on such terms and conditions as may be fixed or determined by the Board, in accordance with the provisions of law or guidelines issued by the relevant authorities in this regard. As per the plan, each option is exercisable for one equity share of face value of Rs. 10/- each fully paid up on payment to the Company, for such shares, at a price to be determined in accordance with ESOP 2005.

The Company granted options in two tranches as follows:

Particulars	Tranche I		Tranche II	
	2006-2007	2005-2006	2006-2007	2005-2006
Date of Grant	August 02, 2005	August 02, 2005	August 11, 2005	August 11, 2005
Date of Vesting	August 02, 2006	August 02, 2006	August 11, 2006	August 11, 2006
Live options at the beginning of the year (Nos.)	537,700	-	39,700	-
Granted during the year (Nos.)	-	555,350	-	46,200
Forfeited/ lapsed till vesting period (Nos.)	18,650	17,650	13,350	6,500
Options Vested (Nos.)	519,050	-	26,350	-
Forfeited/ lapsed post vesting (Nos.)	3,700	-	-	-
Options exercised (Nos.)	408,767	-	21,800	-
Outstanding/ exercisable at the end of the year (Nos.)	106,583	537,700	4,550	39,700
Exercise Price (Rs.)	180	180	237	237
Remaining Contractual Life (Days)	853	1,218	862	1,227
Fair value of the options based on Black and Scholes Model (Rs.)	98.64	98.64	72.25	72.25
Intrinsic Value of the options granted (Rs.)	55.15	55.15	-	-

The inputs used by an independent valuer, for determination of fair value as per the Black & Scholes Model are as follows:

a) Market price considered is the latest available closing price, prior to the date of the grant.

b) Exercise price is the price payable by the employees for exercising the option.

c) As the life of the option is greater than one year, there is considerable difficulty in estimating the amount and time of future dividend payouts with certainty, hence future dividend payouts have not been incorporated in the valuation analysis.

d) Volatility - Variance in the stock price is considered as 14% and is based on historical volatility in the share price movement of the Company and four other comparable companies.

e) Average life of the options is considered to be 2.5 Years.

f) Risk free interest rate has been assumed at 7% based on long term government bonds of ten years residual maturity.

Other information regarding employee share based payment is as below:

(Amount in Rs.)

Particulars	Tranche I		Tranche II	
	2006-2007	2005-2006	2006-2007	2005-2006
Expense amortised during the year on the basis of intrinsic value of the options	8,760,442	19,661,111	-	-
Less: Amount attributable to employees of the subsidiaries	2,153,018	4,230,594	-	-
Expense accounted for during the year	6,607,424	15,430,517	-	-
Additional expense had the Company recorded the ESOP Expense based on fair value of the options [Net of amount attributable to the employees of the subsidiaries Rs. 3,850,838/- (Previous year Rs. 3,336,148/-)]	5,210,459	12,168,145	72,775	1,831,013

For impact on basic and dilutive EPS, had fair value of the option been used for determining ESOP expense, refer Note 32 below.

16. RETIREMENT BENEFIT PLANS

The Company has implemented Accounting Standard 15 (Revised 2005) 'Employee Benefits' issued by the Institute of Chartered Accountants of India, which has resulted in an additional liability towards compensated absences up to March 31, 2006 amounting to Rs. 443 lacs (Net of Deferred Tax Asset Rs. 228 lacs), which has been adjusted against opening reserves as on April 01, 2006. Its implementation has also resulted in increased personnel cost of Rs. 47.15 lacs for the current year with corresponding reduction in profit before tax.

A) Defined Contribution Plans

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

During the year the Company has recognised the following amounts in the Profit and Loss Account:-

	(Rs. Lacs)
• Employers Contribution to Provident Fund Trust	190.91
• Employers Contribution to Superannuation Fund	99.85
• Employers Pension Scheme	114.63

B) Defined Benefit Plans

I. Provident Fund

In respect of Company's obligation towards guaranteed returns on Provident Fund contributions made to the NIIT Limited Employees Provident Fund Trust, no actuarial valuation was considered necessary by the actuary since the Trust has earned returns in excess of the minimum guaranteed interest notified by the Government and is assumed that the surplus is likely to continue in the near future. Therefore, the Company does not expect any additional liability in respect of provident fund beyond the contributions already made for the current year.

II. Compensated Absences

	As at March 31, 2007 (Rs. Lacs)
i. **Change in Present value of Obligation:-**	
Present value of obligation as at March 31, 2006*	762.10
Past service cost	-
Current service cost	-
Benefits paid**	(11.91)
Add: Actuarial (gain)/ loss on Obligations	91.40
Present value of obligation as at March 31, 2007	**841.59**
*Provision for Leave Encashment at March 31, 2006	91.00
Impact of Transition provision of AS-15 (Transferred from General Reserve)	671.10
	762.10

** Benefits paid are net of recoveries from Associates and Subsidiaries.

ii. **Assumptions used in accounting for Compensated Absences:-**	
Discount Rate (per annum)	8.00%
Future Salary Increase	
For First 5 Years	10.00%
Thereafter	7.00%

III. Gratuity Fund

	As at March 31, 2007 (Rs. Lacs)
In accordance with Accounting Standard 15 (revised 2005), an actuarial valuation was carried out in respect of contribution to Gratuity Fund.	
i. **Change in Present value of Obligation :-**	
Present value of obligation as at March 31, 2006	447.71
Interest cost	34.97
Current service cost	51.56
Benefits paid	(85.85)
Actuarial loss/ (gain) on Obligations	9.40
Present value of obligation as at March 31, 2007	**457.79**
ii. **Change in Plan Assets:-**	
Fair value of Plan Assets as at March 31, 2006	440.13
Expected return on Plan Assets	36.22
Contributions*	95.75
Benefits paid	(85.85)
Actuarial (loss)/ gain on Plan Assets	2.13
Fair value of Plan Assets as at March 31, 2007	**488.38**

*Contributions include recoveries from Associates and Subsidiaries.

iii. **Amount of Asset/ (Obligation) recognised in the Balance Sheet:-**

	As at March 31, 2007 (Rs. Lacs)
Fair value of Plan Assets as at March 31, 2007	488.38
Less : Present value obligation as at March 31, 2007	457.79
Asset recognised in Balance Sheet	**30.59**

iv. **Net Gratuity Cost recognised in Profit & Loss Account:-**

Current service cost	51.56
Interest cost	34.97
Expected return on Plan Assets	(36.22)
Net Actuarial (gain)/ loss recognised during the year*	(6.33)
Expense recognised in Profit & Loss Account	**43.98**
Actual return on plan assets	38.35

*Adjusted for recoveries from Associates and Subsidiaries.

v. **Assumptions used in accounting for gratuity plan:-**

Discount Rate (per annum)	8.00%
Future Salary Increase	5.00%
Expected Rate of return on plan assets	9.10%

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 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.

17. DETAILS RELATING TO OPENING STOCK, PURCHASES, REVENUE AND CLOSING STOCK

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

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

i. Software and Hardware:

Particulars	Year ended March 31, 2007 (Rs.)	Year ended March 31, 2006 (Rs.)
Opening stock	19,534,922	21,036,398
Purchases	36,970,728	151,153,201
Sales	40,887,507	175,716,603
Closing stock	19,558,081	19,534,922

The Company deals in a number of software and hardware items whose cost and selling price vary for different items. The revenue from the different kind of software and their related costs individually constitute less than 10% of the turnover and costs of the Company respectively. Accordingly, no quantitative information relating to software and hardware traded is being given.

ii. Education and training materials:

Particulars	Year ended March 31, 2007		Year ended March 31, 2006	
	Quantity (Nos.)	Value (Rs.)	Quantity (Nos.)	Value (Rs.)
Opening stock				
- Courseware	1,691,097	68,692,773	1,903,616	52,764,783
Purchase/ printed				
- Courseware	6,829,737	392,465,674	6,471,610	262,323,732
- Technical Information & Reference Material (Produced/ Duplicated)		7,787,731		7,015,672
Stock Written off/ Provision for Obsolescence				
- Courseware	-	10,009,204	-	11,102,712
Sales				
- Courseware *	6,838,202	1,539,525,580	6,684,129	956,510,953
- Technical Information & Reference Material		96,864,461		63,506,058
Closing Stock				
- Courseware	1,682,632	100,205,431	1,691,097	68,692,773

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

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

c) Revenue includes income from services rendered Rs. 2,225,417,816/- (Previous year Rs. 2,181,969,116/-)

18.MANAGERIAL REMUNERATION

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

Particulars	Year ended March 31, 2007 (Rs.)	Year ended March 31, 2006 (Rs.)
Profit before taxation as per Profit and Loss Account	319,274,842	293,811,902
Add/ (Less) : Loss/ (Profit) on sale of undertakings/ investments	(5,450,000)	-
Less: Bad debts written off net of provision for doubtful debts and advances	(19,237,880)	59,272,248
Add: Depreciation as per books of accounts	314,028,915	237,596,873
Less: Depreciation determined as per Section 350 of the Companies Act, 1956	(270,622,581)	(246,192,396)
Net Profit under Section 349 of the Companies Act, 1956	**337,993,296**	**344,488,627**
Add: Directors' Remuneration	28,147,019	28,104,357
Net Profit under Section 198 of the Companies Act, 1956	**366,140,315**	**372,592,984**
Maximum remuneration allowable under section 198 of the Companies Act, 1956, restricted to 11% of Net Profit	40,275,435	40,985,228
Out of the above maximum Commission allowable to Non executive directors under section 309 of the Companies Act, 1956 restricted to 1% of Net Profit	3,661,403	3,725,930

a. Whole time Directors' Remuneration

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

Particulars	Year ended March 31, 2007 (Rs.)	Year ended March 31, 2006 (Rs.)
Salary, perquisites and allowances	15,827,914	16,179,079
Contribution to provident fund and other funds	3,439,105	3,725,278
Performance Linked Bonus	6,000,000	6,000,000
Total	25,267,019	25,904,357

b. Non Executive Directors' Remuneration

Particulars	Year ended March 31, 2007 (Rs.)	Year ended March 31, 2006 (Rs.)
Commission to Non Executive Directors	2,000,000	1,240,000
Sitting Fees	880,000	960,000
Total	2,880,000	2,200,000

19.During the year the Company acquired and sold units of mutual funds on various dates as follows:

Scheme	No. of units at the beginning of the Year	Opening Value	No. of Units Purchased	Purchased Value	No. of Units Sold	Sale Value	No. of units in hand at year end	Value of units in hand at Weighted Avg cost method	Market Value of Units in hand
Liquid Scheme-Growth Option									
Pru ICICI MF	-	-	7,919,132	80,000,000	7,919,132	80,304,241	-	-	-
DSPML MF	39,389	39,698,280	165,142	170,000,000	204,531	210,996,456	-	-	-
Principal PNB MF	920,166	9,976,215	4,563,545	50,000,000	5,483,711	60,296,443	-	-	-
Total	959,555	49,674,495	12,647,819	300,000,000	13,607,374	351,597,140	-	-	-
Grand Total	959,555	49,674,495	12,647,819	300,000,000	13,607,374	351,597,140	-	-	-
Previous year figures	10,629,045	150,010,186	119,549,407	1,920,247,406	129,218,897	2,033,009,146	959,555	49,674,495	50,278,331

20.RELATED PARTY TRANSACTIONS AS PER ACCOUNTING STANDARD 18:

A. Related party relationship where control exists:

Subsidiaries

1. NIIT Online Learning Ltd.
2. Hole-in-the-Wall Education Ltd. (formerly Minimally Invasive Education Company Ltd.)
3. Scantech Evaluation Services Ltd.
4. NIIT Multimedia Limited
5. NIIT Institute of Finance Banking and Insurance Training Limited
6. NIIT Ltd., UK
7. NIIT Antilles NV, Netherlands Antilles
8. NIIT Middle East LLC, Bahrain
9. NIIT Malaysia Sdn Bhd, Malaysia
10. NIIT GC Ltd. (formerly NIIT TVE Ltd., Mauritius)
11. NIIT China (Shanghai) Limited, Shanghai
12. PCEC NIIT Institute of Information Technology, Shanghai
13. NIIT (USA) Inc., USA
14. NIIT Ventures Inc., USA (From July 21, 2006 to March 31, 2007)
15. Element K Corporation, USA (From August 02, 2006 to March 31, 2007)
16. Element K India Private Limited, India (From August 02, 2006 to March 31, 2007)
17. Element K (UK) Limited, United Kingdom (From August 02, 2006 to March 31, 2007)
18. Element K Canada (From August 02, 2006 to March 31, 2007)
19. Element K LLC. (From August 02, 2006 to December 31, 2006)
20. Element K Delaware Inc. (From August 02, 2006 to December 31, 2006)
21. Element K Online LLC. (From August 02, 2006 to December 31, 2006)
22. Element K Press LLC. (From August 02, 2006 to December 31, 2006)
23. Element K Content LLC. (From August 02, 2006 to December 31, 2006)
24. Content Media Corporation, USA (From August 02, 2006 to December 31, 2006)

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 Technologies Limited, UK (formerly NIIT Europe Limited, UK)
   3. NIIT Technologies Pte Limited, Singapore (formerly NIIT Asia Pacific Pte Limited, Singapore)
   4. NIIT GIS Limited
   5. 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)
   3. Sudha Rajendran (Wife of P. Rajendran)

d) Parties in which the Key Managerial Personnel of the Company are interested
   1. NIIT Institute of Information Technology
   2. NIIT Education Society
   3. Institute of Quality Limited
   4. Pace Industries Private Limited
   5. NIIT Network Services Ltd.

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

Nature of Transactions	Subsidiaries	Associates	Key Managerial Personnel	Relatives of Key Managerial Personnel	Parties in which Key Managerial Personnel of the Company are interested	Total
	(Rs.)	(Rs.)	(Rs.)	(Rs.)	(Rs.)	(Rs.)
Purchase of Goods	668,741	NIL	NIL	NIL	NIL	668,741
(Note 2)	(1,215,515)	(NIL)	(NIL)	(NIL)	(NIL)	(1,215,515)
Sale of Goods	664,305	NIL	NIL	NIL	NIL	664,305
(Note 3)	(1,371,262)	(NIL)	(NIL)	(NIL)	(12,318,107)	(13,689,369)
Purchase of Fixed Assets	5,461,074	4,136,414	NIL	NIL	NIL	9,597,488
(Note 4)	(2,441,302)	(NIL)	(NIL)	(NIL)	(NIL)	(2,441,302)
Sale of Fixed Assets	NIL	3,026,007	NIL	NIL	1,309,998	4,336,005
(Note 5)	(NIL)	(NIL)	(NIL)	(NIL)	(3,669,038)	(3,669,038)
Rendering of Services	719,453,307	12,453,727	NIL	NIL	NIL	731,907,034
(Note 6)	(638,617,818)	(12,285,853)	(NIL)	(NIL)	(NIL)	(650,903,671)
Receiving of Services	479,478	4,980,146	NIL	NIL	577,348	6,036,972
(Note 7)	(NIL)	(NIL)	(NIL)	(NIL)	(1,077,955)	(1,077,955)
Recovery of expenses from	31,998,685	14,806,678	NIL	NIL	1,802,520	48,607,883
(Note 8)	(11,709,793)	(6,908,485)	(NIL)	(NIL)	(9,585,982)	(28,204,260)
Recovery of expenses by	878,655	41,982,925	NIL	NIL	483,610	43,345,190
(Note 9)	(225,625)	(39,963,127)	(NIL)	(NIL)	(27,008)	(40,215,760)
Finance:						
- Investments made	301,296,563	NIL	NIL	NIL	NIL	301,296,563
(Note 10)	(204,842,916)	(NIL)	(NIL)	(NIL)	(NIL)	(204,842,916)
- Investment Buy Back	NIL	NIL	NIL	NIL	NIL	NIL
(Note 11)	(325,000,000)	(NIL)	(NIL)	(NIL)	(NIL)	(325,000,000)
- Reduction in share capital	NIL	NIL	NIL	NIL	NIL	NIL
(Note 11)	(104,050,825)	(NIL)	(NIL)	(NIL)	(NIL)	(104,050,825)
- Loans Given	116,060,000	NIL	NIL	NIL	229,000,000	345,060,000
(Note 12)	(49,000,000)	(NIL)	(NIL)	(NIL)	(73,500,000)	(122,500,000)
- Loans Given Received Back	8,500,000	NIL	NIL	NIL	22,500,000	31,000,000
(Note 13)	(204,500,000)	(NIL)	(NIL)	(NIL)	(NIL)	(204,500,000)
- Loans Taken	57,500,000	NIL	NIL	NIL	NIL	57,500,000
(Note 14)	(147,000,000)	(NIL)	(NIL)	(NIL)	(NIL)	(147,000,000)
-Repayment of Loan taken	NIL	NIL	NIL	NIL	NIL	NIL
(Note 15)	(130,000,000)	(NIL)	(NIL)	(NIL)	(NIL)	(130,000,000)
- Interest Income	10,003,846	NIL	NIL	NIL	18,491,179	28,495,025
(Note 16)	(2,385,026)	(NIL)	(NIL)	(NIL)	(2,014,795)	(4,399,821)
- Interest expenditure	8,570,875	NIL	NIL	NIL	NIL	8,570,875
(Note 17)	(9,380,212)	(NIL)	(NIL)	(NIL)	(NIL)	(9,380,212)
Remuneration	NIL	NIL	25,267,019	NIL	NIL	25,267,019
(Note 18)	(NIL)	(NIL)	(25,904,357)	(NIL)	(NIL)	(25,904,357)
Other Expenses	NIL	NIL	NIL	898,000	180,000	1,078,000
(Note 19)	(153,569)	(287,500)	(NIL)	(836,500)	(640,500)	(1,918,069)
Other Income	80,203,404	NIL	NIL	NIL	692,682	80,896,086
(Note 20)	(12,460,657)	(NIL)	(NIL)	(NIL)	(NIL)	(12,460,657)

