



**YOU CAN'T SPELL TRAINING WITHOUT NIIT**

# OUR VISION

## VALUES, MOTIVES AND BELIEFS

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

### NIIT IS PEOPLE

WE HAVE POSITIVE REGARD FOR EACH ONE OF US

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

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

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

### NIIT IS QUALITY AND VALUE

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

- (A) WHAT SOCIETY GIVES TO US.
- (B) WHAT SOCIETY WOULD GAIN FROM ANY OTHER SIMILAR ASSOCIATION

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

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

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

### NIIT IS A MISSION

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

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

**NIIT**

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### Board of Directors



**Rajendra S Pawar**  
Chairman & Managing Director



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



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



**Subroto Bhattacharya**  
Director



**Surendra Singh**  
Director



**Sanjay Khosla**  
Director



**Madhabi Puri Buch**  
Director

### Company Secretary

Rajesh Arora

### Group Chief Financial Officer

Ashok Arora

### Chief Financial Officer

Rohit Kumar Gupta

### Auditors

Price Waterhouse

### Banks

ICICI Bank  
Indian Overseas Bank  
Standard Chartered Bank  
Citibank NA  
BNP Paribas  
Wells Fargo Bank  
Bank of the West  
Llyods TSB Bank Plc

### Registered Office

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

### Corporate Office

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

### Registrar and Share Transfer Agent

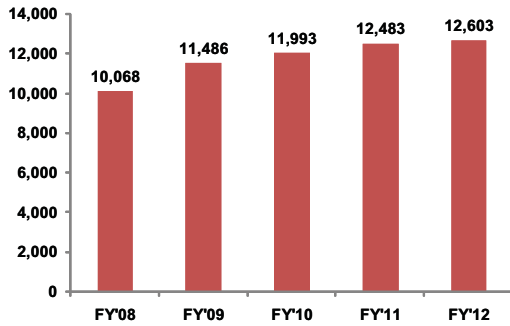
Alankit Assignments Ltd.  
Unit - NIIT Limited  
Alankit House  
2E/21, Jhandewalan Extn.  
New Delhi-110055, India  
Tel : +91-11-23541234, 42541234  
Fax : +91-11-42541967

### Website

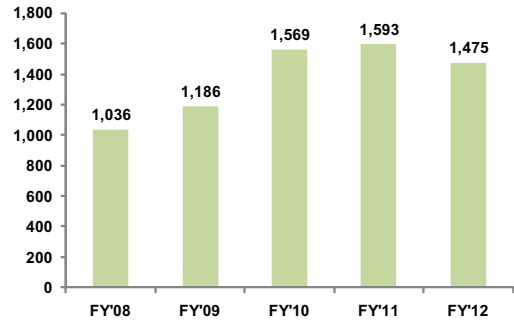
[www.niit.com](http://www.niit.com)

## FINANCIAL HISTORY

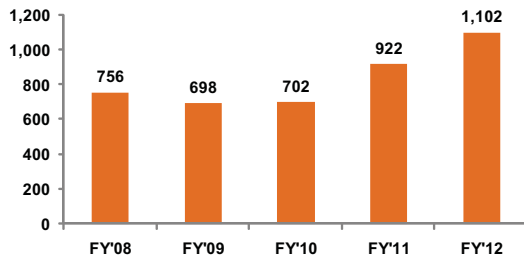
### Revenue (Rs. Mn)



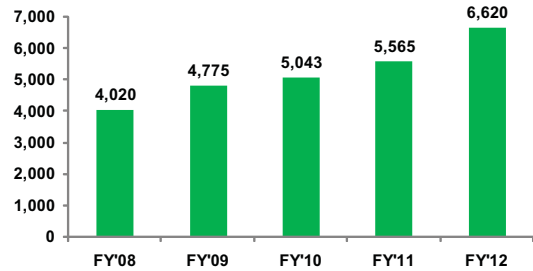
### EBITDA (Rs. Mn)



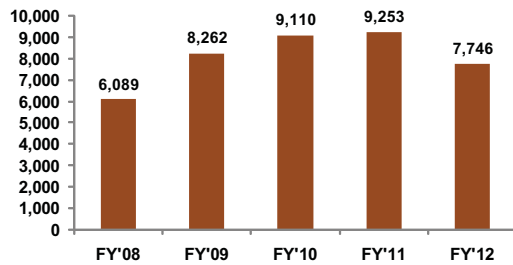
### PAT (Rs. Mn)



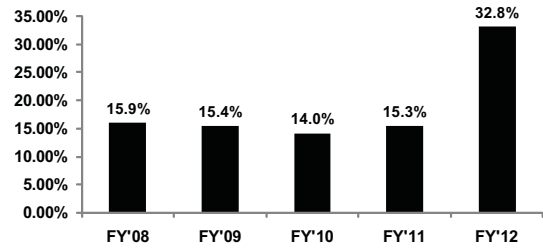
### Net Worth (Rs. Mn)



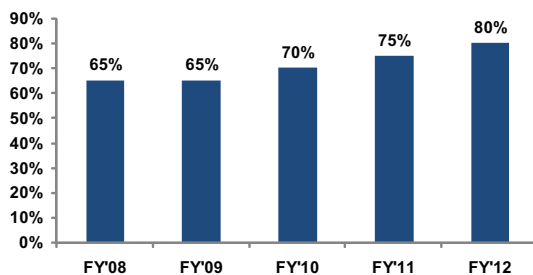
### Capital Employed (Rs. Mn)



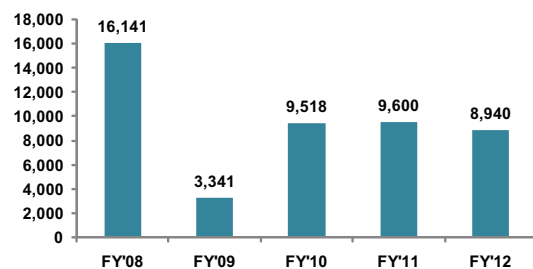
### RoCE (%)



### Dividend (%)



### M-Cap (Rs. Mn)



## NIIT at a Glance

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

- o Presence in 32 countries worldwide
- o Largest Learning Content Development facility in the world

#### • For Individuals

Instructor-led Training, Synchronous Learning, Computer-based Training and e-Learning programmes:

- ❖ New-age GNIIT for IT careers powered by NIIT Cloud Campus™ India's First Cloud Campus
- ❖ 'NIIT Edgeineers', a range of specialized programmes to provide cutting-edge career for engineering graduates and IT professionals
- ❖ NIIT GlobalNet+, specialized programmes on Networking and Infrastructure Management
- ❖ Express Diplomas for graduates looking for a quick start to IT careers.
- ❖ Degrees in alliance with Universities
- ❖ SWIFT for basic computer and internet skills
- ❖ Executive Management Programmes for working professionals, from premier business schools through NIIT Imperia, Centre for Advanced Learning
- ❖ Training programs for financial services sector from NIIT Institute of Finance, Banking & Insurance (IFBI)
- ❖ NIIT Institute of Process Excellence Limited, a NIIT-GENPACT venture (NIIT Uniqua), offers complete training outsourcing services to the Business Process, Knowledge and Technology Services industry to create business models that enhance productivity and lower costs.
- ❖ Facilitate scholarship programs through BhavishyaJyoti Scholarship initiative
- ❖ National IT Aptitude Test, India's largest and most widely recognized IT Aptitude Test
- ❖ Industry linked joint programs in IT and Management Sciences with IGNOU-world's largest Open University

#### • For Corporations

Learning Solutions for Enterprise:

- ❖ Managed Training Services
- ❖ Learning Content
- ❖ Learning Administration
- ❖ Learning Delivery
- ❖ Learning Management Systems
- ❖ Learning Technology
- ❖ Advisory Services
- ❖ Virtual Labs
- ❖ Demand Generation Services
- ❖ Student Retention



## NIIT at a Glance (Contd.)

- **For Colleges and Universities : NIIT Careers@Campus**
  - ❖ Employability Enhancement Programs for college students on campus
  - ❖ Curriculum Design in line with industry feedback – soft skills and technical skills
  - ❖ Blended Learning Delivery - Synchronous Learning, instructor-led and hands-on practice
  - ❖ Online Learner Support Services
- **For Government and Private Schools**

NIIT has provided computer-based learning to over 16,000 government and private schools across the country cumulatively impacting lives of more than 10 million kids. Some of the highlights of school learning solutions by NIIT are:

  - ❖ NIIT NGuru is a holistic School Learning Solution that comprises of Interactive Classrooms (an end to end Teaching Learning solution for classrooms that uses elements of interactivity, automation and web links library); Math lab (State-of-the-art Mathematics Laboratory for schools which comes with Geometer's Sketchpad Software, Multiple Teaching and Learning Aids like Technology Applications, Videos, Manipulative, Measuring Instruments and Theme Based Ambience); IT Wizard (equips the students with core computer knowledge and IT skills); Quick School (an Education Resource Planning solution for school management) and Mobile Science Lab(the first of its kind portable computerized Science Laboratory which enables students to correlate scientific concepts taught in the class to real life).
- **Hole-in-the-Wall Education Ltd. (HiWEL)**
  - ❖ Minimally Invasive Education kiosks to provide free and unsupervised access to computers for children belonging to economically and socially marginalized sections of the society.
- **NIIT Yuva Jyoti (NYJ)**
  - ❖ NIIT strengthened its focus on vocational skills training by entering into one of the largest public-private partnerships with National Skill Development Corporation (NSDC) to enhance skills and employability of youth across India through its NIIT Yuva Jyoti initiative.
  - ❖ NYJ envisions to setup more than 1500 state of the art Skill Development Centres, across tier 2/3 and smaller towns of India, covering over 1000 cities and train more than 7 million youth in the next 10 years.
- **Alliances with global IT majors**
  - ❖ Cisco, IBM, Intel, Microsoft, Oracle, SAP, SAS, Tally, Thomson Prometric, Pearson VUE & Zend
- **Assessed at SEI-CMM Level 5**
- **Awards and Acknowledgements (FY' 2011-2012)**
  - ❖ NIIT received 'Top IT Training Company Award 2011' for the 19th year in succession by Cybermedia publications
  - ❖ NIIT received the 'Best Education Company to Work with' title at the Indian Education Awards 2011
  - ❖ NIIT featured in Aon Hewitt's Top 25 list of 'Best Employers in India-2011'