Notes:

1. Previous year figures are given in parenthesis.
2. Includes purchase of goods from:
   - NIIT (USA) Inc. NIL (Previous year Rs. 12.15 Lacs)
   - NIIT Antilles NV, Netherlands Antilles Rs. 6.69 Lacs (Previous year NIL)
3. Includes sale of goods to:
   - NIIT Institute of Information Technology NIL (Previous year Rs. 123.18 Lacs)
   - NIIT Antilles NV, Netherlands Antilles Rs. 6.64 Lacs (Previous year Rs. 13.71 Lacs)
4. Includes purchase of Fixed Assets from:
   - NIIT Technologies Limited Rs. 36.05 Lacs (Previous year NIL)
   - NIIT (USA) Inc. Rs. 54.61 Lacs (Previous year Rs. 24.41 Lacs)
   - NIIT Smart Serve Limited Rs. 5.31 Lacs (Previous year NIL)
5. Includes Sale of Fixed Assets to:
   - NIIT Technologies Limited Rs. 30.26 Lacs (Previous year NIL)
   - NIIT Institute of Information Technology Rs. 13.10 Lacs (Previous year Rs. 36.69 Lacs)
6. Includes Rendering of services to:
   - NIIT (USA) Inc. Rs. 6,373.74 Lacs (Previous year Rs. 5,966.96 Lacs)
   - NIIT Antilles NV, Netherlands Antilles Rs. 377.64 Lacs (Previous year Rs. 243.70 Lacs)
   - NIIT Technologies Limited Rs. 105.84 Lacs (Previous year NIL)
   - NIIT Limited UK Rs. 278.25 Lacs (Previous year NIL)
   - NIIT Malaysia Sdn Bhd Rs. 147.90 Lacs (Previous year NIL)
   - NIIT Institute of Finance Banking and Insurance Training Ltd. Rs. 23.64 Lacs (Previous year NIL)
7. Includes Receiving of services from:
   - Institute of Quality Limited Rs. 2.46 Lacs (Previous year Rs. 4.13 Lacs)
   - NIIT Network Services Limited Rs. 3.31 Lacs (Previous year Rs. 6.65 Lacs)
   - Element K (UK) Limited Rs. 4.79 Lacs (Previous year NIL)
   - NIIT Smart Serve Limited Rs. 48.96 Lacs (Previous year NIL)
8. Includes recovery of expenses from:
   - NIIT Technologies Limited Rs. 115.63 Lacs (Previous year Rs. 60.82 Lacs)
   - NIIT Institute of Information Technology Rs. 18.03 Lacs (Previous year Rs. 88.94 Lacs)
   - Hole-in-the-Wall Education Limited Rs. 19.92 Lacs (Previous year Rs. 39.31 Lacs)
   - NIIT GIS Limited Rs. 17.89 Lacs (Previous year Rs. 4.72 Lacs)
   - NIIT Online Learning Limited NIL (Previous year Rs. 0.59 Lacs)
   - NIIT (USA) Inc. Rs. 221.01 Lacs (Previous year Rs. 59.98 Lacs)
   - NIIT Smart Serve Limited Rs. 13.61 Lacs (Previous year NIL)
   - NIIT Institute of Finance Banking and Insurance Training Ltd. Rs. 64.41 Lacs (Previous year NIL)
9. Includes recovery of expenses by:
   - NIIT Technologies Limited Rs. 395.02 Lacs (Previous year Rs. 379.26 Lacs)
   - NIIT Smart Serve Limited Rs. 24.81 Lacs (Previous year Rs. 20 Lacs)
10. Represents investments made in:
   - NIIT Antilles NV, Netherlands Antilles NIL (Previous year Rs. 1,525.65 Lacs)
   - NIIT (USA) Inc. Rs. 2,563.83 Lacs (Previous year Rs. 435.90 Lacs)
   - NIIT Institute of Finance Banking and Insurance Training Ltd. Rs. 400 Lacs (Previous year NIL)
   - NIIT Limited, UK Rs. 49.13 Lacs (Previous year NIL)
11. Investment buy back, reduction in share capital/ disinvestments relates to:
   - NIIT Online Learning Limited NIL (Previous year Rs. 3,250 Lacs)
   - NIIT Online learning Limited, Equity shares NIL (Previous year Rs. 1,040.51 Lacs)

12. Loan given relates to:
    - NIIT (USA) Inc. Rs. 933.60 Lacs (Previous year NIL)
    - NIIT Education Society Rs. 2,290 Lacs (Previous year Rs. 735 Lacs)
    - NIIT Multimedia Limited Rs. 95 Lacs (Previous year Rs. 490 Lacs)
    - Hole-in-the-Wall Education Limited Rs. 132 Lacs (Previous year NIL)
13. Loans given received back relates to:
    - NIIT (USA) Inc. NIL (Previous year Rs. 458.45 Lacs)
    - NIIT Antilles NV, Netherlands Antilles NIL (Previous year Rs. 1,586.55 Lacs)
    - NIIT Education Society Rs. 225 Lacs (Previous year NIL)
    - NIIT Multimedia Limited Rs. 85 Lacs (Previous year NIL)
14. Loans taken from:
    - NIIT Online Learning Limited NIL (Previous year Rs. 900 Lacs)
    - Scantech Evaluation Services Limited Rs. 575 Lacs (Previous year Rs. 570 Lacs)
15. Repayment of loan taken:
    - NIIT Online Learning Limited NIL (Previous year Rs. 1,300 Lacs)
16. Interest Income from:
    - NIIT (USA) Inc. Rs. 52.58 Lacs (Previous year Rs. 3.57 Lacs)
    - NIIT Antilles NV, Netherlands Antilles NIL (Previous year Rs. 10.72 Lacs)
    - NIIT Multimedia Limited Rs. 44.09 Lacs (Previous year Rs. 9.56 Lacs)
    - NIIT Education Society Rs. 184.91 Lacs (Previous year Rs. 20.14 Lacs)
17. Interest expenditure includes:
    - NIIT Online Learning Limited NIL (Previous year Rs. 40.14 Lacs)
    - Scantech Evaluation Services Limited Rs. 85.71 Lacs (Previous year Rs. 53.66 Lacs)
18. Includes transactions for the year mainly with:
    - Rajendra S Pawar Rs. 54.80 Lacs (Previous year Rs. 55.74 Lacs)
    - Vijay K Thadani Rs. 78.53 Lacs (Previous year Rs. 81.78 Lacs)
    - P Rajendran Rs. 119.34 Lacs (Previous year Rs. 121.52 Lacs)
19. Other expenses includes:
    - Renuka Thadani Rs. 5.32 Lacs (Previous year Rs. 3.81 Lacs)
    - Veena Oberoi Rs. 2.76 Lacs (Previous year Rs. 2.76 Lacs)
    - Mind Shaper Technologies Private Limited NIL (Previous year Rs. 2.88 Lacs)
    - NIIT Institute of Information Technology NIL (Previous year Rs. 4.61 Lacs)
    - NIIT (USA) Inc. Rs. NIL (Previous year Rs. 1.54 Lacs)
    - Sudha Rajendran Rs. 0.90 Lacs (Previous year Rs. 1.80 Lacs)
20. Other income includes:
    - NIIT (USA) Inc. Rs. 66.73 Lacs (Previous year Rs. 86.88 Lacs)
    - NIIT Antilles NV, Netherlands Antilles Rs. 711.65 Lacs (Previous year Rs. 28.59 Lacs)
    - NIIT Institute of Finance Banking and Insurance Training Ltd. Rs. 10.40 Lacs (Previous year NIL)
    - NIIT Institute of Information Technology Rs. 6.93 Lacs (Previous year NIL)

SCHEDULE '19': Notes to Accounts for the accounting year ended 31st March, 2007 (Contd.)

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

Particulars	Recoverable	Payables	Recoverable	Payables
	As at 31.03.2007	As at 31.03.2007	As at 31.03.2006	As at 31.03.2006
	(Rs.)	(Rs.)	(Rs.)	(Rs.)
Subsidiaries	609,855,312	172,242,174	390,030,791	109,933,285
Associates	2,392,278	319,511	2,904,695	2,182,825
Key Managerial Personnel	NIL	6,015,423	92,334	6,013,563
Relatives of Key Managerial Personnel	NIL	NIL	NIL	NIL
Parties in which Key Managerial Personnel of the Company are interested	280,884,742	1,981,655	88,137,041	1,869,123

21. During the previous financial years, the Company had granted loans of Rs. 1,000 lacs at 6% per annum to NIITian Welfare Trust ('The Trust'), which has been formed for the purpose of providing welfare benefits to the employees of the Company and that of NIIT Technologies Limited and its subsidiaries. During the year, the Trust has repaid the entire loan and the interest accrued thereon. However, the Corporate Guarantee of Rs. 750 lacs, provided by Company against the total outside borrowings of Rs. 3,000 lacs of the Trust still continues and has been disclosed under Contingent Liabilities above.

22. During the year, the Company has invested a sum of Rs. 400 lacs in the newly established subsidiary company, NIIT Institute of Finance Banking and Insurance Training Limited (NIFBIT) representing 80% of the paid up Equity Share Capital (at par), 19% of the share capital in this Company is held by the ICICI Bank Limited and the balance is held by the Promoters of the Company.

23. During the year, the Company has disposed off part of its holding in Mindshaper Technologies Pvt. Ltd. of 34,400 fully paid up Equity Shares of Rs. 10/- each for a consideration of Rs. 50 lacs, out of which Rs. 30 lacs has been received during the year and Rs. 20 lacs has been received after the year end. The investment was fully provided, for the permanent diminution in its value in the Previous years and the provision has been written back proportionately.

24. During the year, the Company has disposed off its holding in Medvarsity Online Ltd. of 600,000 fully paid up Equity Shares of Rs. 10/- each. The investment amounting to Rs. 60 lacs, was disposed off for a consideration of Rs. 64.50 lacs.

25. During the year, the Company has made an additional investment of USD 5.5 Million and granted loan of USD 2 Million to NIIT (USA) Inc. The Company has also provided Corporate Guarantee of USD 38.5 Million (Included in Note 2 of this Schedule) to ICICI Bank, Bahrain for loan taken by NIIT (USA) Inc. for acquisition of Element K Corp, USA, through its step down subsidiary, NIIT Ventures Inc., USA.

26. During the year, the Company has granted an additional loan of Rs. 2,290 Lacs (Previous year Rs. 735 Lacs), at 8% per annum to NIIT Education Society, a society registered under Society's Registration Act, 1860, which is formed for the purpose of setting up of University and sponsoring other societies for setting up of Universities. The Society has repaid Rs. 225 lacs (Previous year Nil) out of the loans given to it during the Previous year. The Society is at present financed by the loan given by the Company and other sources [Corpus of Rs. 102 Lacs (Previous year Nil) & Other Loans of Rs. 148 Lacs (Previous year Nil)], which have primarily been utilised by way of loan to another society, namely, NIIT Institute of Information Technology, for the purpose of setting up of University. The loan along with accrued interest for the first three years shall be repayable in 20 equal quarterly installments, on the interest due dates from the beginning of the 6th year from the date of 1st drawdown.

Accrued interest for the 4th and 5th year shall be payable on last day of each quarter. The transactions with the society are on an arm's length basis.

27. During the Previous year, the Company had issued USD 10,000,000 foreign currency convertible bonds (Bonds) due for redemption in the year 2010, which are convertible into fully paid up equity shares, with full voting rights, at a par value of Rs. 10/- each at an initial conversion price of Rs. 200 per share with a fixed exchange rate on conversion of Rs. 43.76 = USD 1.0 at any time after April 04, 2005. These Bonds have not been restated at closing exchange rate as at year end, since subsequent to the year end these have been converted into 2,188,000 Equity Shares of Rs. 10/- each fully paid as per the terms of the agreement.

28. Non-Convertible Cumulative Redeemable Preference Shares of a subsidiary "Hole-In-The-Wall Education Limited" held by International Finance Corporation (IFC) have been purchased by the Company during the year at a consideration of Rs. 100/-. These shares were redeemable in four equal installments starting from March 17, 2007. Pursuant to the provisions of Section 106 the due date of redemption of these shares has been extended by four years from their respective due dates of redemption.

29. 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. Lacs)

Particulars	Revenue from customers by location of customers	Carrying amount of segment assets by location of the assets	Additions to fixed assets
India	31,849 (27,162)	57,835 (51,882)	7,210 (2,534)
America	6,752 (5,967)	- (-)	- (-)
Europe	278 (423)	- (-)	- (-)
Asia Pacific	148 (225)	- (-)	- (-)
Total	**39,027 (33,777)**	**57,835 (51,882)**	**7,210 (2,534)**

Previous year figures are given in parenthesis.

30. TAXATION

(a) Current tax expense comprise of Rs. 32,020,000/- (Previous year Rs. 20,040,000/-), being charge for Minimum Alternate Tax under Section 115JB of the Income Tax Act, 1961. The Company has recognised MAT Credit Entitlement of Rs. 13,724,220/- (Previous year Nil) grouped under loans and advances (Schedule 11), in accordance with Guidance Note issued by the Institute of Chartered Accountants of India.

(b) During the year Company has written back Rs. 13,183,603/- (Previous year Nil) towards excess provision for tax in earlier years.

(c) Break up of deferred tax assets/ liabilities and reconciliation of current year deferred tax credit is as follows:

(Rs. Lacs)

Deferred Tax Assets/ Liabilities	Opening As on 01.04.2006	Charged/ (Credited) to Profit & Loss Account	Closing As on 31.03.2007
Deferred Tax Liabilities			
a) Tax impact of difference between carrying amount of fixed assets in the financial statements and as per the income tax calculation.	349	(91)	258
b) Tax impact of finance lease	11	(11)	0
Total (A)	**360**	**(102)**	**258**
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	362	362	724
- Provision for Inventory	10	(5)	5
- Provision for Leave Encashment, Bonus, Gratuity and other timing differences	269*	32	301
- Employee stock option expenses	52	(52)	-
b) Carry forward unabsorbed depreciation	95	(95)	-
Total (B)	**788***	**242**	**1,030**
Net Deferred Tax Assets (A – B)	**(428)***	**(344)**	**(772)**

Note: * Includes Rs. 228 lacs in relation to tax impact on additional liability recognised in respect of compensated absences on implementation of Accounting Standard 15 (Revised) "Employee Benefits" Refer Note 16 above.

i. Deferred tax assets and liabilities are being offset as they relate to taxes on income levied by the same governing taxation laws.

ii. Long term capital loss has not been considered in absence of virtual certainty of Long term capital gains.