## NIIT at a Glance (Contd.)

- ❖ NIIT has also been voted for being the second most trusted education brand in India by Brand Equity- Nielsen Survey 2011
- ❖ NIIT featured as the 'Most Trusted Leader in Education' in Brand Trust Report, India Study, 2012, undertaken by Trust Research Advisory
- ❖ NIIT received three accolades at the World Education Awards, 2011. NIIT's Skill development project in the Republic of South Africa was felicitated with, 'Best Vocational and Skills Initiative of the year' award; NIIT Imperia was recognized as 'Best Training to Working Professionals' and NIIT's Mobile Science Lab was acknowledged as the 'Best Innovation in Science Education'
- ❖ NIIT Vietnam received the ICT Gold Medal Award 2011 for the 6th Consecutive Year from the Ho Chi Minh Computer Association
- ❖ NIIT USA earned fifth consecutive appearance amongst Top 20 Companies in the Training Outsourcing Industry rankings
- ❖ NIIT Foundation was adjudged as the 'Best Private Sector Skills Provider' at UK India Skills Forum (UKISF) Awards 2011
- ❖ NIIT was adjudged as the 'Best Result Oriented ICT School' in Ghana for the second consecutive year
- ❖ NIIT USA received the Gold at the Chief Learning Officer (CLO) magazine's annual "Chief Learning Officer Learning In Practice" Awards
- ❖ NIIT USA was honoured with the 3 Brandon Hall 'Excellence Awards' for Performance Support, Learning, and Marketing
- ❖ NIIT USA was honoured by Seventh Annual Human Resource Outsourcing Association (HROA) for its partnership with Diageo
- ❖ NIIT NGuru received Manthan Award in the Chairman's distinction category for e-education and learning
- ❖ NIIT received 'Franchisor of the Year: IT' Award by Franchise Plus, India's leading business opportunity magazine
- ❖ NIIT's association with Grandmaster Viswanathan Anand was recognized as the Top brand ambassador engagement at the Indian PR and Corporate Communication Awards (IPRCCA) 2011, instituted by Exchange4Media
- ❖ NIIT HiWEL received the prestigious Mac Arthur Digital Media and Learning Award. (This was an effort by MacArthur Foundation and HASTAC to find and inspire the most novel uses of new media in support of learning, NIIT HiWEL was awarded for innovative use of internet and digital technology to transform learning and knowledge creation)
- ❖ NIIT received Microsoft's "Learning Solutions Partner of the Year" Award for the third consecutive year. (This award marked a Hat-Trick by NIIT for being the "Best Learning Solutions Partner" in India)
- ❖ NIIT USA achieved top ranking in Training Magazine's Top 125 List of best Employee Development Organization, for the fourth consecutive year





## NIIT at a Glance (Contd.)

- ❖ NIIT USA was ranked among Top 20 Companies in the Training Outsourcing Industry - 2011 and 2012. (NIIT is being featured in this ranking since 2008).
- **Global operations in**
  - ❖ Africa – Botswana, Ghana, Kenya, Mali, Mauritius, Nigeria, Senegal, South Africa, South Sudan, Zimbabwe, Egypt
  - ❖ Americas – Mexico, Peru, USA
  - ❖ Asia – Afghanistan, Bangladesh, Bhutan, Brunei, China, India, Indonesia, Iran, Malaysia, Maldives, Nepal, Oman, Qatar, Singapore, Vietnam
  - ❖ Australia – Sydney
  - ❖ Europe – UK, Norway



## DIRECTORS' REPORT

### Dear NIIT Shareowner,

Your Directors take pleasure in presenting the 29<sup>th</sup> Annual Report along with the audited statement of accounts for the financial year ended March 31, 2012.

### Financial Highlights

The highlights of your Company's financial results for the financial year April 1, 2011 to March 31, 2012 are as follows:

(Rs. Mn.)

Particulars	NIIT Limited-Group (Consolidated)		NIIT Limited (Stand alone)	
	2011-12	2010-11	2011-12	2010-11
Net Sales (Income from operations)	12,603	12,483	7,381	6,480
Other Income	76	84	462	294
Total Income	12,678	12,566	7,843	6,744
Total Expenditure	11,411	11,297	6,873	5,780
Profit before depreciation and taxes	1,267	1,269	971	994
Depreciation and Amortisation	874	854	684	577
Exceptional Items (Net)	1,636	142	856	136
Net tax provision	1,408	89	181	56
Net profit before share of Associates' Profit & Minority Interest	621	469	963	497
Share of Associates' Profit and Minority Interest	481	453	-	-
Net Profit	1,102	922	963	497
Basic EPS (Rs.)	6.67	5.58	5.83	3.01
Diluted EPS (Rs.)	6.67	5.58	5.83	3.01

During the year, your Company's consolidated income from operations has increased to Rs. 12,603 million as against Rs. 12,483 million in the previous year, Net Profit (after Associates' Profit) is Rs. 1,102 million as against Rs. 922 million in the previous year, registering a growth of 19.5% over the previous year.

The income from operations for the year under review for the Company on a stand alone basis increased to Rs. 7,381 million as compared to Rs. 6,480 million in the previous year, thereby registering a growth of 14 % on yearly basis and Net Profit increased to Rs. 963 million as against Rs. 497 million in the previous year.

### Business Operations

In the financial year 2011-12, the Global Economy faced fresh challenges with several of the major economies battling with issues of growth and solvency. The Indian economy witnessed a year of slower growth, high inflation and strong forex volatility, the situation exacerbated by slow pace of decision making

by Government. In this environment, your Company focused on improving the return on capital employed and quality of balance sheet while re-engineering the Company's businesses for higher growth.

During the year under review, the Individual Learning Solutions offerings included IT, BFSI, Management, BPO and English & Professional life skills. For this, your Company leverages its global presence across India, China and other developing countries for reaching out to the students as well its partnership with large technology companies in USA and Europe to provide the requisite solutions.

In the School Learning Solutions business, your Company provided solutions and services for IT training and technology enabled learning & teaching for schools, teachers' training and learning for underserved children. The Company offered NIIT nGuru solution comprising of 'Interactive Classrooms' for teachers, 'Math lab' and 'IT Wizard' for students and 'Quick School' an Education Resource Planning solution for school management.

In the Corporate Learning Solutions business, your Company focused on the managed training services business and achieved traction in the same with three new contracts with a total revenue visibility of USD 120 million. This growth was backed by aggressive sales and engagement management teams with robust delivery performance.

Your Company entered into a strategic partnership with the National Skill Development Corporation to form the NIIT Yuva Jyoti Limited (NYJL). This subsidiary Company was incorporated to engage in the business of skill development, thus converting unemployed youth into employable professionals in various sectors. NYJL started out with strong focus on Service Sectors like Retail (Both traditional retail and Auto Sales), Hospitality (F&B) and ITeS (BPO), offering both career specific and career foundation specific courses.

During the year under review, your Company divested its stake in its step down subsidiary, Element K Corporation, based in Rochester, NY, USA, by selling the Element K business to SkillSoft Corporation and SkillSoft Ireland Limited, indirect subsidiaries of SSI Investments II Limited which is the parent company of SkillSoft Limited (formerly SkillSoft PLC), for a consideration of USD 110 million in cash, subject to closing adjustments. The company has utilized a large part of the consideration to reduce its debt levels and

## DIRECTORS' REPORT (Contd.)

become net cash positive. The company repaid all its debt excluding the debentures and lease obligations. The balance sheet has become much lighter, in line with the members' expectations.

### Future Plans

Your Company is well diversified, both in terms of its service offerings and geographic spread. The judicious mix of revenue from the different business lines i.e. Individual, Schools and Corporates ensures that your Company is well positioned to manage any down turn or slowdowns in a particular product category or in a specific geography.

The Company will remain focused on its four platforms of growth i.e. 1) Individual: Cloud Campus, 2) Schools: nGuru, 3) Corporate: Managed Training Services and 4) Skills: Yuva Jyoti.

Your Company's core competencies of Pedagogy, Technology and Partnerships, acquired over its 3 decades of existence, will remain foundational to its future growth.

Your Company future plan includes 'NIIT One World' Centers –integrating IT, ITeS, Finance and Management Offerings, focus on select countries in Africa and more number of large education centres in PPP mode in China, innovative use of technology to reduce delivery costs, improvement of productivity through innovation and maintaining first to market position with innovative solutions.

### Dividend

In view of the Company's profitable performance, your Directors are pleased to recommend, for approval of the Members at the ensuing Annual General Meeting, a dividend of Rs. 1.60 per equity share of Rs. 2 each.

### Transfer to Reserves

In accordance with the statutory provisions, your Company has transferred a sum of Rs. 96 million to the General Reserve.

### Awards and Accreditation

NIIT brand received accolades during the year when

- NIIT was voted for being the second most trusted education brand in India by Brand Equity- Nielsen Survey 2011.
- NIIT featured as the 'Most Trusted Leader in Education' in Brand Trust Report, India Study, 2012, undertaken by Trust Research Advisory.
- NIIT featured in Aon Hewitt's Top 25 list of 'Best Employers in India-2011'.