31. MOVEMENT OF PROVISION FOR DOUBTFUL DEBTS

Particulars	Year ended March 31, 2007 (Rs. Lacs)	Year ended March 31, 2006 (Rs. Lacs)
Opening Provision	2,164.28	2,432.18
Add: Additional Provisions created	275.00	567.78
Add: Balance transferred from an associate company	-	59.59
Less: Provision written back	(0.20)	(741.40)
Less: Provision written off	(409.77)	(153.87)
Closing Provision	2,029.31	2,164.28

32.EARNINGS PER SHARE:

Particulars	Year ended March 31, 2007	Year ended March 31, 2006
Profit attributable to equity shareholders (Rs.) - (A)	329,347,516	269,880,280
Weighted average number of equity shares outstanding during the year - (B)	19,403,623	19,324,639
Nominal Value of Equity Shares (Rs.)	10/-	10/-
Basic Earnings per Share (Rs.) (A/B)	16.97	13.97
Add : Effect of potential dilutive shares (Nos.) (being employee stock options - Refer note 16 above)	70,541	119,995
Add : Effect of potential dilutive shares (FCCB) (Nos.)	1,311,387	-
Weighted average shares outstanding considered for determining dilutive earning per share (Nos.) - (C)	20,785,551	19,444,634
Increase in earnings on account of FCCB (Rs.) (D)	10,200,702	-
Profit after considering increased earnings of dilutive shares (Rs.) (E) = (A+D)	339,548,218	269,880,280
Dilutive Earnings per Share (Rs.) (E/C)	16.34	13.88

EARNINGS PER SHARE [had fair value method been employed for accounting of employee stock options (Refer Note 15 above)]

Particulars	Year ended March 31, 2007	Year ended March 31, 2006
Profit attributable to equity shareholders (Rs.) - (F)	323,099,745	255,881,122
Profit attributable to equity shareholders for dilutive (Rs.) - (G)	333,300,447	255,881,122
Basic Earnings per share (Rs.) (F/B)	16.65	13.24
Diluted Earnings per share (Rs.) (G/C)	16.04	13.16

33.LEASES

a) Operating Leases:

All operating leases entered into by the Company after 31st March 2001 are cancelable on giving a notice of 1 to 3 months.

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

Particulars	Year ended March 31, 2007 (Rs.)	Year ended March 31, 2006 (Rs.)
In respect of Premises*	173,062,279	121,698,428
In respect of Equipments**	45,111,839	121,254,318

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

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

b) Finance Leases:

i. Assets acquired under finance lease comprise of plant & machinery and furniture & fixtures. There are no exceptional / restrictive covenants in the lease agreements.

ii. The minimum lease payment outstanding and their present value at the Balance Sheet date in respect of plant & machinery and furniture & fixtures that have been capitalised are as follows:

Particulars	Minimum lease payments (Rs.)	Present value of lease payments (Rs.)
Not later than 1 year	3,727,380 (2,709,024)	3,221,928 (2,321,350)
Later than 1 year but not later than 5 years	2,349,765 (1,164,000)	2,255,626 (947,550)

Particulars	Amount (Rs.)
Minimum Lease Payments as above	6,077,145 (3,873,024)
Less : Finance Charge	599,591 (604,124)
Present Value of Lease Payments	5,477,554 (3,268,900)

34. Small Scale Industrial Undertakings to whom the Company owes sum (including interest, if any) and which are outstanding for more than 30 days (as per the information available with the management) are as under:

Goodwill Xerox, Chennai Micro Print Pvt. Ltd., Blossoms, Nattar Kuzhali Travels, Venus Advertisers, Sriven Enterprises, Safe'N' Secure Fire Systems.

The Company is in the process of identifying the Micro, Small and Medium Enterprises, as defined under "The Micro, Small and Medium Enterprises Development Act, 2006". However based on the information so far available with the Company, liability for delay in payments, if any, is not likely to be significant.

35. Previous year figures have been regrouped/ recast to conform to current year classifications.

Signatures to the Schedule `1' to `19' above

Rajendra S Pawar
Chairman and Managing Director

Vijay K Thadani
CEO & Whole-time Director

Ashok Arora
Group Chief Financial Officer

Jitender Mahajan
Chief Financial Officer

Parveen Jain
Company Secretary & Legal Counsel

Place : New Delhi
Date : June 05, 2007

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

REGISTRATION DETAILS

Registration No.	15865	State Code	55
Balance Sheet Date	31-03-2007		

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

Plublic Issue	NIL	Right Issue	NIL
Bonus Issue	NIL	Private Placement	NIL

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

Total Liabilities	4433786	Total Assets	4433786

SOURCES OF FUNDS

Paid up Capital	197558	Reserve & Surplus	2890236
Employee Stock Option Outstanding	5878	Secured Loan	734236
Unsecured Loans	605878		

APPLICATION OF FUNDS

Net Fixed Assets	1158222	Investments	1701973
Deferred Tax Asset (Net)	77261	Net Current Assets	1496330
Miscellaneous Expenditure	NIL	Accumulated Losses	NIL

PERFORMANCE OF COMPANY (AMOUNT IN Rs. THOUSANDS)

Turnover	4008090	Total Expenditure	3688815
Profit/(Loss) before Tax	319275	Profit/(Loss) after Tax	329348
Earning per share (in Rs.)	16.97	Diluted Earning per share (in Rs.)	16.34
Dividend (%) - Equity	65.00		

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

1. Item Code	NOT APPLICABLE
Product Description	LEARNING SOLUTIONS
2. Item Code	N/A
Product Description	
3. Item Code	N/A
Product Description	

Rajendra S Pawar
Chairman and Managing Director

Vijay K Thadani
CEO & Whole-time Director

Ashok Arora
Group Chief Financial Officer

Jitender Mahajan
Chief Financial Officer

Parveen Jain
Company Secretary & Legal Counsel

Place : New Delhi
Date : June 05, 2007

Financial Summary of Subsidiary Companies for the year ended 31st March, 2007

(Pursuant to exemption received under Section 212(8) of the Companies Act, 1956) (Amount in Rs.)

Name of the Subsidiary Company	NIIT Online Learning Ltd.	Hole-in-the-Wall Education Ltd	Scantech Evaluation Services Ltd.	NIIT Multimedia Ltd.	NIIT Institute of Finance Banking and Insurance Training Ltd.	NIIT USA Inc., USA	Element K India Private Ltd.	NIIT Ventures Inc., USA	Element K Corporation, USA	Element K (UK) Limited	Element K Canada	PT NIIT Indonesia, Indonesia	NIIT Antilles NV, Netherlands Antilles	NIIT Middle East WLL, Bahrain	NIIT Malaysia Sdn Bhd, Malaysia	NIIT GC Ltd., Mauritius	NIIT China (Shanghai) Ltd., Shanghai	PCEC NIIT Institute of Information Technology, Shanghai	NIIT Limited, U.K.
Financial Year ended as at	31st March 2007	31st March 2007	31st March 2007	31st March 2007	31st March 2007	31st March 2007	31st March 2007	31st March 2007	31st March 2007	31st March 2007	31st March 2007	31st March 2007	31st March 2007	31st March 2007	31st March 2007	31st March 2007	31st March 2007	31st March 2007	31st March 2007
Share Capital	4,387,998	86,000,070	99,100,000	500,000	50,000,000	1,109,314,828	320,120	4,661	466,151	91,279	399	5,887,211	1,534,402,240	5,802,000	63,502,076	86,950,000	9,142,132	29,559,627	12,649,466
Reserves [Refer Note 1]	2,350,991	(96,727,816)	168,596,111	2,558,954	(34,017,020)	(546,996,788)	46,202,439	(17,344,105)	372,566,586	9,558,489	(108,133,465)	(8,165,961)	(1,004,400,550)	(1,697,947)	(25,130,751)	(64,924,391)	30,145,249	(19,689,760)	1,169,005
Total Assets [Refer Note 2]	6,891,355	7,647,090	267,924,786	53,188,072	55,149,914	2,648,281,376	96,314,566	1,746,663,491	3,068,593,325	23,246,789	35,717,305	848,782	678,869,227	44,995,690	55,139,866	54,322,921	106,350,763	19,114,681	44,253,037
Total Liabilities	152,366	18,374,836	228,675	50,129,118	39,166,934	2,085,963,336	49,792,007	1,764,002,935	2,695,560,588	13,597,021	143,850,371	3,127,532	148,867,537	40,891,637	16,768,541	32,297,312	67,063,382	9,244,814	30,434,566
Details of Investment (Except in case of Investment in Subsidiary)	4,100,000 [Refer Note 3]	Nil	98,498,200 [Refer Note 4]	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Turnover [Refer Note 5]	Nil	8,725,230	Nil	Nil	41,644,934	1,519,330,765	104,240,818	Nil	2,476,006,375	51,890,276	115,213,314	Nil	280,297,137	6,490,599	27,479,558	2,174,981	171,198,510	24,600,892	69,882,785
Profit/ (Loss) Before Taxation	(56,552)	(11,766,364)	66,981,330	7,193,357	(33,827,987)	26,889,997	17,988,021	(66,453,162)	10,763,648	14,286,728	9,426,186	(271,116)	(74,324,246)	941,525	(14,048,042)	(3,464,701)	28,360,420	1,061,915	1,317,511
Provision for Tax/ Deferred tax charge/ (credit)	Nil	76,052	3,041,180	3,650,000	189,033	1,659,329	(572,691)	Nil	2,570,591	Nil	Nil	Nil	Nil	Nil	Nil	Nil	3,277,645	Nil	220,522
Profit After Tax	(56,552)	(11,842,416)	63,940,150	3,543,357	(34,017,020)	25,230,668	18,560,712	(66,453,162)	8,193,057	14,286,728	9,426,186	(271,116)	(74,324,246)	941,525	(14,048,042)	(3,464,701)	25,082,775	1,061,915	1,096,989
Proposed Dividend	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Currency	INR	INR	INR	INR	INR	USD	INR	USD	USD	GBP	CAD	IDR	USD	BHD	MYR	USD	CNY	CNY	GBP

Notes: 1. Reserves include Currency Translation Reserve.

2. Total asset includes miscellaneous expennditure to the extent not written off.

3. Amount represents investment in Mutual Funds.

4. Amount represents investment in NIIT Technologies Limited Rs. 97,498,200/- and Rs. 1,000,000/- in Mutual Funds.

5. Turnover does not include Other Income.

6. Amount in foreign currency in the Financial Statement of the subsidiaries mentioned above have been converted in Indian Rupee equivalent as per the generally accepted accounting principles in India.

Indian rupee equivalents of the foreign currencies mentioned in the above table as on March 31, 2007 is as follows:

1 USD = 43.4417 INR 1 IDR = 0.004783 INR 1 BHD = 115.4780 INR 1 MYR = 12.5558 INR
1 CNY = 5.6265 INR 1 GBP = 85.5128 INR 1CAD = 37.6604 INR

AUDITORS' REPORT - Consolidated Financial Statement of NIIT Limited and its subsidiaries

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

1. We have audited the attached consolidated Balance Sheet of NIIT Limited and its subsidiaries and its associates (the "Group"), as at 31st March, 2007 and the consolidated Profit and Loss Account and consolidated Cash Flow Statement for the year ended on that date together with notes thereon and attached thereto, which we have signed under reference to this report. These consolidated financial statements are the responsibility of the NIIT Limited's management and have been prepared by the management on the basis of separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are prepared, in all material respects, in accordance with an identified financial reporting framework and are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. We did not audit the financial statements of certain subsidiaries, whose financial statements reflect total assets of Rs 10,614 lacs and total liabilities of Rs. 3,990 lacs as at 31st March, 2007 and total revenue of Rs. 5,937 lacs, and total expenses of Rs. 6,470 lacs and total cash flows of Rs. 427 Lacs (Net) for the year ended on that date considered in the consolidated financial statements. These financial statements and other financial information have been audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included in respect of these subsidiaries, is based solely on the reports of other auditors. We also did not audit the financial statements of two associates whose share of net profit aggregating to Rs. 9 lacs has been considered in these financial statements. The share of net profit has been considered based on unaudited financial statements provided by the associates.
4. We report that the consolidated financial statements have been prepared by NIIT Limited's management and as per information and explanations given to us, 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", issued by the Institute of Chartered Accountants of India.
5. Based on our audit and on consideration of the reports of the other auditors on separate financial statements (refer Paragraph 3 above) and on other information of the components, in our opinion and to the best of our information and explanations given to us, the attached consolidated financial statements together with notes thereon and attached thereto, give a true and fair view in conformity with the accounting principles generally accepted in India:
   (i) in case of the Consolidated Balance Sheet, of the consolidated state of affairs of the Group as at 31st March, 2007;
   (ii) in case of the Consolidated Profit and Loss Account, of the consolidated results of operations of the Group for the year ended on that date; and
   (iii) in case of the Consolidated Cash Flow Statement, of the Consolidated Cash Flows of the Group for the year ended on that date.

H. Singh
Partner
Membership Number F- 86994
For and on behalf of
Price Waterhouse
Chartered Accountants

Place : New Delhi
Date : June 05, 2007

CONSOLIDATED BALANCE SHEET as at 31st March, 2007

	Schedule No./ (Note Reference)		As At 31st March, 2007 (Rs.)		As At 31st March, 2006 (Rs.)
SOURCES OF FUNDS					
SHAREHOLDERS' FUNDS					
Share Capital	'1'	197,558,060		193,252,390	
Employees Stock Option Outstanding	'1A'	5,878,052		19,661,111	
Reserves and Surplus	'2'	2,918,838,613		2,405,290,745	
Currency Translation Reserve	'2A'	22,905,619	3,145,180,344	50,371,406	2,668,575,652
MINORITY INTEREST	'3'		3,870,495		679,554
CUMULATIVE PREFERENCE SHARES OF A SUBSIDIARY HELD OUTSIDE THE GROUP	'3A'		-		56,000,000
LOAN FUNDS					
Secured Loans	'4'		2,254,695,992		649,173,451
Unsecured Loans	'5'		443,377,554		441,168,900
			5,847,124,385		3,815,597,557
APPLICATION OF FUNDS					
FIXED ASSETS	'6'				
Gross Block		5,702,053,561		2,735,426,461	
Less: Depreciation		1,988,868,926		1,604,709,554	
Net Block			3,713,184,635		1,130,716,907
Capital work-in-progress (including Capital Advances)			133,531,863		255,965,608
INVESTMENTS	'7'		611,284,822		399,620,647
NET DEFERRED TAX ASSETS	'22(27)'		80,656,997		20,000,000
CURRENT ASSETS, LOANS AND ADVANCES					
Inventories	'8'	132,322,798		88,235,330	
Sundry Debtors	'9'	2,204,226,024		1,895,181,151	
Cash and Bank Balances	'10'	735,902,157		650,152,546	
Other Current Assets	'11'	301,830,248		72,882,436	
Loans & Advances	'12'	1,136,629,357		591,531,796	
		4,510,910,584		3,297,983,259	
Less : CURRENT LIABILITIES AND PROVISIONS					
Current Liabilities	'13'	2,822,582,010		1,132,183,880	
Provisions	'14'	380,572,745		156,854,014	
		3,203,154,755		1,289,037,894	
Net Current Assets			1,307,755,829		2,008,945,365
MISCELLANEOUS EXPENDITURE (To the extent not written off or adjusted)	'15'		710,239		349,030
			5,847,124,385		3,815,597,557
NOTES TO ACCOUNTS	'22'				

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

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

Rajendra S Pawar
Chairman and Managing Director

Vijay K Thadani
CEO & Whole-time Director

Ashok Arora
Group Chief Financial Officer

Jitender Mahajan
Chief Financial Officer

Parveen Jain
Company Secretary & Legal Counsel

Place : New Delhi
Date : June 05, 2007

CONSOLIDATED PROFIT AND LOSS ACCOUNT for the year ended 31st March, 2007

	Schedule No./ (Note Reference)	Year ended 31st March, 2007 (Rs.)	Year ended 31st March, 2006 (Rs.)
INCOME			
Revenue from Operations	'16'	7,951,285,044	4,507,140,998
Other Income	'17'	79,431,459	65,353,481
		8,030,716,503	4,572,494,479
EXPENDITURE			
Personnel	'18'	2,554,510,206	1,280,145,450
Development, Production and Execution	'19'	2,673,586,805	1,511,127,613
Administration, Finance and Others	'20'	1,479,569,396	890,488,186
Selling and Marketing	'21'	604,465,205	251,659,014
Depreciation and Amortisation	'6'	472,568,640	373,524,500
		7,784,700,252	4,306,944,763
Profit before tax and share of Associates' profits		246,016,251	265,549,716
Tax Expense	'22[1(xiii) & 27]'		
- Current		48,386,323	25,236,785
- Deferred charge/ (credit)		(37,846,292)	(20,000,000)
- Fringe Benefits Tax		20,081,474	19,038,243
- MAT Credit Entitlement		(13,724,220)	-
Provision for tax related to earlier years		(13,183,603)	5,036,988
Profit after Tax before share of Associates' profit		242,302,569	236,237,700
Share of Associates' net profit		324,009,648	164,331,099
Profit after Tax after share of Associates' profit		566,312,217	400,568,799
Add: Dividend provided in earlier years on 13.75% & 13.25% Cumulative Preference Shares of Subsidiary and tax thereon written back	'22(11)'	-	13,649,712
Add : Net (Profit)/ Loss attributable to Minority		6,809,059	(679,554)
Profit attributable to Equity shareholders		573,121,276	413,538,957
Balance brought forward from Previous year		1,730,787,712	1,476,446,301
Balance available for appropriation		2,303,908,988	1,889,985,258
APPROPRIATION			
Proposed Dividend on Equity Shares		142,630,839	115,947,834
Corporate Dividend Tax for Current year		24,240,111	16,261,684
Transferred to General Reserve		32,934,752	26,988,028
		199,805,702	159,197,546
Balance Carried to Balance Sheet		2,104,103,286	1,730,787,712
		2,303,908,988	1,889,985,258
Earnings per Share	'22(29)'		
- Basic		29.54	21.40
- Diluted		28.06	21.05
NOTES TO ACCOUNTS	'22'		

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

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Membership No. F-86994
For and on behalf of
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CEO & Whole-time Director

Ashok Arora
Group Chief Financial Officer

Jitender Mahajan
Chief Financial Officer

Parveen Jain
Company Secretary & Legal Counsel

Place : New Delhi
Date : June 05, 2007

CONSOLIDATED CASH FLOW STATEMENT for the year ended 31st March, 2007

		Year ended 31st March, 2007 (Rs.)		Year ended 31st March, 2006 (Rs.)
A. CASH FLOW FROM OPERATING ACTIVITIES:				
Profit before tax and share of Associates' profits		246,016,251		265,549,716
Adjustments for:				
Depreciation and Amortisation	472,568,640		373,524,500	
Interest Expenses	161,009,101		46,402,740	
Interest Income	(36,995,564)		(19,375,613)	
(Profit)/ Loss on Fixed Assets sold	(6,312,019)		3,121,276	
(Profit/ Loss on sale of Investments	(6,390,102)		(14,350,235)	
Miscellaneous Expenditure written off	92,802		473,776	
Provision for Doubtful Debts	81,459,169		56,598,932	
Provision for Doubtful Advances	-		2,494,396	
Liabilities/ Provision no longer required written back	(49,281,086)		32,066,245	
Provision for Gratuity & Leave Encashment	43,026,775		(8,450,341)	
Foreign Exchange Adjustments	11,349,619		(899,528)	
Employees Stock Option Expenses	8,760,442	679,287,777	19,661,115	491,267,263
Operating profit before working capital changes		**925,304,028**		**756,816,979**
Add/ (Less): (Increase)/ Decrease in operating working capital :				
Trade Receivables	355,938,559		(702,907,531)	
Loans and Advances & Other Current Assets	(321,988,588)		(93,614,742)	
Inventories	(23,093,332)		(3,288,362)	
Current Liabilities and Provisions	(312,978,230)	(302,121,591)	207,359,844	(592,450,791)
Cash generated from operations		**623,182,437**		**164,366,188**
Taxed paid (including TDS)		(41,846,122)		(49,889,794)
Interest paid - Others		(15,703,598)		(82,183)
Net cash from operating activities (A)		**565,632,717**		**114,394,211**
B. CASH FLOW FROM INVESTING ACTIVITIES:				
Purchase of fixed assets (Net of capital work in progress)		(623,128,568)		(456,628,846)
Cost of Investment in Element K (Refer note 14 on Schedule 22)		(681,089,730)		-
Proceeds from Sale of fixed assets		30,462,978		7,389,139
Miscellaneous Expenses incurred		(454,010)		-
Purchase of Convertible Preference Shares from IFC		(100)		-
Proceeds from Sale of Investments		61,271,458		150,350,144
Dividend from Associates		57,973,920		53,142,760
Loan Given to NIIT Education Society		(229,000,000)		(73,500,000)
Loan Given to NIIT Education Society received back		22,500,000		-
Receipt of loan Back from NIITian welfare Trust		100,000,000		-
Loan given to NIITian Welfare trust		-		(42,840,000)
Interest Received (Revenue)		24,758,855		14,515,402
Net cash used for Investing activities (B)		**(1,236,705,197)**		**(347,571,401)**

CONSOLIDATED CASH FLOW STATEMENT for the year ended 31st March, 2007 (Contd.)

		Year ended 31st March, 2007 (Rs.)		Year ended 31st March, 2006 (Rs.)
C. CASH FLOW FROM FINANCING ACTIVITIES:				
Receipts from issue of Shares in NIFBIT (Refer note 12 on Schedule 22)		10,000,000		-
Proceeds from fresh issue of Share Capital (including Share Premium)		78,744,660		-
Proceeds from long term borrowings		1,520,459,500		412,071,235
Loans repaid during the year		(163,888,890)		(181,311,601)
Vehicle Loans				
- Received during the year	8,709,290		25,194,897	
- Repaid during the year	(13,833,907)	(5,124,617)	(11,486,503)	13,708,394
Issue of foreign currency convertible bonds		-		437,900,000
Repayment of Element K Liabilities including Loan (Refer note 14 on Schedule 22)		(988,417,397)		-
Proceeds from Cash Credits (Net)		254,076,548		-
Interest Paid (including financing charges on finance lease arrangement)		(126,865,153)		(43,220,763)
Dividend Paid		(116,346,564)		(106,971,999)
Dividend Tax Paid		(16,261,684)		(14,906,543)
Net cash from financing activities (C)		**446,376,403**		**517,268,723**
Net Increase/ (Decrease) in Cash & Cash Equivalents (A) + (B) + (C)		**(224,696,077)**		**284,091,533**
Adjustment on account of Exchange Rate		145,960,485		8,125,672
Cash and cash equivalents as at the beginning of the year (Note 1)		**650,152,546**		**357,935,341**
Cash and Cash Equivalents Acquired on Acquisition (Refer note 14 on Schedule 22)		164,485,203		-
Cash and cash equivalents as at end of the year (Note 1)		**735,902,157**		**650,152,546**

Notes:

1 **Cash and cash equivalents as on**	31st March, 2007 (Rs.)	31st March, 2006 (Rs.)
Cash, Cheques & Drafts (in hand) and Remittances in transit	201,600,445	93,746,674
Balances with banks *	534,301,712	556,405,872
*[Includes Rs. 20,661,534/- (Previous year Rs. 18,294,930/-) pledged as margin money]		
	735,902,157	**650,152,546**

2 The above Cash flow statement has been prepared as per the indirect method prescribed by Accounting Standard -3 issued by the "Institute of Chartered Accountants of India".

3 The schedules from 1 - 22 form an integral part of the Cash Flow Statement.

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

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

H. Singh
Partner
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For and on behalf of
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Group Chief Financial Officer

Jitender Mahajan
Chief Financial Officer

Parveen Jain
Company Secretary & Legal Counsel

Place : New Delhi
Date : June 05, 2007

SCHEDULES annexed to and forming part of the Consolidated Balance Sheet as at 31st March, 2007

Schedule No.		As At 31st March, 2007 (Rs.)	As At 31st March, 2006 (Rs.)
1	SHARE CAPITAL [Refer Note 1(ix) and 9 on Schedule 22]		
	Authorised		
	50,000,000 Equity shares of Rs. 10/- each	500,000,000	500,000,000
	2,500,000 Redeemable Preference Shares of Rs. 100/- each	250,000,000	250,000,000
		750,000,000	750,000,000
	Issued		
	19,756,406 Equity shares of Rs 10/- each (Previous year 19,325,839 Equity shares of Rs. 10/- each)	197,564,060	193,258,390
		197,564,060	193,258,390
	Subscribed		
	19,755,206 Equity shares of Rs 10/- each (Previous year 19,324,639 Equity shares of Rs. 10/- each)	197,552,060	193,246,390
		197,552,060	193,246,390
	Paid-up		
	19,755,206 Equity shares of Rs 10/- each (Previous year 19,324,639 Equity shares of Rs. 10/- each)	197,552,060	193,246,390
	Add : Forfeited Share (Amount originally paid-up)	6,000	6,000
	Note : Issued Share Capital includes 17,461,494 Equity Shares of Rs. 10/- each allotted as fully paid up bonus shares by way of Capitalisation of General Reserve/ Share Premium Account/ Capital Redemption Reserve in 1998-99, 1994-95, 1992-93 and 1987-88.		
		197,558,060	193,252,390
1A	EMPLOYEES STOCK OPTION OUTSTANDING [Refer Note 1(ix) and 9 on Schedule 22]		
	Employees Stock Option Outstanding	5,878,052	29,654,155
	Less : Deferred Employees Compensation	-	(9,993,044)
		5,878,052	19,661,111

Schedule No.			As At 31st March, 2007 (Rs.)		As At 31st March, 2006 (Rs.)
2	**RESERVES AND SURPLUS** [Refer Note 9, 10 and 11 on Schedule 22]				
	Capital Redemption Reserve				
	As per Last Balance Sheet		54,598,467		54,598,467
	Share Premium				
	As per Last Balance Sheet	62,794,328			
	Add: additions during the year on account of exercise of ESOP's	96,982,490	159,776,818		62,794,328
	Capital Reserve		55,999,900		-
	General Reserve (Note 1 below)				
	As per Last Balance Sheet	557,110,238		530,122,210	
	Less: Utilised for Leave encashment on account of revised AS15 (Net of Deferred tax asset amounting to Rs. 228 lacs)	(45,684,848)		-	
	Add : Transferred from Profit and Loss Account	32,934,752	544,360,142	26,988,028	557,110,238
	Profit & Loss Account		2,104,103,286		1,730,787,712
	Note : 1 General Reserve above represents General Reserve as per the Indian Companies Act, 1956 in respect of Indian Companies. 2 General Reserve, if any, of overseas Companies are included as part of the Profit & Loss Account balance as it is not practical to give movement thereof.				
			2,918,838,613		2,405,290,745
2A	**CURRENCY TRANSLATION RESERVE** [Refer Note 1(x) on Schedule 22]				
	As per Last Balance Sheet		50,371,406		32,244,953
	Less : Transferred to other income on dissolution of Subsidiaries		-		(1,100,735)
	Increase/ (Decrease) during the year on translation of balances		(27,465,787)		19,227,188
			22,905,619		50,371,406

Schedule No.			As At 31st March, 2007 (Rs.)		As At 31st March, 2006 (Rs.)
3	**MINORITY INTEREST** [Refer Note 1(i), 12 & 19(1) on Schedule 22]				
	As per Last Balance Sheet		679,554		-
	Add : Minority share in the capital (Current year addition)		10,000,000		-
	Add : Minority share in the result of current year [Minority share of loss of the subsidiary companies in excess of their interest of Rs. 11,84,242/- (Previous year Rs. 2,075,079/-) has been absorbed by the Majority Shareholders (NIIT Limited) in terms of Accounting Standard 21.]		(6,809,059)		679,554
			3,870,495		679,554
3A	**PREFERENCE SHARE CAPITAL** [Refer Note 11 on Schedule 22]				
	3,400,000 13.75% Non Convertible Cumulative Redeemable Preference shares of Rs. 10/- each		-		34,000,000
	2,200,000 13.25% Non Convertible Cumulative Redeemable Preference shares of Rs. 10/- each		-		22,000,000
	(Preference shares have been acquired by the Holding Company and are redeemable in four yearly equal installments from the date of first allotment starting from 17th March 2011. They will be redeemable at a price equal to the par value i.e. Rs.10/- provided that arrears of any unpaid dividend thereon will be paid at the time of redemption.)				
			-		56,000,000
4	**SECURED LOANS** [Refer Note 6 & 13 on Schedule 22]				
	Loans from Banks				
	- Rupee Term loans	450,694,443		614,583,333	
	- Other Term Loan	1,520,459,500		-	
	- Cash Credit	254,076,548		-	
	- Vehicle Loans	29,465,501	2,254,695,992	34,590,118	649,173,451
	[Loans due within one year Rs. 326,671,900/- (Previous year Rs. 176,603,971/-)]				
			2,254,695,992		649,173,451
5	**UNSECURED LOANS** [Refer Note 1(xi), 24 and 30(b) on Schedule 22]				
	2.5 % Foreign Currency Convertible Bonds		437,900,000		437,900,000
	Deferred Lease Obligations		5,477,554		3,268,900
			443,377,554		441,168,900

SCHEDULES annexed to and forming part of the Consolidated Balance Sheet as at 31st March, 2007 (Contd.)

6. Fixed Assets
[Refer Note 1 (ii), (iii), (iv), (x), (xi), (xii), 3, 14 and 25 on Schedule 22]

(Amount in Rs.)

Description of Assets	GROSS BLOCK						DEPRECIATION AND AMORTISATION						NET BLOCK	
	Cost as on 01.04.2006	Assets Acquired on acquisition of Element K Corporation as on 02.08.2006	Additions during the Year	Sales/ Adj. during the Year	Translation Adjustment	Total as on 31.03.2007	As on 01.04.2006	Assets Acquired on acquisition of Element K Corporation as on 02.08.2006	Charge For the Year	Sales/ Adj. during the Year	Translation Adjustment	Total as on 31.03.2007	As on 31.03.2007	As on 31.03.2006
Tangible														
Land - Freehold	39,515,082	-	-	-	-	39,515,082	-	-	-	-	-	-	39,515,082	39,515,082
Building	76,576,793	-	138,163,311	5,849,080	-	208,891,024	15,292,920	-	3,249,467	1,636,713	-	16,905,674	191,985,350	61,283,873
Plant & Machinery														
- Owned	1,139,875,104	53,944,346	259,465,473	88,615,198	(5,459,941)	1,359,209,784	829,884,601	25,122,509	156,296,261	87,477,556	(1,597,975)	922,227,840	436,981,944	309,990,503
- Leased	4,506,135	-	2,886,444	630,450	-	6,762,129	2,679,237	-	1,941,350	627,325	-	3,993,262	2,768,867	1,826,898
Lease Hold Improvements	85,079,999	-	101,198,197	-	-	186,278,196	40,368,267	-	27,275,528	-	-	67,643,795	118,634,401	44,711,732
Furniture & Fixtures														
- Owned	118,483,990	13,744,276	53,141,908	10,848,926	(886,734)	173,634,514	93,132,927	7,446,296	18,036,505	9,951,940	(1,497,668)	107,166,120	66,468,394	25,351,063
- Leased	3,617,204	-	2,886,444	217,074	-	6,286,574	1,970,683	-	1,825,819	216,963	-	3,579,539	2,707,035	1,646,521
Vehicles	69,681,335	-	16,634,253	23,481,584	(49,083)	62,784,921	14,879,866	-	6,697,951	6,986,975	(63,852)	14,526,990	48,257,931	54,801,469
Sub Total (a)	1,537,335,642	67,688,622	574,376,030	129,642,312	(6,395,758)	2,043,362,224	998,208,501	32,568,805	215,322,881	106,897,472	(3,159,495)	1 ,136,043,220	907,319,004	539,127,141
Intangible (Courseware/Products)														
Software														
- Acquired	1,028,369,910	18,557,052	209,166,433	9,204,461	(18,080,616)	1,228,808,318	494,563,546	12,590,319	223,567,075	7,798,342	(13,052,282)	709,870,316	518,938,002	533,806,364
- Internally Generated	68,473,340	-	-	-	-	68,473,340	36,739,833	-	15,695,898	-	(30)	52,435,701	16,037,639	31,733,507
Patents	5,122,965	-	-	-	-	5,122,965	3,627,105	-	733,710	-	-	4,360,815	762,150	1,495,860
Goodwill on Consolidation	-	2,427,984,542	-	-	(165,289,061)	2,262,695,481	-	-	-	-	-	-	2,262,695,481	-
Goodwill	96,124,604	-	-	-	(2,533,371)	93,591,233	71,570,569	-	17,249,076	-	(2,660,771)	86,158,874	7,432,359	24,554,035
Sub Total (b)	1,198,090,819	2,446,541,594	209,166,433	9,204,461	(185,903,048)	3,658,691,337	606,501,053	12,590,319	257,245,759	7,798,342	(15,713,083)	852,825,706	2 ,805,865,631	591,589,766
Total (a +b)	2,735,426,461	2,514,230,216	783,542,463	138,846,773	(192,298,806)	5,702,053,561	1,604,709,554	45,159,124	472,568,640	114,695,814	(18,872,578)	1 ,988,868,926	3 ,713,184,635	1,130,716,907
Previous year	2,557,147,695	-	281,596,652	119,705,566	16,387,680	2,735,426,461	1,333,993,252	-	373,524,500	109,195,152	6,386,954	1,604,709,554	1,130,716,907	
									Capital Work in progress (Net) (including Capital Advances)				133,531,863	255,965,608

Notes :
1. Gross Block of Building includes 10 shares of Rs. 50/-each in Lotia Palace Housing Society and 10 shares of Rs. 500/- each in the Guru Vidya Co-operative Housing Society Ltd.
2. Out of the total Land as above 100 Acres of land at Tehsil Behror District Alwar is for educational purposes. This land can not be transferred without the prior approval of allotment authority.
3. Capital work-in-progress includes the borrowing cost of Rs. NIL (Previous year Rs. 6,358,820/-)
4. Addition to building includes borrowing costs of Rs. 7,474,485/- (Previous year Nil).