Moreover, during the year, the Company received the following recognitions:

- NIIT received 'Top IT Training Company Award 2011' for the 19th year in succession by Cybermedia publications.
- NIIT received the 'Best Education Company to Work with' title at the Indian Education Awards 2011.
- NIIT received three accolades at the World Education Awards, 2011. NIIT's Skill development project in the Republic of South Africa was felicitated with, 'Best Vocational and Skills Initiative of the year' award; NIIT Imperia was recognized as 'Best Training to Working Professionals' and NIIT's Mobile Science Lab was acknowledged as the 'Best Innovation in Science Education'.
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- NIIT USA was honoured with the 3 Brandon Hall 'Excellence Awards' for Performance Support, Learning, and Marketing.
- NIIT USA was honoured by Seventh Annual Human Resource Outsourcing Association (HROA) for its partnership with Diageo.
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- NIIT received 'Franchisor of the Year: IT' Award by Franchise Plus, India's leading business opportunity magazine.
- NIIT's association with Grandmaster Viswanathan Anand was recognized as the Top brand ambassador engagement at the Indian PR and Corporate Communication Awards (IPRCCA) 2011, instituted by Exchange4Media.
- NIIT HiWEL received the prestigious Mac Arthur

## DIRECTORS' REPORT (Contd.)

Digital Media and Learning Award. (This was an effort by MacArthur Foundation and HASTAC to find and inspire the most novel uses of new media in support of learning, NIIT HiWEL was awarded for innovative use of internet and digital technology to transform learning and knowledge creation).

- NIIT received Microsoft's "Learning Solutions Partner of the Year" Award for the third consecutive year. (This award marked a Hat-Trick by NIIT for being the "Best Learning Solutions Partner" in India).
- NIIT USA achieved top ranking in Training Magazine's Top 125 List of best Employee Development Organization, for the fourth consecutive year.
- NIIT USA was ranked among Top 20 Companies in the Training Outsourcing Industry - 2011 and 2012. (NIIT is being featured in this ranking since 2008).

### Subsidiary Companies

During the year under review, your Company has disinvested its entire stake in step-down subsidiary company 'Element K Corporation, USA'. Further, your Company has incorporated a new subsidiary by the name of 'NIIT Yuva Jyoti Limited', which has entered into strategic partnership with the National Skill Development Corporation to enhance skills and employability for youth across India.

As per the provisions of Section 212 of the Companies Act, 1956 ('the Act'), your Company is required to attach the Directors' Report, Auditors' Report, Balance Sheet, Statement of Profit and Loss and other information of the subsidiary companies to its Balance Sheet. However, the Ministry of Corporate Affairs vide its General Circular No. 2/2011 dated February 8, 2011, has granted a general exemption under Section 212(8) of the Act to all the companies from annexing the annual accounts and other documents/statements of subsidiary companies with the Annual Report of the holding company subject to certain conditions. As the Company complies with all the specified conditions of the abovementioned Circular, it is not required to attach the audited accounts and other documents of the subsidiary companies to the Annual Report of your Company for the financial year 2011-12.

A statement of the Company's interest in the subsidiaries and a summary of the financials of the subsidiaries are given along with the consolidated accounts. The annual accounts of the subsidiaries, along with the related information, will be made available to the Members of the Company/subsidiary Companies seeking such information at any point of time. The annual accounts

of the subsidiaries are also available for inspection for any Member/Investor, during the business hours, at the Registered Office of the Company and subsidiary Companies and the same can be accessed from the website of the Company [www.niit.com](http://www.niit.com).

### Consolidated Financial Statements

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

### Corporate Governance

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

Your Company has complied with all the requirements relating to Corporate Governance as stipulated in Clause 49 of the Listing Agreement. The report of the Directors on Corporate Governance is given as a separate section titled 'Corporate Governance Report', which forms part of the Annual Report. The Auditors' Certificate confirming the compliance to the conditions of the Corporate Governance stipulated in Clause 49 of the Listing Agreement is annexed to the Corporate Governance Report.

### Management Discussion and Analysis

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

### Directors

In accordance with the provisions of the Act and Articles 64, 65 and 66 of the Articles of Association of your Company, Mr. Sanjay Khosla and Mr. Subroto Bhattacharya, Directors of your Company, retire by rotation and are due for election at the ensuing Annual General Meeting. Mr. Sanjay Khosla, being eligible, offers himself for re-appointment, however, Mr. Subroto Bhattacharya has expressed his desire not to be re-appointed as a Director.

## DIRECTORS' REPORT (Contd.)

The Board recommends the re-appointment of Mr. Sanjay Khosla and retirement of Mr. Subroto Bhattacharya pursuant to the applicable provisions of the Act. The resolutions seeking your approval on these items along with the requisite disclosures/explanatory statement are included in the Notice for convening the Annual General Meeting.

Your Directors wish to place on record their appreciation for the contributions made by Mr. Subroto Bhattacharya during the period of his association with the Company.