Schedule No.

7 INVESTMENTS
[Refer Note 1(i), (v), 19, 20 and 21(b) on Schedule 22]

A Trade, Long Term Investments

(Amount in Rs.)

Particulars	As at 01.04.2006	Dividend	Share of Profit/(Loss) in associates	Disposal of Investment	As at 31.03.2007
a) In Associates					
Mind Shaper Technologies Private Limited					
- Net Assets Value	6,972,552	-	585,841	2,490,197	5,068,196
Aesthetic Technologies Private Limited					
- Net Assets Value	9,113,953	-	313,436	-	9,427,389
NIIT Technologies Limited (formerly NIIT Investments Limited)					
- Capital Reserve	(415,866,458)	-	-	-	(415,866,458)
- Net Assets Value	742,419,244	(57,973,920)	323,110,371	-	1,007,555,695
Total Investment in Associates	342,639,291	(57,973,920)	324,009,648	2,490,197	606,184,822
b) In Others					
Medvarsity Online Limited	6,000,000	-	-	6,000,000	-
Total Investment in Others	6,000,000	-	-	6,000,000	-

B Non - Trade short term investments

In mutual fund, debts and money market securities (Fair market value as on 31st March, 2007 Rs. 5,333,854 (Previous year Rs. 51,622,342/-)	50,981,356	5,100,000
Total A(a)+A(b)+B	399,620,647	611,284,822

	As At 31st March, 2007 (Rs.)	As At 31st March, 2006 (Rs.)
8 INVENTORIES [Refer Note 1(vi) and 14 on Schedule 22]		
Raw Materials	8,702,865	-
Education and Training Material*	108,387,632	68,821,504
Software	15,232,301	19,413,826
	132,322,798	88,235,330

Note :
* Net of provision for non-moving stocks of Rs. 2,120,608/- (Previous year Rs. 3,000,000/-)

SCHEDULES annexed to and forming part of the Consolidated Balance Sheet as at 31st March, 2007 (Contd.)

Schedule No.	As At 31st March, 2007 (Rs.)	As At 31st March, 2006 (Rs.)
9 SUNDRY DEBTORS		
(Unsecured)		
[Refer Note 7, 14 and 28 on Schedule 22]		
Outstanding over six months :		
- Considered good	877,033,198	789,266,307
- Considered doubtful	629,885,316	584,605,151
Other debts :		
- Considered good	1,327,192,826	1,105,914,844
- Considered doubtful	23,676,422	-
	2,857,787,762	2,479,786,302
Less : Provision for Doubtful Debts	653,561,738	584,605,151
	2,204,226,024	1,895,181,151
10 CASH AND BANK BALANCES		
[Refer Note 14 on Schedule 22]		
Cash and Cheques in Hand	201,600,445	93,746,674
Balances with Banks in :		
- Current Accounts	507,893,643	285,122,831
- Dividend Accounts	4,769,803	5,168,533
- Fixed Deposit Accounts	20,865,890	265,557,212
[Includes Rs. 20,661,534/- (Previous year Rs. 18,294,930/-) pledged as margin money]		
- Exchange Earners' Foreign Currency Account	772,376	557,296
	735,902,157	650,152,546
11 OTHER CURRENT ASSETS		
(Unsecured, considered good)		
[Refer Note 1(vii) and 14 on Schedule 22]		
Unexecuted subscription	187,578,350	-
Interest Receivable	17,753,928	5,517,219
Unbilled Revenue (Net)	96,497,970	67,365,217
	301,830,248	72,882,436

Schedule No.		As At 31st March, 2007 (Rs.)		As At 31st March, 2006 (Rs.)
12 LOANS & ADVANCES				
(Unsecured, considered good except where otherwise stated)				
[Refer Note 13, 14, 22, 23 and 27(i) on Schedule 22]				
Loan to NIITian Welfare Trust		-		100,000,000
Loan to NIIT Education Society		280,000,000		73,500,000
Loan to NOLL ESOP Trust				
- Considered Good	438,797		438,797	
- Considered doubtful	-		11,561,203	
	438,797		12,000,000	
Less : Provision for doubtful loan	-	438,797	11,561,203	438,797
Deferred Expenses				
- Royalty	140,996,901		-	
- Commission	67,480,034	208,476,935	-	-
Advances recoverable in cash or in kind or for value to be received				
- Considered Good	406,432,946		247,260,552	
- Considered Doubtful	9,479,932		12,940,987	
	415,912,878		260,201,539	
Less : Provision for Doubtful Advances	9,479,932	406,432,946	12,940,987	247,260,552
Security Deposits				
- Considered Good	227,378,549		170,332,447	
- Considered Doubtful	733,449		3,012,501	
	228,111,998		173,344,948	
Less : Provision for Doubtful Security Deposits	733,449	227,378,549	3,012,501	170,332,447
Advance payment of Fringe Benefit Tax	38,746,887		-	
Less: Provision for Fringe benefit Tax	(38,568,977)	177,910	-	-
MAT Credit entitlement		13,724,220		-
		1,136,629,357		591,531,796

SCHEDULES annexed to and forming part of the Consolidated Balance Sheet as at 31st March, 2007 (Contd.)

Schedule No.		As At 31st March, 2007 (Rs.)		As At 31st March, 2006 (Rs.)
13 CURRENT LIABILITIES				
[Refer Note 14 on Schedule 22]				
Sundry Creditors				
- Due to Small Scale Industrial undertakings	2,708,909		2,742,735	
- Others	1,623,497,934	1,626,206,843	961,050,980	963,793,715
Advances from Customers		134,252,017		107,534,244
Security Deposits		7,116,116		7,494,114
Interest accrued but not due on Loans		22,895,814		4,455,464
Deferred Revenue - Subscription		900,789,761		-
Unclaimed Dividend *		4,769,803		5,168,533
Unclaimed Fractional Share Payment		139,777		142,778
Other Liabilities		126,411,879		43,595,032
* 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.				
		2,822,582,010		1,132,183,880
14 PROVISIONS				
[Refer Note 1(viii) 10, 14, 27 and 28(b) on Schedule 22]				
Proposed Dividend on Equity Shares		142,630,839		115,947,834
Tax on proposed dividend above		24,240,111		16,261,684
Provision for Rent (Onerous Contracts)		63,918,989		-
Provision for Gratuity		2,110,864		1,677,020
Provision for Compensated Absences		129,410,367		18,321,884
Provision for FBT	-		19,038,243	
Less: Advance FBT	-	-	(18,723,355)	314,888
Provision for Tax	295,119,743		270,337,246	
Less : Advance Tax	(276,858,168)	18,261,575	(266,006,542)	4,330,704
		380,572,745		156,854,014
15 MISCELLANEOUS EXPENDITURE				
(to the extent not written off or adjusted)				
[Refer Note 1(xiv) on Schedule 22]				
PRELIMINARY EXPENSES				
Opening balance	349,030		475,776	
Add : Incurred during the year	454,011		347,030	
Less: Written off during the year	(92,802)	710,239	(473,776)	349,030
		710,239		349,030

Schedule No.		Year ended 31st March, 2007 (Rs.)		Year ended 31st March, 2006 (Rs.)
16 REVENUE FROM OPERATIONS				
[Refer Note 1 (vii) on Schedule 22]				
Courseware Revenue		3,550,506,809		1,599,159,852
Services Revenue		3,654,900,459		2,907,981,146
Subscription Revenue		745,877,776		-
		7,951,285,044		4,507,140,998
17 OTHER INCOME				
[Refer Note 1(vii), (x) 28(a) on Schedule 22]				
Profit on sale of				
- Short Term Other Investments (Net)		3,430,299		14,350,235
- Fixed Assets (Net)		6,312,019		-
Profit on sale of long term non trade investments		2,959,803		-
Currency Translation Reserve realised on dissolution of subsidiary		-		1,100,735
Provision/ Other Liabilities written back		30,592,953		12,142,666
Provision for doubtful debts written back	18,688,133		76,701,431	
Less : Additional provision created	-	18,688,133	(56,777,852)	19,923,579
Recovery of expenses from NIIT Institute of Information Technology		-		7,599,014
Miscellaneous		17,448,252		10,237,252
		79,431,459		65,353,481
18 PERSONNEL				
[Refer Note 1(viii), (ix), 5, 9 and 10 on Schedule 22]				
Salaries and Benefits		2,404,670,329		1,172,556,241
Contribution to retirement benefit funds		75,993,626		44,685,712
Employees Stock Option Expenses		8,760,442		19,661,111
Welfare and other expenses		65,085,809		43,242,386
		2,554,510,206		1,280,145,450

Schedule No.		Year ended 31st March, 2007 (Rs.)		Year ended 31st March, 2006 (Rs.)
19 DEVELOPMENT, PRODUCTION AND EXECUTION [Refer Note 5 and 17 on Schedule 22]				
Material Consumed for courseware				
Opening Inventory				
- Raw material	13,793,895		-	
- Finished goods	7,200,237		-	
	20,994,132		-	
Add: Purchase of Material for consumption	95,758,514		-	
Less: Closing Inventory				
- Raw material	8,702,865		-	
- Finished goods	7,809,789		-	
	16,512,654	100,239,992	-	-
Courseware and Manuals		453,461,718		329,533,395
Bought out Packages/ Products		86,892,312		177,954,697
Course Execution Charges		352,620,752		473,031,271
Professional Charges		603,759,790		370,417,621
Equipment Hiring		75,645,699		115,350,204
Royalties		889,335,199		-
Freight and Cartage		80,080,072		25,544,766
Others		31,551,271		19,295,659
		2,673,586,805		1,511,127,613

Schedule No.		Year ended 31st March, 2007 (Rs.)		Year ended 31st March, 2006 (Rs.)
20 ADMINISTRATION, FINANCE AND OTHERS [Refer Note 1(xi), (xii), 5 ,8, 28(a) and 30 on Schedule 22]				
Rent		259,774,221		162,512,660
Rates and Taxes		14,762,197		3,906,767
Electricity and Water		113,579,647		77,271,032
Communication		103,238,236		58,290,577
Legal and Professional		139,439,228		108,608,248
Traveling and Conveyance		346,956,714		211,065,031
Interest paid :				
- Fixed Loans	145,305,503		46,320,557	
- Others	15,703,598		82,183	
	161,009,101		46,402,740	
Less : Interest Received on :				
- Deposits & Loans	(35,433,094)		(19,352,348)	
- Others	(1,562,470)		(23,265)	
	(36,995,564)	124,013,537	(19,375,613)	27,027,127
Bank, Discounting and Other Financial Charges		11,335,561		10,827,155
Bad debts and provision for doubtful debts		81,459,169		59,093,328
Insurance Premium		24,413,581		11,760,123
Repairs and Maintenance				
- Plant and Machinery	53,280,110		18,106,106	
- Buildings	10,526,069		3,283,443	
- Others	42,333,945	106,140,124	33,496,112	54,885,661
Loss on exchange fluctuation (Net)		11,585,667		2,035,813
Miscellaneous expenditure written off		92,802		473,776
Sundry Expenses		142,778,712		102,730,888
		1,479,569,396		**890,488,186**
21 SELLING & MARKETING [Refer Note 1(xv) on Schedule 22]				
Advertisement and Publicity		439,079,053		238,962,227
Sales Commission		124,827,581		-
Discount		172,876		71,651
Others		40,385,695		12,625,136
		604,465,205		**251,659,014**

SCHEDULE '22': Notes to Consolidated Accounts for the year ended 31st March, 2007

1. STATEMENT ON SIGNIFICANT ACCOUNTING POLICIES

These consolidated financial statements are prepared on an accrual basis, under historical cost convention and in accordance with the Accounting Standards issued by the Institute of Chartered Accountants of India. The disclosure requirements of Schedule VI of the Companies Act, 1956, have been complied with to the extent applicable. The significant accounting policies adopted by the Group are detailed below:

i. Basis of Consolidation

The consolidated financial statements include accounts of NIIT Limited, its subsidiary undertakings and associates (The Group) (Refer Note 19 below). Subsidiary undertakings are those companies in which NIIT Limited, directly or indirectly, has an interest of more than one half of the voting power or otherwise has power to exercise control over the operations. Subsidiaries are consolidated from the date on which effective control is transferred to the Group and are no longer consolidated from the date of disposal. All material inter-company transactions, balances and unrealised surpluses and deficits on transactions between Group companies are eliminated. Consistency in adoption of accounting policies among all Group companies is ensured to the extent practicable. Separate disclosure is made for minority interests.

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

ii. Fixed Assets, Depreciation and Amortisation

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

Expenses incurred on internal development of courseware and products are capitalised either individually or as a knowledge bank in the form of software, once their technical feasibility is established in accordance with the requirements of Accounting Standard 26, "Intangible Assets", issued by the Institute of Chartered Accountants of India. Expenses incurred during the research phase till the establishment of commercial feasibility is charged to the Profit and Loss Account.

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

Buildings	58 years
Leasehold Improvements	3-5 years or lease period, whichever is lower
Computers, printers and related accessories (Included under Plant & Machinery)	2-5 years
Office Equipment and Electronic Equipments	5-21 years
Software (courseware and products) and Patents	2-5 years
Furniture, fixtures and vehicles	5-10 years
Assets under employee benefits scheme except vehicles	3 years
Assets acquired under lease (Included under Plant & Machinery and Furniture & Fixtures)	Lease Period
Goodwill (other than arising on consolidation - Refer note iv below)	5 years
All other assets	Rates prescribed under schedule XIV to the Companies Act, 1956

Fixed Assets purchased for the utilisation and implementing the contractual obligation with the customers under the project would be depreciated over the period of contract.

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

iii. Impairment of Assets

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

iv. Goodwill on Consolidation

The excess/ deficit of the cost of the investment in its subsidiaries over its share of net worth (residual interest in the assets of the subsidiaries after deducting all its liabilities) of the subsidiaries at the date of investment in the subsidiaries is treated as goodwill/ capital reserve in the consolidated financial statements. Value of goodwill arising on consolidation is reviewed for impairment at the end of each accounting year. (Refer note 14 (d) below).

v. Investments

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

vi. Inventories

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

vii. Revenue Recognition

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

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

Subscription revenue is deferred and recognised ratably over the term of the subscription. Unexecuted subscription pending collection are considered as current assets and subsequently recognised as sundry debtors on rendering of services. Royalty revenue is recognised over the life of a contract or on a usage basis, as applicable. Royalty rates vary based upon the type and the number of course titles licensed by a customer, the frequency of use or the number of users accessing the content. Revenue from hosting agreements is recognised over the length of the contract/ usage.

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

Interest income is recognised on accrual basis.

viii. Retirement Benefits

Gratuity

Gratuity is a post employment defined benefit plan for eligible employees in India in accordance with the Payment of Gratuity Act, 1972. The Gratuity Plan provides a lump sum payment to vested employees at retirement, death, incapacitation or termination of employment, of an amount based on the respective employee's salary and the tenure of employment. Company's liability is actuarially determined at the end of the year. 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 with in the group is additionally provided for.

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

Acturial gains if any are recognised in the Profit and Loss Account and disclosed as an asset in the Balance Sheet.

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. Any gain or loss arising out of such valuation is recognised in the Profit and Loss Account as income or expense as the case may be.

Superannuation

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

Provident Fund

The Group makes contribution to the "NIIT LIMITED EMPLOYEES' PROVIDENT FUND TRUST" for certain entities in India, which is a defined benefit plan to the extent that the Company has an obligation to make good the shortfall, if any, between the return from the investments of the trust and the notified interest rate. The Company's obligation in this regard is actuarially determined and provided for if the circumstances indicate that the trust may not be able to generate adequate returns to cover the interest rates notified by the Government. The Company's contribution towards Provident Fund is charged to profit & loss account.

For other entities, Provident Fund contributions are made to the Regional Provident Fund Commissioner in accordance with the Employee Provident Fund rules.

Pension Fund

The Group makes defined contribution in respect of employees based in India, to a government administered pension fund. The Company's contribution towards Employee Pension Scheme is charged to profit & loss account.

Overseas Plans

In respect of the Companies incorporated outside India, where applicable, the companies make defined contributions on a monthly basis towards retirement plans which are charged to Profit and Loss Account. These companies have no further obligation towards the respective retirement benefits.

ix. Employees Stock Option Plan (ESOP)

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

x. Foreign Currency Transactions/ Translation

Transactions in foreign currency (currency other than companies' reporting currency) are booked at standard rates determined periodically, which approximates the actual rate, and all monetary assets and liabilities in foreign currency are restated at the year-end. Gain/Loss arising out of fluctuations on realisation/ payment or restatement, except those identifiable to acquisition of fixed assets is charged/ credited to the Profit and Loss Account. Gain/ Loss on account of exchange fluctuations identifiable to fixed assets acquired is adjusted against the carrying value of the related fixed asset.

Foreign Currency assets/ liabilities covered by forward contracts are stated at the forward contract rate and difference between the forward rate and the exchange rate at the inception of the forward contract are recognised to the Profit and Loss Account over the life of the contract except in case of the liabilities relating to acquisition of fixed assets which are adjusted against the carrying value of the related fixed assets.

For the purposes of consolidation, the operations of overseas subsidiaries which are considered as non-integral in nature and accordingly their assets and liabilities of non-Indian subsidiaries 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 'Cumulative Translation Reserve'. Upon dissolution/ disposal of non-Indian subsidiaries, the balance in Cumulative Translation Reserve in relation to those subsidiaries is transferred to Profit & Loss Accounts.

Certain forward foreign exchange contracts are marked to their current market value at each Balance Sheet date and the gain or loss on the contract is recognised in the statement of Profit and Loss Account for the year.

xi. Leases

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

Lease rentals in respect of finance lease transactions entered into prior to 31st March, 2001, in case of the companies incorporated in India, are charged to expense when due as per the terms of the related agreement. Other finance lease transactions are considered as financing arrangements and the leased asset is capitalised at an amount equal to the present value of the 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 leased asset.

xii. Borrowing Cost

Borrowing costs are recognised in the Profit and Loss Account in the period in which it is incurred except where the cost is incurred during the construction of an asset that takes a substantial period to get ready for its intended use in which case it is capitalised. Ancilliary costs in connection with the arrangement of borrowings are amortised over the period of respective loan.

xiii. Taxation

Tax expense comprising of both current tax (including fringe benefits 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 certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. Current tax (including fringe benefits tax, where applicable) is determined based on the provisions of the Income Tax Laws of the respective countries. Difference between current tax as per normal provisions and Minimum Alternate Tax (MAT) is recognised as asset (MAT Credit entitlement, where applicable), if the circumstances indicate that Company shall be covered under normal taxation in coming years.

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

- Preliminary Expenses are written off over a period of 5 to 10 years of commencement of commercial operation of the concerned subsidiary.
- Expenses that cannot be directly attributable to creation of any fixed asset incurred up to the date of commencement of commercial operations of subsidiaries are carried forward as deferred revenue expenses to be written off over 5 years.

xv. Deferred charges

Deferred royalties, sales commissions and referral fees are amortised over the term of the license or subscription associated with the related revenue.

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.

2. CONTINGENT LIABILITIES

i. Guarantees issued to bankers outstanding at the end of accounting year Rs. 23,875,777/- (Previous year Rs. 26,213,032/-).

ii. Corporate Guarantee Rs. 75,000,000/- given on behalf of NIITian Welfare Trust for loan availed by Trust (Previous year Rs. 75,000,000/-).

iii. Corporate Guarantee Rs. 1,672,505,450/- (USD 38.5 Million) given to ICICI Bank on behalf of NIIT (USA) Inc. (Previous year Nil).

iv. Claims against the Group not acknowledged as debts Rs. 13,000,000/- (Previous year Rs. 16,100,000/-).

v. Andhra Pradesh works contract tax demand Rs. 55,946,064/- (Previous year Rs. 31,318,455). Management does not foresee any financial implication based on the advise of the legal consultant.

vi. The transfer pricing analysis in relation to transactions between two foreign subsidiaries subsequent to August 02, 2006 is under process. Management does not foresee any financial implication on these statements of accounts upon completion of such analysis.

In respect of the transactions for the period prior to August 02, 2006, any implications arising out of the tax assessment, the Company is indemnified by the seller or its representatives, and therefore, does not expect any impact on the future profitability and cash out flows.

3. Estimated amount of contracts remaining to be executed on capital account (net of advances) not provided for Rs. 23,032,058/- (Previous year Rs. 231,556,747/-).

4. Pursuant to the Scheme of Arrangement under section 391 to 394 of the Companies Act, 1956 approved by Hon'ble High Court of Delhi vide order of May 18, 2004, the Global Solution Business Undertaking (GSB) of the Company constituting software services and solutions including investment in subsidiaries engaged in business process outsourcing and geographical information services and other world wide subsidiaries were transferred to NIIT Technologies Limited (hereinafter referred to as NTL) from the appointed date i.e. April 1, 2003. In this regard, mutation of certain immovable properties transferred to NTL in terms of the Scheme of Arrangement is yet to be completed.

5. Certain common resources are shared by the Group and NIIT Technologies Limited and its subsidiaries (NTL Group). This resulted in the Group recovering Rs. 11,563,410/-(Previous year Rs. 55,954,810/-) from NTL Group and NTL Group recovering Rs. 42,119,306/- (Previous year Rs. 39,682,405/-) from the Group which have been included/ netted off against the relevant head in the Profit and Loss Account viz, Personnel, Development, Production and Execution, Administration & Others and Marketing Expenses.

6. i. Working Capital Limits are secured by hypothecation of stocks and book debts of the Group. The Group has utilised the fund-based limits during the year to the extent of Rs. 254,076,548/- (Previous year Nil).

ii. Rupee Term Loan from bank is secured by way of first charge created on all movable assets, both present and future and specified immovable properties, subject to first charge created on stocks and book debts of the Company in respect of working capital limits above.

iii. Other term loan is to be secured by

a) First pari-passu charge over (or with respect to the Company's assets located in the United States, a first priority perfected security interest in) all the present and future immovable and movable assets of NIIT (USA) Inc., USA. Charge over the assets of NIIT (USA) Inc., USA has been created subsequent to the year end.

b) The Parent Company has extended a corporate guarantee and a negative lien has been created on 9,662,320 shares of NIIT Technologies Limited held by its wholly owned subsidiary Scantech Evaluation Services Limited.

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

7. DERIVATIVE INSTRUMENTS

a. The Group has outstanding foreign exchange forward contracts of USD 6,000,000 (Previous year USD 6,000,000) as at March 31, 2007 for hedging its exposure to movements in foreign exchange rates relating to trade receivables. Foreign currency receivables that are not hedged by derivative instruments or otherwise amount to BHD 230 (Previous year BHD Nil), EURO 49,066 (Previous year EURO 136,780), GBP 203,533 (Previous year GBP 82,567), MYR 873 (Previous year MYR 41,604), SGD 56,824 (Previous year SGD 82,506), and USD 3,882,547 (Previous year USD 1,534,099).

b. Foreign currency payables that are not hedged by derivative instruments relate to payables of USD 453,250 (Previous year USD 376,111), EURO 40,338 (Previous year EURO 40,338), SGD 6,150 (Previous year SGD 1,150), GBP Nil (Previous year GBP 17,682) and CNY 21,423 (Previous year CNY 28,340).

8. PAYMENT TO AUDITORS

a) Payment to Parent Company auditors:

Particulars	Year Ended March 31, 2007 (Rs.)	Year Ended March 31, 2006 (Rs.)
Audit fee	15,179,775	7,471,430
Tax Audit fee	841,815	557,651
Others	1,682,729	1,024,803
Reimbursement of expenses (including Service Tax)	2,792,315	1,152,337

b) Payment to other auditors amounting to Rs. 5,118,109/- (Previous year Rs. 4,526,444/-).

9. EMPLOYEES STOCK OPTION SCHEME

During the Previous year, the Parent Company had established 'NIIT Stock Option Plan 2005 (ESOP 2005)', and the same was approved at the General Meeting of the Parent Company held on May 18, 2005. The plan was set up so as to offer the grant for the benefit of employees of the Group, who are eligible under "Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999", options of the Parent Company in aggregate up to 1,925,000 options under ESOP 2005, in one or more tranches, and on such terms and conditions as may be fixed or determined by the Board in accordance with the provisions of law or guidelines issued by the relevant authorities in this regard. As per the plan, each option is exercisable for one equity share of face value of Rs. 10 each fully paid up on payment to the Parent Company, for such shares at a price to be determined in accordance with ESOP 2005.

The Parent Company granted option in two tranches as follows:

Particulars	Tranche I		Tranche II	
	2006-2007	2005-2006	2006-2007	2005-2006
Date of Grant	August 02, 2005	August 02, 2005	August 11, 2005	August 11, 2005
Date of Vesting	August 02, 2006	August 02, 2006	August 11, 2006	August 11, 2006
Live options at the beginning of the year (Nos.)	537,700	-	39,700	-
Granted during the year (Nos.)	-	555,350	-	46,200
Forfeited/ lapsed till vesting period (Nos.)	18,650	17,650	13,350	6,500
Options Vested (Nos.)	519,050	-	26,350	-
Forfeited/ lapsed post vesting (Nos.)	3,700	-	-	-
Options exercised (Nos.)	408,767	-	21,800	-
Outstanding/ exercisable at the end of the year (Nos.)	106,583	537,700	4,550	39,700
Exercise Price (Rs.)	180	180	237	237
Remaining Contractual Life (Days)	853	1,218	862	1,227
Fair value of the options based on Black and Scholes Model (Rs.)	98.64	98.64	72.25	72.25
Intrinsic Value of the options granted (Rs.)	55.15	55.15	-	-

The inputs used by an independent valuer, for determination of fair value as per the Black & Scholes Model are as follows:

a) Market price considered is the latest available closing price, prior to the date of the grant.
b) Exercise price is the price payable by the employees for exercising the option.
c) As the life of the option is greater than one year, there is considerable difficulty in estimating the amount and time of future dividend payouts with certainty, hence future dividend payouts have not been incorporated in the valuation analysis.
d) Volatility - Variance in the stock price is considered as 14% and is based on historical volatility in the share price movement of the Company and four other comparable companies.
e) Average life of the options is considered to be 2.5 Years.
f) Risk free interest rate has been assumed at 7% based on long term government bonds of ten years residual maturity.

Other information regarding employee share based payment is as below:

(Amount in Rs.)

Particulars	Tranche I		Tranche II	
	2006-2007	2005-2006	2006-2007	2005-2006
Expense amortised during the year on the basis of intrinsic value of the options	8,760,442	19,661,111	-	-
Additional expense had the Parent Company recorded the ESOP Expense based on fair value of the options	6,908,279	15,504,293	72,775	1,831,013

For impact on basic and dilutive EPS, had fair value of the option been used for determining ESOP expense, refer note 29 below.

10. RETIREMENT BENEFIT

The Group has implemented Accounting Standard 15 (Revised 2005) 'Employee Benefits' issued by the Institute of Chartered Accountants of India, which has resulted in an additional liability towards compensated absences up to March 31, 2006 amounting to Rs. 457 lacs (Net of Deferred Tax Asset Rs. 228 lacs), which has been adjusted against opening reserves as on April 01, 2006. Its implementation has also resulted in increased personnel cost of Rs. 52.05 lacs for the current year with corresponding reduction in profit before tax.

A) Defined Contribution Plans

The Group makes contribution towards Provident Fund as applicable, Superannuation Fund and Pension Schemes to the defined contribution plans for eligible employees in India.

During the year the Company has recognised the following amounts in the Profit and Loss Account:-

	(Rs. Lacs)
• Employers Contribution to Provident Fund	208.75
• Employers Contribution to Superannuation Fund	102.11
• Employers Pension Scheme	313.63
• Contributions to 401K Plans	88.34

B) Defined Benefit Plans

1. Provident Fund

In respect of Company's obligation towards guaranteed returns on Provident Fund Contributions made to the NIIT Limited Employees Provident Fund Trust, no actuarial valuation was considered necessary by the actuary since the Trust has earned returns in excess of the minimum guaranteed interest notified by the Government and is assumed that the surplus is likely to continue in the near future. Therefore, the Company does not expect any additional liability in respect of Provident Fund beyond the contributions already made for the current year.

2. Compensated Absences

	As at March 31, 2007 (Rs. Lacs)
i. Change in Present value of Obligation:-	
Present value of obligation as at March 31, 2006*	868.17
Present value of obligation as at August 02, 2006	610.61
Past service cost	-
Current service cost	14.15
Benefits paid	(12.05)
Add: Actuarial (gain)/ loss on Obligations	(186.78)
Present value of obligation as at March 31, 2007	1,294.10
*Provision for Leave Encashment as at March 31, 2006	183.22
Impact of Transition provision of AS-15 (Transferred from General Reserve and DTA created)	684.95
Total	868.17
ii. Principal actuarial assumptions for compensated absences:-	
For entities in USA:-	
Discount Rate (per annum)	6.00%
Future Salary Increase	3.00%
Other than entities in USA :-	
Discount Rate (per annum)	8.00%
Future Salary Increase	
For First 5 Years	10.00%
Thereafter	7.00%

3. Gratuity Funds

	As at March 31, 2007 (Rs. Lacs)
I. Funded	
i. Change in Present value of Obligation :-	
Present value of obligation as at March 31, 2006	453.49
Interest cost	35.43
Current service cost	52.13
Benefits paid	(85.85)
Actuarial loss/ (gain) on Obligations	6.19
Present value of obligation as at March 31, 2007	461.39
ii. Change in Plan Assets:-	
Fair value of Plan Assets as at March 31, 2006	445.70
Expected return on Plan Assets	36.72
Contributions	96.91
Benefits paid	(85.85)
Actuarial (loss)/ gain on Plan Assets	2.15
Fair value of Plan Assets as at March 31, 2007	495.63
iii. Amount of Asset/ (Obligation) recognised in the Balance Sheet:-	
Fair value of Plan Assets as at March 31, 2007	495.63
Less: Present value of obligation as at March 31, 2007	461.40
Asset recognised in Balance Sheet	34.23

	As at March 31, 2007 (Rs. Lacs)
iv. **Net Gratuity Cost recognised in Profit & Loss Account:-**	
Current service cost	52.13
Interest cost	35.43
Expected return on Plan Assets	(36.72)
Net Actuarial (gain)/ loss recognised during the year	(9.56)
Expense recognised in Profit & Loss Account	**41.28**
Actual return on plan assets	38.87
v. **Assumptions used in accounting for gratuity plan:-**	
Discount Rate (per annum)	8.00%
Future Salary Increase	5.00%
Expected Rate of return on plan assets	9.10%

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 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.

II. **Non Funded**

	As at March 31, 2007 (Rs. Lacs)
i. **Change in Present Value of Obligation :-**	
Present value of obligation as at March 31, 2006	-
Present value of obligation as at August 02, 2006	16.61
Interest cost	0.63
Current service cost	3.61
Benefits paid	-
Actuarial loss/ (gain) on Obligations	(0.25)
Present value of obligation as at March 31, 2007	**21.10**
ii. **Net Gratuity Cost recognised in Profit & Loss Account:-**	
Current service cost	3.62
Interest cost	0.63
Expected return on Plan Assets	-
Net Actuarial (gain)/ loss recognised during the year	1.56
Expense recognised in Profit & Loss Account	**5.81**
iii. **Assumptions used in accounting for gratuity plan:-**	
Discount Rate (per annum)	8.00%
Future Salary Increase	5.00%

There are few subsidiaries for which actuarial valuation was not considered necessary as the numbers of employees in these subsidiaries were not significant and the full liability amounting to Rs. 1.04 Lacs towards Gratuity and Rs. 15.93 Lacs towards Leave Encashment has been charged to Profit and Loss Account.