### Directors' Responsibility Statement

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

- That in preparation of Annual Accounts for the financial year, applicable Accounting Standards have been followed along with the proper explanations relating to material departures;
- That they have selected the accounting policies described in the notes to accounts, which have been consistently applied, except where otherwise stated and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2012 and of the profit of the Company for that year;
- That they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- That the Annual Accounts have been prepared on the historical cost convention, as a going concern basis and on accrual basis.

**Information relating to Conservation of energy, Technology Absorption, Research and Development, Exports, Foreign exchange earnings and Outgo and other information forming part of the Directors' Report in terms of Section 217(1)(e) of the Act, and the Rules made thereunder**

#### a) Conservation of energy

Although the operations of the Company are not energy intensive, the management has been highly conscious of the criticality of conservation of energy

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

#### b) Technology absorption

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

#### c) Research and Development

The Company believes that technological obsolescence is a reality. Only progressive research and development will help us to measure up to future challenges and opportunities. We invest in and encourage continuous innovation. During the year under review, expenditure on research and development is not significant in relation to the nature and size of operations of your Company.

#### d) Foreign exchange earnings and outgo

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

The Company exports customized learning content to its overseas clients to meet their varying learning needs. The Company develops content in a range of subjects for widely varied audience. The Company will continue to strengthen its presence in China, South Africa, Nigeria, Malaysia, Vietnam, Bhutan, Norway, Maldives, Columbia etc. with a view to increase exports. The Company will put impetus on potential geographies for expansion of its business outside India.

## DIRECTORS' REPORT (Contd.)

### ii) Total foreign exchange earned and used

The details of foreign exchange earnings and outgo are mentioned in Notes Nos 31-35 contained in the Notes to Accounts forming part of the Balance Sheet and Statement of Profit and Loss for the financial year ended March 31, 2012.

### Public Deposits

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

### Particulars of Employees

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

### Auditors and Auditors' Report

M/s Price Waterhouse, Chartered Accountants (registration number FRN301112E), the Statutory Auditors of your Company, holds office until the conclusion of the ensuing Annual General Meeting and are eligible for re-appointment.

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

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

### Human Resources and Employees' Stock Option Scheme

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

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

During the financial year 2005-06, your Company had launched NIIT Employee Stock Option Plan 2005 (ESOP-2005) with the objective of attracting and motivating employees by rewarding performance and retaining the best talent. The aim was to develop a sense of ownership among the employees within the organisation and to align your Company's stock option scheme with the best practices in the Industry.

The Compensation/Remuneration Committee has granted 100,000 Stock Options (Grant VIII) at the face value of the share to the eligible employees under ESOP-2005. As per the provisions of SEBI (Employees Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999, the particulars of the options granted, vested, exercised and allotted under the ESOP-2005 are appended as Annexure-1 and form part of this report.

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

### Acknowledgements

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

For and on behalf of the Board

**Rajendra S Pawar**  
Chairman &

Managing Director  
DIN - 00042516

Place : New Delhi  
Date : May 9, 2012

### Annexure I to the Directors' Report

Information relating to NIIT ESOP-2005 under SEBI (Employee Stock Option Scheme & Employees Stock Purchase Scheme) Guidelines, 1999 (As on March 31, 2012)

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

(f) options lapsed (includes options not vested based on performance parameter)	No of shares	
	Pre bonus & split	Post bonus & spit
	Grant I	40,300
	Grant II	19,850
	Grant III	-
	Grant IV	-
	Grant V	1,561,528
	Grant VI	238,960
Grant VII	69,000	
Total	60,150	3,396,434
(g) variation of terms of options	Nil	
(h) money realized by exercise of options	Rs. 91,521,258	
(i) total number of options in force	646,875 (post bonus and split)	
(j) employee wise details of options granted to:		
(i) senior managerial personnel	<p>Summary ^ of options granted to senior managerial personnel* are as under:</p> <p>No. of employees covered : 11                      No. of options granted to such personnel:                      238,450 (Pre Bonus and Split)                      577,875 (Post Bonus and Split)</p> <p>^ 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.</p>	
(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. 5.83	
(l) Where the company has calculated the employee compensation cost using the intrinsic value of the stock options, the difference between the employee compensation cost so computed and the employee compensation cost that shall have been recognized if it had used the fair value of the options, shall be disclosed. The impact of this difference on profits and on EPS of the company shall also be disclosed	Please refer to Notes Nos 2.3 (ix) and 26 contained in the Notes to Accounts forming part of the Balance Sheet and Statement of Profit and Loss for the financial year ended on March 31, 2012.	



## DIRECTORS' REPORT (Contd.)

(m) Weighted-average exercise prices and weighted-average fair values of options shall be disclosed separately for options whose exercise price either equals or exceeds or is less than the market price of the stock	Grant (Rs.)	I*	II*	III*	IV	V	VI	VII
	Weighted average exercise price	24.00	31.60	121.62	88.70	72.20	69.20	67.65
	Weighted average fair value	13.15	9.63	37.23	32.09	34.47	32.71	31.57
Note: *the prices are adjusted for the bonus and split								
(n) A description of the method and significant assumptions used during the year to estimate the fair values of options, including the following weighted average information:								
	<b>Grant I</b>	<b>Grant II</b>	<b>Grant III</b>	<b>Grant IV</b>	<b>Grant V</b>	<b>Grant VI</b>	<b>Grant VII</b>	
(i) risk-free interest rate	7%	7%	7.93%	9.24%	6.89%	6.50%	7.55%	
(ii) expected life	2.5 years	2.5 years	2.5 years	2.5 years	3.5 years	3.5 years	3.5 years	
(iii) expected volatility	14%	14%	45.47%	51.81%	66.48%	66.23%	63.20%	
(iv) expected dividends	Not considered	Not considered	2.79%	2.04%	1.76%	1.76%	1.76%	
(v) the price of the underlying share in market at the time of option grant	Rs. 235.15	Rs. 237.00	Rs. 912.15	Rs. 88.70	Rs. 72.20	Rs. 69.20	Rs. 67.65	

## MANAGEMENT DISCUSSION AND ANALYSIS

### Environment

In the financial year 2011-12:

- The Global Economy faced fresh challenges with several of the major economies battling with issues of growth and solvency
- The Indian economy witnessed a year of slower growth, high inflation and strong forex volatility, the situation exacerbated by slow pace of decision making by government
- Environmental uncertainties affected people hiring sentiments across sectors in India;
- Education and skills development remained a top agenda in India and for governments around the world.
- Demand for managed training services increased in US and Europe, evidenced by substantial increase in RFP's issued by large corporates

While there are near term challenges, the long term outlook for India remains buoyant with:

- A favourable demographic profile with 54% of the India's population under 25 years
- A trillion dollar economy expected to grow at over 7% p.a.
- Increased spending by the Government on education and skills training

There remain substantial gaps in accessibility and quality of education and skills training evidenced through:

- Inadequate access and quality of formal education
- High drop out rates in schools and low GER in higher education
- Low employability
- Low workforce productivity
- Low capacity and coverage of vocational skills training
- Acute skills shortage and unemployment

All of this has meant continued focus on education and skills training with new frameworks emerging for skills development, schools and higher education with quantified planned outcomes:

	Emerging framework	Planned outcomes	NIIT's strengths
Skills Development	<ul style="list-style-type: none"> <li>• National Skills Development Corporation setup</li> <li>• Target: vocational skills to 500 Mn people by 2022</li> </ul>	<ul style="list-style-type: none"> <li>• Public Private Partnerships</li> <li>• 10,000 new vocational schools</li> <li>• 50,000 skill development centers</li> <li>• Revamp of ITIs</li> </ul>	<ul style="list-style-type: none"> <li>• Long standing brand</li> <li>• Best in class domain partnerships</li> <li>• Content creation capability</li> <li>• Processes and tools for distributed delivery of education</li> <li>• Width and depth of reach</li> </ul>
Schools education	<ul style="list-style-type: none"> <li>• Right To Education</li> <li>• National Curriculum Framework</li> <li>• Education through ICT</li> </ul>	<ul style="list-style-type: none"> <li>• Technology enabled teaching</li> <li>• Skills training in schools</li> <li>• PPP for Model Schools</li> </ul>	<ul style="list-style-type: none"> <li>• Innovative pedagogical solutions</li> <li>• Teaching/ learning content</li> <li>• Scalable delivery capability</li> </ul>
Higher Education	<ul style="list-style-type: none"> <li>• New regulatory framework: NCHER, NARA, Foreign Education Providers</li> <li>• GER of 30% by 2020 vs current GER of 13%</li> </ul>	<ul style="list-style-type: none"> <li>• Professional skills training</li> <li>• Technology enabled teaching</li> <li>• Polytechnics, Community Colleges</li> </ul>	<ul style="list-style-type: none"> <li>• Institutional alliance models</li> <li>• Global linkage</li> </ul>

NIIT is clearly positioned to take advantage of the focus on education and skills training.

### Company Performance

During the year, NIIT focused on re-engineering the Company's businesses for higher growth while improving the return on capital employed and quality of balance sheet. The year witnessed strong strategic moves by NIIT in this direction:

- Launch and focus on the four platforms for growth
- Divestment of NIIT's stake in Element K Inc. USA
- Reduction in debt levels and strengthening the balance sheet
- Increased selectivity for capital intensive projects

The strategic moves also helped NIIT weather the headwinds due to:

- Weaker industry hiring and changing customer preferences
- Slow pace of government collections
- Continuing cost pressures and impact of new initiatives
- Foreign Exchange volatility

## MANAGEMENT DISCUSSION AND ANALYSIS (Contd.)

For the year, the Company recorded

- Net Revenues at Rs. 12,603 million
- EBITDA at Rs. 1,475 million and
- Net profit of Rs. 1,102 million