11. Non-Convertible Cumulative Redeemable Preference Shares of a subsidiary "Hole-In-The-Wall Education Limited" held by International Finance Corporation (IFC) have been purchased by the Parent Company during the year at a total consideration of Rs. 100/-. These shares were redeemable in four equal installments starting from March 17, 2007. Pursuant to the provisions of Section 106 of the Companies Act, 1956, the due date of redemption of these shares has been extended by four years from their respective due dates of redemption. The difference between the cost of investment and the capital, arising on consolidation, has been accounted as "Capital Reserve".

12. During the year, the Parent Company has invested a sum of Rs. 400 lacs in the newly established subsidiary company, NIIT Institute of Finance Banking and Insurance Training Limited (NIFBIT) representing 80% of the paid up Equity Share Capital (at par), 19% of the share capital in this Company held by ICICI Bank Limited and the balance held by the Promoters of the Company, is treated as minority interest.

13. a) NIIT (USA) Inc., USA, a wholly owned subsidiary has entered into a facility agreement with ICICI Bank Limited and its affiliates on July 28, 2006 for a loan of Rs. 1,631,528,500. The purpose of the loan was to acquire all the stock of Element K Corporation, a company incorporated under the laws of United States of America, through its step down newly incorporated subsidiary NIIT Venture Inc., USA. The principal amount is repayable in ten half-yearly installments, the first installment due 18 months from the date of availment of loan i.e. July 31, 2006.

b) Loans and advances include unamortised balance of Rs. 54,060,763 pertaining to ancillary costs incurred in connection with the loan.

14. a) A new subsidiary Company, NIIT Ventures Inc., USA (NVI) was formed on July 21, 2006. On August 02, 2006, NVI acquired US based learning company – Element K Corporation, for a cash consideration of Rs. 1,644,807,697 (including a loan of Rs. 1,017,947,923). The net liabilities of Element K group, as on the date of acquisition were Rs. 1,746,894,812 (Refer para (b) below), based on a fair valuation report of an independent financial consultant appointed by NVI. The consideration paid less the fair value of net assets acquired resulted in Goodwill of Rs. 2,427,984,542 in the consolidated financial statements which has been ascertained as follows:

Particulars		(Amount in Rs.)
Consideration paid in cash		626,859,774
Add: other Expense in relation to acquisition		54,229,956
Total	(A)	681,089,730
Net Assets/ (Liabilities) acquired	(B)	(1,746,894,812)
Goodwill arising on acquisition	(A-B)	2,427,984,542

Out of total consideration, an amount of Rs. 225,926,250 was deposited in an escrow account in accordance with the Share Purchase Agreement ('SPA'). The same was payable to the seller in two equal tranches subject to the conditions mentioned in the SPA. Out of the first tranche, an amount of Rs. 58,248,893 was paid to the seller by the year end and balance of Rs. 112,963,125, is subject to further adjustments in accordance with the SPA, which are expected to be determined in the ensuing financial year. Any difference arising at the time of final payment shall be accounted for in that period in the Profit and Loss Account.

b) The carrying value of assets and liabilities of the EK group was adjusted on the date of acquisition based on recommendations of an independent financial consultant appointed by NVI. The adjustment in the carrying value of assets and accrual for liabilities were made based on the aforesaid review of carrying value of all assets and liabilities of the companies in the EK group with the purpose that these assets and liabilities can be represented in the balance sheet at their fair value in terms of usage and business direction, past obligation, technical obsolescence, revenue and cash generation capabilities. The summarised Balance Sheet as on August 02, 2006 after adjusting carrying values as mentioned above is as follows:

Amount in Rs.

Description	As at August 02, 2006
Assets	
Fixed Assets (net block) including Capital Work in Progress	76,858,045
Inventories	20,994,136
Sundry Debtors	695,902,424
Cash and Bank Balances	164,485,203
Other Current Assets	40,271,064
Loans and Advances	279,146,881
Profit and Loss Account (Debit Balance)	1,753,680,386
Total	3,031,338,139
Liabilities	
Shareholders Fund	6,785,527
Current Liabilities & provision	1,023,991,711
Deferred Revenue	1,012,143,504
Other liabilities including loan	988,417,397
Total	3,031,338,139

c) The erstwhile loan and liabilities of the Element K group aggregating to Rs 988,417,397 was settled with an unsecured Promissory Note provided by the Company from NVI.

d) The accounting policy of amortisation of goodwill arising on consolidation has been discontinued for acquisitions made after April 01, 2006. For Financial Year 2006-07, the Accounting Standard 28 on "Impairment of Assets" issued by the Institute of Chartered Accountants of India, has been applied on such goodwill in line with generally accepted industry practice. Accordingly, on such goodwill arising from the acquisition of Element K Corp., USA, no impairment charge has been recognised. If the earlier policy had been continued, the amortisation charge for such goodwill would have been Rs. 3,017 Lacs.

15. A 'Plan of Reorganisation' of the subsidiaries of Element K was taken subsequent to the acquisition except for Element K India Pvt. Ltd., Element K Canada and Element K (UK) Limited. The subsidiaries of Element K namely Element K Press LLC., Element K Online LLC., Element K Content LLC., Element K (Delaware) Inc., Element K LLC, and Content Media Corp., were merged with the parent company, Element K Corporation, on December 31, 2006 based on net book value. The net assets of the merged subsidiaries are summarised below:

Amounts in Rs.

Sl. No.	Name of the Company	Fixed Assets	Current Assets	Current Liabilities
1	Element K Press LLC.	1,604,709	154,103,256	58,977,641
2	Element K Online LLC.	21,118,456	242,616,235	416,734,072
3	Element K Content LLC.	47,158,942	116,945,798	505,880,052
4	Element K (Delaware) Inc.	-	570,882,197	751,675,610
5	Element K LLC.	-	103,171,888	618,722
6	Content Media Corp.	-	-	-
	TOTAL	69,882,107	1,187,719,374	1,733,886,097

The necessary regulatory procedure relating to transfer of shares in the name of Element K Corporation by its foreign subsidiaries are under process.

16. The net worth of Hole-in-the-Wall Education Limited ('HIWEL') has eroded as at March 31, 2007. HIWEL completed first phase of its operations and commenced commercial operations during 2005-06. At the beginning of financial year 2006-07, there were certain revenues expected to be generated from contracts with various state governments. However, the same did not materialise due to implementation delays and other reasons. Some of these contracts have been materialised in the last quarter of the financial year and the rest are expected to be realised very soon. HIWEL has also signed new contracts for the next year. Based on these contracts and the business projections and continued financial support from the Parent Company, the accounts of HIWEL have been prepared on a going concern basis.

17. The course execution charges include payments to licensees, business partners, channel partners and other agencies for execution of education and training business.

18. Pursuant to the sale of main business of NIIT Online Learning Limited ('NOLL') to the Parent Company, NOLL has not yet undertaken any further business activity. Due to this reason, basic assumption of going concern of NOLL becomes doubtful. The management of NOLL is not contemplating liquidation and is evaluating business options though at present there is no concrete plan, but have represented that they shall take up suitable business at an opportune time. The assets and liabilities of NOLL are stated at realisable value and thus no further adjustments to the same are considered necessary.

19. DETAILS OF ENTITIES IN CONSOLIDATION

1) Details of NIIT Limited's subsidiaries, which have been considered in these consolidated accounts are as follows:

Subsidiary	Percentage of ownership interest	Country of incorporation
Hole-in-the- Wall Education Limited	89.99	India
NIIT Online Learning Limited	90	India
NIIT (USA) Inc.	100	United States
NIIT Antilles NV - NIIT Middle East WLL - NIIT Malaysia Sdn Bhd - NIIT GC Ltd. (formerly NIIT TVE Limited) * NIIT China (Shanghai) Limited * PCEC NIIT Institute of Information Technology	100 99.5 100 100 100 100	Netherlands Bahrain Malaysia Mauritius China China
PT NIIT Indonesia (Under Liquidation)	100	Indonesia
Scantech Evaluation Services Limited	100	India
NIIT Multimedia Limited	100	India
NIIT Limited, UK	100	UK
NIIT Institute of Finance Banking and Insurance Training Limited	80	India
NIIT Ventures Inc.	100	United States
Element K Corp.	100	United States
Element K India Private Limited, India	100	India
Element K (UK) Limited	100	United Kingdom
Element K, Canada	100	Canada

Also Refer Note 15 above.

2) The details of associate companies (companies over which the Parent Company exercises significant influence, which have been consolidated on equity method) are as follows: -

Name of associate	Description of business	Percentage of ownership interest and voting power	Cost of Investment	Reporting dates used for consolidation
Aesthatic Technologies Private Limited	Software	22.94%	20,000,584	March 31, 2007
Mind Shaper Technologies Limited*	Software	21.06%	14,291,629	March 31, 2007
NIIT Technologies Limited and its subsidiaries	Software	25%	97,498,200	March 31, 2007

* On March 02, 2007, the Parent Company has disposed off part of its holding in Mindshaper Technologies Pvt Ltd. of 34,400 fully paid up Equity Shares of Rs. 10/- each for a consideration of Rs. 50 lacs, out of which Rs. 30 lacs has been received during the year and Rs. 20 lacs has been received after the year end. The investment was fully provided for the permanent diminution in its value in the Previous years.

20. During the year, the Company has disposed off its holding in Medvarsity Online Ltd. of 600,000 fully paid up Equity Shares of Rs. 10/- each. The investment amounting to Rs. 60 Lacs, was disposed off for a consideration of Rs. 64.50 lacs.

21. RELATED PARTY DISCLOSURES AS PER ACCOUNTING STANDARD 18

a) Related parties with whom the Group has transacted

- Associate companies
  1) NIIT Technologies Limited, India
  2) NIIT Technologies Inc., USA
  3) NIIT Technologies Pte Limited, Singapore (formerly NIIT Asia Pacific Pte Limited, Singapore)
  4) NIIT Technologies Limited, UK (formerly NIIT Europe Limited, UK)
  5) NIIT SmartServe Limited
  6) NIIT GIS Limited, India
  7) Mind Shaper Technologies Limited
- 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 V Thadani (Wife of Vijay K Thadani)
  2) Veena Oberoi (Sister of Vijay K Thadani)
  3) Sudha Rajendran (Wife of P Rajendran)
- Parties in which the Key Managerial Personnel of the Group were interested
  1) Institute of Quality Limited
  2) Pace Industries Private Limited
  3) NIIT Education Society
  4) NIIT Institute of Information Technology
  5) NIIT Network Services Limited

b) Details of significant transactions and balances with related parties on an arms' length basis :

Nature of Transactions	Associates	Key Managerial Personnel	Relatives of Key Managerial Personnel	Parties in which Key Managerial Personnel of the Group are interested	Total
	(Rs.)	(Rs.)	(Rs.)	(Rs.)	(Rs.)
Sale of Goods	11,472,310	NIL	NIL	NIL	11,472,310
(Note 2)	(23,122,426)	(NIL)	(NIL)	(34,453,223)	(57,575,649)
Rendering of services	33,519,072	NIL	NIL	NIL	33,519,072
(Note 3)	(12,285,853)	(NIL)	(NIL)	(NIL)	(12,285,853)
Receiving of services	17,497,855	NIL	NIL	577,348	18,075,203
(Note 4)	(NIL)	(NIL)	(NIL)	(1,077,955)	(1,077,955)
Purchase of fixed assets	4,136,414	NIL	NIL	NIL	4,136,414
(Note 5)	(NIL)	(NIL)	(NIL)	(NIL)	(NIL)
Sale of Fixed Assets	3,026,007	NIL	NIL	1,309,998	4,336,005
(Note 6)	(NIL)	(NIL)	(NIL)	(3,669,038)	(3,669,038)
Recovery of expenses from	37,203,588	NIL	NIL	1,802,520	39,006,108
(Note 7)	(56,308,540)	(NIL)	(NIL)	(9,610,295)	(65,918,835)
Recovery of expenses by	46,451,105	NIL	NIL	483,610	46,934,715
(Note 8)	(45,152,508)	(NIL)	(NIL)	(27,008)	(45,179,516)
Loan Given	NIL	NIL	NIL	229,000,000	229,000,000
(Note 9)	(NIL)	(NIL)	(NIL)	(73,500,000)	(73,500,000)
Loans Given Received Back	NIL	NIL	NIL	22,500,000	22,500,000
(Note 10)	(NIL)	(NIL)	(NIL)	(NIL)	(NIL)
Interest Income	NIL	NIL	NIL	18,491,179	18,491,179
(Note 11)	(NIL)	(NIL)	(NIL)	(2,014,795)	(2,014,795)
Dividend Income	57,973,920	NIL	NIL	NIL	57,973,920
(Note 12)	(53,142,760)	(NIL)	(NIL)	(NIL)	(53,142,760)
Remuneration	NIL	25,267,019	NIL	NIL	25,267,019
(Note 13)	(NIL)	(25,904,357)	(NIL)	(NIL)	(25,904,357)
Other expenses	4,813,205	NIL	898,000	180,000	5,891,205
(Note 14)	(287,500)	(NIL)	(836,500)	(640,500)	(1,764,500)
Other Income	11,647,343	NIL	NIL	692,682	12,340,025
(Note 15)	(NIL)	(NIL)	(NIL)	(NIL)	(NIL)

SCHEDULE '22': Notes to Consolidated Accounts for the year ended 31st March, 2007 (Contd.)

Notes:

1. Previous year figures are given in parenthesis
2. Includes Sale of Goods to :
   - NIIT Technologies Pte Limited, Singapore Rs. 114.72 Lacs (Previous year Rs. 231.22 Lacs)
   - NIIT Institute of Information Technology NIL (Previous year Rs. 342.75 Lacs)
3. Includes Rendering of services to :
   - NIIT Technologies Limited, UK Rs. 11.62 Lacs (Previous year Rs. 10.33 Lacs)
   - NIIT Technologies Limited, Singapore NIL (Previous year Rs. 18.52 Lacs)
   - NIIT Technologies Limited, India Rs 304.87 Lacs (Previous year Rs. 85.74 Lacs)
4. Includes Receiving of services from :
   - Institute of Quality Limited Rs. 2.46 Lacs (Previous year Rs. 6.65 Lacs)
   - NIIT Network Services Limited Rs. 3.31 Lacs (Previous year Rs. 4.12 Lacs)
   - NIIT Technologies Inc. (USA), Rs. 7.57 Lacs (Previous year NIL)
   - NIIT Asia Pacific Pte Ltd., Singapore Rs. 6.87 Lacs (Previous year NIL)
   - NIIT Smart Serve Limited Rs. 159.76 Lacs (Previous year NIL)
5. Includes Purchase of fixed assets from :
   - NIIT Technologies Limited, India Rs. 36.05 Lacs (Previous year NIL)
   - NIIT Smart Serve Limited Rs. 5.31 Lacs (Previous year NIL)
6. Includes Sale of Fixed Assets to :
   - NIIT Technologies Limited, India Rs. 30.26 Lacs (Previous year Nil)
   - NIIT Institute of Information Technology Rs. 13.10 Lacs (Previous year Rs. 36.69 Lacs)
7. Includes Recovery of Expenses from:
   - NIIT Technologies Limited Rs. 115.63 Lacs (Previous year Rs. 3.32 Lacs)
   - NIIT Institute of Information Technology Rs. 18.03 Lacs (Previous year Rs. 95.36 Lacs)
   - NIIT GIS Limited Rs. 17.89 Lacs (Previous year Rs. 4.72 Lacs)
   - NIIT Technology Inc., (USA) Rs. 223.97 Lacs (Previous year Rs. 554.82 Lacs)
   - NIIT Smart Serve Limited Rs. 13.61 Lacs (Previous year NIL)
8. Includes Recovery of expenses by:
   - NIIT Technologies Inc., (USA) NIL (Previous year Rs. 420.23 Lacs)
   - NIIT Technologies Limited India Rs. 421.19 Lacs (Previous year Rs. 3.23 Lacs)
   - NIIT Smart Serve Limited Rs. 24.81 Lacs (Previous year Rs. 20 Lacs)
   - NIIT Technologies Pte Limted, Singapore Rs. 18.51 Lacs (Previous year Rs 7.99 Lacs)
9. Includes Loan Given to :
   - NIIT Education Society Rs. 2,290 Lacs (Previous year Rs. 735 Lacs)
10. Includes Loans Given Received Back from :
    - NIIT Education Society Rs. 225 Lacs (Previous year NIL)
11. Includes Interest Income from :
    - NIIT Education Society Rs. 184.91 Lacs (Previous year Rs 20.15 Lacs)
12. Includes Dividend Income from :
    - NIIT Technologies Limited, India Rs. 579.74 Lacs (Previous year Rs. 531.43 Lacs)
13. Includes Remuneration to:
    - Rajendra S Pawar Rs. 54.80 Lacs (Previous year Rs. 55.74 Lacs)
    - Vijay K Thadani Rs. 78.53 Lacs (Previous year Rs. 81.78 Lacs)
    - P Rajendran Rs. 119.34 Lacs (Previous year Rs. 121.52 Lacs)

14.Other Expenses Includes transactions with:
- Renuka Thadani Rs. 5.32 Lacs (Previous year Rs. 3.81 Lacs)
- Veena Oberoi Rs. 2.76 Lacs (Previous year Rs. 2.76 Lacs)
- Mind Shaper Technologies Private Limited NIL (Previous year Rs. 2.88 Lacs)
- NIIT Institute of Information Technology NIL (Previous year Rs. 4.61 Lacs)
- Pace Industries Private Limited NIL (Previous year Rs. 1.80 Lacs)
- Sudha Rajendran Rs 0.90 Lacs (Previous year Rs. 1.80 Lacs)
- NIIT Technologies Limited, UK Rs. 48.13 Lacs (Previous year NIL)

15.Other Income Includes transaction with:
- NIIT Technologies Limited, India Rs. 116.47 Lacs (Previous year NIL)
- NIIT Institute of Information Technology Rs. 6.93 Lacs (Previous year NIL)

Balance as on March 31, 2007

Nature of Transactions	Associates (Rs.)	Key Managerial Personnel (Rs.)	Relatives of Key Managerial Personnel (Rs.)	Parties in which Key Managerial Personnel of the Group are interested (Rs.)	Total (Rs.)
Receivable	16,799,905	NIL	NIL	280,884,742	297,684,647
	(3,368,128)	(92,335)	(NIL)	(97,283,649)	(100,744,112)
Payable	9,765,982	6,015,423	NIL	1,981,655	17,763,060
	(15,305,129)	(6,013,563)	(NIL)	(1,869,123)	(23,187,815)

22.During the previous financial years, the Parent Company had granted loans of Rs 1,000 lacs @ 6% per annum to NIITian Welfare Trust ('The Trust'), which has been formed for the purpose of providing welfare benefits to the employees of the Group and that of NIIT Technologies Limited and its subsidiaries. During the year, the Trust has repaid the entire loan and the interest accrued thereon. However, the Corporate Guarantee of Rs. 750 lacs provided by the Parent Company against the total outside borrowings of Rs 3,000 lacs of the Trust still continues and has been disclosed under Contingent Liabilities above.

23.During the year, the Parent Company has granted an additional loan of Rs. 2,290 Lacs (Previous year Rs. 735 lacs), at 8% per annum to NIIT Education Society, a society registered under Society's Registration Act, 1860, which is formed for the purpose of setting up of University and sponsoring other societies for setting up of Universities. The Society has repaid Rs. 225 lacs (Previous year Nil) out of the loans given to it during the Previous year. The Society is at present financed by the loan given by the Company and other sources [Donation of Rs. 102 Lacs (Previous year Nil) & Other Loans of Rs. 148 Lacs (Previous year Nil)], which have primarily been utilised by way of loan to another society, namely, NIIT Institute of Information Technology, for the purpose of setting up of University. The loan along with accrued interest for the first three years shall be repayable in 20 equal quarterly installments, on the interest due dates from the beginning of the 6th year from the date of 1st drawdown. Accrued interest for the 4th and 5th year shall be payable on last day of each quarter. The transactions with Society are at arm's length basis.

24. During the Previous year, the Parent Company had issued USD 10,000,000 foreign currency convertible bonds (Bonds) due for redemption in the year 2010, which are convertible into fully paid up equity shares, with full voting rights, at a par value of Rs. 10/- each at an initial conversion price of Rs. 200/- per share with a fixed exchange rate on conversion of Rs. 43.76 = USD 1.0 at any time after April 04, 2005. These bonds have not been restated at closing exchange rate as at year end, since subsequent to the year end these have been converted into 2,188,000 Equity Shares of Rs. 10/- each fully paid as per the terms of the agreement.

25. During the year, NIIT Multimedia Ltd., has surrendered 5.096 acres of land out of total 20.659 acre land allotted by Greater Noida Industrial Development Authority. Net consideration amounting to Rs. 116.47 Lacs (Previous year Nil) on account of surrender of rights in land thus has been treated as profit on sale of rights in land. The balance amount paid towards allotment along with advance lease rent paid has been shown as capital work in progress.

26. SEGMENT INFORMATION

Primary Segment information – Business Segment

With effect from April 01, 2005, 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. Accordingly, Previous year figures which hitherto were being reported as separate business segments are not being disclosed.

Secondary Segment information – Geography

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

(Rs. Lacs)

Particulars	Revenue from Customers by location of customers	Carrying amount of segment assets by location of the assets	Additions to fixed assets
India	32,329 (27,408)	41,830 (37,374)	7,500 (2,536)
America	43,650 (15,434)	46,133 (11,943)	309 (233)
Europe	2,760 (69)	1,836 (142)	5 (NIL)
Rest of Asia Pacific	774 (2,160)	697 (1,587)	21 (47)
Total	**79,513 (45,071)**	**90,496 (51,046)**	**7,835 (2,816)**

Previous year figures are given in parenthesis.

27. TAXATION

i. Current tax expense comprise of Rs. 32,020,000/- (Previous year Rs. 20,040,000/-), being charge for Minimum Alternate Tax under Section 115JB of the Income Tax Act, 1961. The Company has recognised MAT Credit Entitlement of Rs. 13,724,220/- (Previous year Nil), grouped under the Loans and Advances Schedule '12' in accordance with Guidance Note issued by the Institute of Chartered Accountants of India.

ii. During the year Company has written back Rs. 13,183,603/- (Previous year Nil) towards excess provision for tax in earlier years.

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

(Rs. Lacs)

Deferred Tax Assets/Liabilities	Balance as at 01.04.2006	Acquired in relation to Element K Corporation, USA	Charged/ (Credited) to Profit & Loss Account	Balance as at 31.03.2007
Deferred Tax Liabilities:				
a) Tax impact of difference between carrying amount of fixed assets in the financial statements and as per the income tax calculation.	516	94	(108)	502
b) Tax impact of Finance lease	11	-	(11)	-
c) Impact of expenses prepaid in financial statements but allowed as deduction in current year.	-	731	104	835
Total (A)	527	825	(15)	1,337
Deferred Tax Assets:				
a) Tax impact of expenses charged in the financial statements but allowable as deductions in future years under income tax:				
- Difference in carrying amount of Goodwill	106	-	24	130
- Provision for doubtful debts and Advances	362	58	480	900
- Provision for Inventory	10	-	(5)	5
- Provision for Leave Encashment, Bonus and Gratuity and other timing differences	269*	-	35	304
- ESOP Expenses	65	-	(45)	20
- Deferred Revenue	-	684	(130)	554
- Others	-	83	95	178
b) Carry forward unabsorbed losses/ depreciation	143	-	(101)	42
c) Tax impact of difference between carrying amount of fixed assets in the financial statements and as per the income tax calculation which originate during the tax holiday period but which reverses after the tax holiday period.	-	-	11	11
Total (B)	955*	825	364	2,144
Net Deferred Tax Liability/ (Asset) (A – B)	(428)*	-	(379)	(807)

* Includes Rs. 228 Lacs in relation to tax impact on additional liability in respect of compensated absences on implementation of Accounting Standard 15 (Revised) "Employee Benefits" - Refer Note 10 above.

Notes:

i. Deferred tax assets and liabilities are being offset to the extent they relate to taxes on income levied by the same governing tax law.

ii. Deferred tax assets has been recognised only to the extent of deferred tax liability on account of prudence.

iii. Deferred tax Assets arising from unabsorbed depreciation is considered certain of recovery.

28.a) Movement of Provision for Doubtful Debts during the year

(Rs. Lacs)

Particulars	Year ended March 31, 2007	Year ended March 31, 2006
Opening Provision	5,846	6,799
Opening Provision 02.08.2006 (Element K Corp., USA)	796	-
Add: Additional Provisions created	813	1,159
Add: Balances transferred from an associate Company	-	60
Less: Provision written back	(187)	(767)
Less: Provision utilised	(578)	(1,476)
Add/ (Less) : Restatement on account of Exchange Fluctuation	(154)	71
Closing Provision	6,536	5,846

b) Movement of provisions against onerous contracts.

(Rs. Lacs)

Particulars	For the period ended March 31, 2007
Opening Provision as on August 02, 2006	84,940,428
Less: Provision utilised	21,021,439
Closing Provision as at March 31, 2007	63,918,989

The above amounts pertain to vacated office premises and were provided for (Net of estimated recoveries) based on the recommendations of the financial consultant.

29.EARNINGS PER SHARE

Particulars	Year ended March 31, 2007	Year ended March 31, 2006
Profit attributable to Equity shareholders (Rs.) - (A)	573,121,276	413,538,954
Add: Increase in profit (net of tax) on account of potential dilutive shares (being FCCB) (Rs.) - Refer note below	10,200,702	10,200,472
Profit attributable to Equity shareholders considered for determining dilutive earning per share (Rs.) - (B)	583,321,978	423,739,426
Weighted average number of Equity Shares outstanding during the year - (C)	19,403,623	19,324,639
Add : Effect of potential dilutive shares (being Stock options and FCCB) (Nos.) - Refer note below	1,381,928	808,871
Weighted average shares outstanding considered for determining dilutive earning per share (Nos.) - (D)	20,785,551	20,133,510
Nominal Value of Equity Shares (Rs.)	10/-	10/-
Basic Earnings per Share (Rs.) (A/C)	29.54	21.40
Dilutive Earnings per share (Rs.) (B/D)	28.06	21.05

EARNINGS PER SHARE [had fair value method been employed for accounting for Employee Stock Options (Refer Note 9 above)]

Particulars	Year ended March 31, 2007	Year ended March 31, 2006
Profit attributable to Equity shareholders (Rs.) - (E)	565,175,685	396,203,649
Add: Increase in profit (net of tax) on account of effect potential dilutive shares (being FCCB) (Rs.) - Refer note below	10,200,702	10,200,472
Profit attributable to Equity shareholders considered for determining shares (being FCCB) (Rs.) - Refer note below - (F)	575,376,387	406,404,121
Basic Earnings per share (Rs.) (E/C)	29.13	20.50
Diluted Earnings per share (Rs.) (F/D)	27.68	20.19

Note:

During the Previous year the Parent Company has issued Foreign Currency Convertible Bonds (FCCB) of US$ 10,000,000/- convertible into equity shares of the Company at any time (Refer Note 24 above) and also has granted Stock Options to its employees (Refer Note 9 above). Dilutive impact, as per Accounting Standard 20, issued by the Institute of Chartered Accountant of India, has been considered in the above computations.

30.LEASES

a) Operating Leases

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

Particulars	As at March 31,2007 (Rs.)	As at March 31,2006 (Rs.)
Amount payable within the next 1 year	103,853,200	34,550,369
Amount payable in the next 2 to 5 years	130,040,702	106,574,400
Amount payable beyond 5 years	-	3,394,105

Aggregate payments during the year under operating leases in respect of equipments and premises for office and employees accommodation amounting to Rs. 344,833,116/- (Previous year Rs. 277,697,345/-).

Total of future minimum sublease payments (in respect of premises) expected to be received under non-cancelable subleases at the closing of the Balance Sheet amount to Rs. 34,811,442/- (Previous year Rs. 45,653,085/-). Sub lease payments recognised in the statement of Profit and Loss Account for the year amounted to Rs. 10,432,608/- (Previous year Rs. 12,509,675/-). The sublease has been netted off against the respective lease rental expenses in the Profit and Loss Account.

b) Finance Leases

i. Asset acquired under finance lease comprising of plant & machinery and furniture & fixtures. There are no exceptional/ restrictive covenants in the lease agreements.

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

Particulars	Minimum lease payments (Rs.)	Present value of lease payments (Rs.)
Not later than 1 year	3,727,380 (2,709,024)	3,221,928 (2,321,350)
Later than 1 year but not later than 5 years	2,349,765 (1,164,000)	2,255,626 (947,550)

Particulars	Amount (Rs.)
Minimum Lease Payments as above	6,077,145 (3,873,024)
Less : Finance Charge	599,591 (604,124)
Present Value of Lease Payments	5,477,554 (3,268,900)

31. Previous year figures have been regrouped/ recast to conform to current year classifications and are not comparable to the Previous year, consequent to the change in group structure including acquisition of Element K, Corporation and formation of other subsidiaries etc. (Refer note 19 above), which were not included in Previous year.

Signatures to the Schedule `1' to `22' above

Rajendra S Pawar
Chairman and Managing Director

Vijay K Thadani
CEO & Whole-time Director

Ashok Arora
Group Chief Financial Officer

Jitender Mahajan
Chief Financial Officer

Parveen Jain
Company Secretary & Legal Counsel

Place : New Delhi
Date : June 05, 2007

NIIT

Dear Shareholder,

SEBI vide its letter No. DCC/FITTCIR-3/2001 dated 15th October 2001 has advised that all companies should mandatorily use Electronic Clearing System (ECS) facility for distributing dividends or other cash benefits to the investors wherever available. In the absence of availability of ECS facility, the companies may use warrants for distributing the Dividends.

Currently ECS facility is available at locations specified by RBI. We request all the shareholders to give their bank details so that all future Dividend payments can be remitted through ECS. In case of shareholders staying at locations not currently covered by ECS, the bank account details will be used for suffixing along with the name of the shareholder on the dividend warrants issued in future.

Parveen Jain
Company Secretary
& Legal Counsel

ECS MANDATE FORM

(For use by Shareholders holding Shares in physical mode only)

Alankit Assignments Ltd.
Unit - NIIT Limited
2E/21, Jhandewalan Extn.,
New Delhi-110055

Place : ________________

Date : ________________

Dear Sirs,

Change in mode of payments to Electronic Clearing System (ECS)

I hereby consent to have the amount of Dividend on my equity shares credited through the Electronic Clearing System (Credit Clearing) - [ECS]. The particulars are :

1. Folio No.: ______________________________
   [Folio No. given in equity share certificate(s)]
2. Member's Name : Shri/Smt./Kum.: ______________________________
3. Member's address : ______________________________
   ____
4. Particulars of the Bank Account :
   - Bank name : ______________________________
   - Branch name : ______________________________
   - Mention the 9-digit code number of the bank and branch appearing on the MICR cheque issued by the bank
     ____
     (Please attach a photocopy of a cheque or a blank cancelled cheque issued by your bank for verifying the accuracy of the code number)
   - Account type (please ✔) Savings ☐ Current ☐ Cash Credit ☐
   - Account number (as appearing on the cheque book) : ______________________________

I hereby declare that the particulars given above are correct and complete. If the transaction is delayed or not effected at all for reasons of incomplete or incorrect information for any reasons, I would not hold the Company responsible. I also undertake to advise changes, if any, in the particulars of my account to facilitate updation of records for purposes of credit of Dividend amount through ECS.

____

Signature of the first named/sole Member

Note :
1. **Please complete the form and send it to Registrar & Share Transfer Agent at the above address if you are holding share certificate(s) in physical form.**
2. **In case your shares are in Dematerialised form, inform/update your informations directly with the Depository Participant (DP) with whom you are maintaining Demat Account and not to the Company or its Registrars.**
3. In case of more than one Folio please complete the details on separate sheets.
4. Subject to the rules and regulations of the Scheme of ECS of the Reserve Bank of India from time to time.

P.T.O

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Unit - NIIT Limited
2E/21, Jhandewalan Extn.,
New Delhi-110055

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