Rs. Millions	FY12	FY11	YoY (%)
<b>System wide Revenues</b>	19,960	19,072	+5%
<b>Net Revenues</b>	12,603	12,483	+1%
Operating expenses	11,128	10,889	+2%
<b>EBITDA</b>	1,475	1,593	-7%
EBITDA%	12%	13%	-106 bps
Depreciation	874	854	+2%
Net Other Income	1,429	-181	1,611 mn
<b>Profit before Tax</b>	2,030	557	+264%
Tax	1,409	89	-1,320 mn
<b>Operational Net Profit</b>	621	469	+33%
Share of Profits from Associates	481	453	+6%
<b>PAT</b>	1,102	922	+19%
<b>Basic EPS (Rs.)</b>	6.7	5.6	+19%

Financials in FY12 and FY11 are not comparable due to exceptional items in both years, including divestment of Element K during FY12. For the purpose of comparison, the financials on a continuing business basis excluding exceptional items and without one time hardware revenues are as under:

Rs. Millions	FY12	FY11	YoY (%)
Systemwide Revenues	17,293	15,231	+14%
Net Revenues	9,935	8,642	+15%
EBITDA	1,198	1,269	-6%
EBITDA %	12%	15%	-263 bps
Profit after Tax	735	677	+9%
EPS (Rs.)	4.5	4.1	+9%

Detailed analysis of these results is discussed in subsequent paragraphs.

### Organisation Overview

NIIT offers lifelong learning to its students with education and training and solutions for Individuals, Corporate customers and Schools:

- **Individuals:** NIIT is one of the largest providers of vocational and professional skills training to young adults worldwide, across various service sectors, and is the acknowledged market leader in India. The market for employability skills training is hugely underpenetrated in India and other emerging economies. India's Gross enrolment ratio (GER) in tertiary education is 13%, meaning 85% don't even go to colleges. Moreover, amongst the former 13%, which represents about 14 million who are currently enrolled

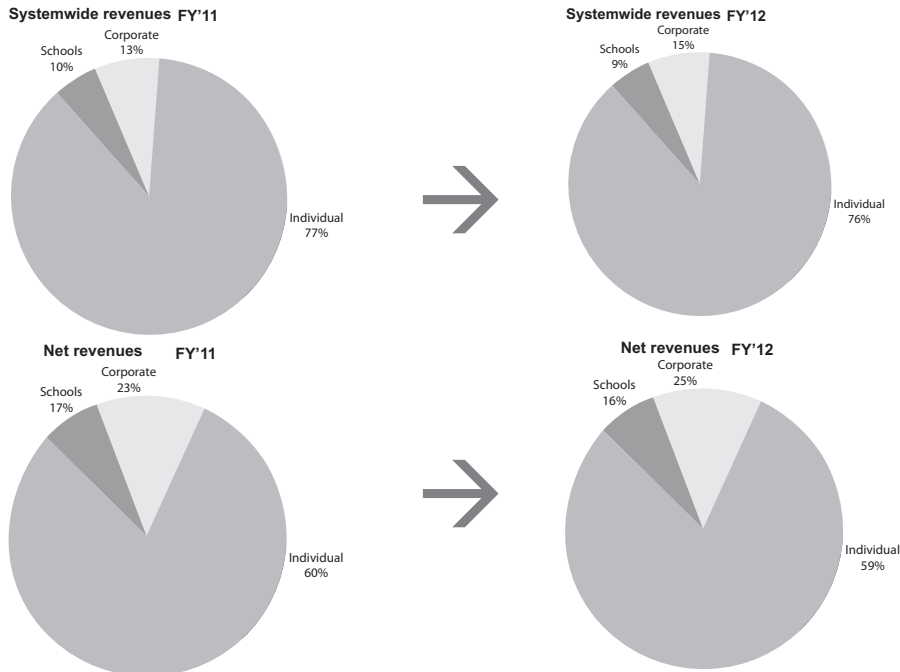
in higher education institutes, less than 20% are considered employable. The remaining go through life without any certified skill. NIIT's focus is on improving employability for individuals by imparting domain and professional life skills.

- **College Students & Graduates:** NIIT's Individual Learning Solutions (ILS) business provides professional skills to college graduates in India, China and other emerging economies. ILS offers training for IT, ITES, Banking and Financial Services sectors in addition to Management Education.
- **Non-College going students:** NIIT's Skill Building Solutions business, launched in FY12 in 90:10 equity partnership with National Skill Development Corporation (NSDC), aims to address the non-college going student population in India, across nine selected areas in the Service sectors like Retail (Both traditional retail and Auto Sales), Hospitality and ITeS (BPO), offering both domain career specific and career foundation specific courses.

- **Corporations:** NIIT is one of the few companies in the world having end to end capability for comprehensive learning solutions. Corporations around the world increasingly see training as a means to achieving business goals and are increasingly outsourcing their employee, customer and partner training to improve training effectiveness. NIIT's Corporate Learning Solutions (CLS) business provides training to global corporations in US, Europe and India.

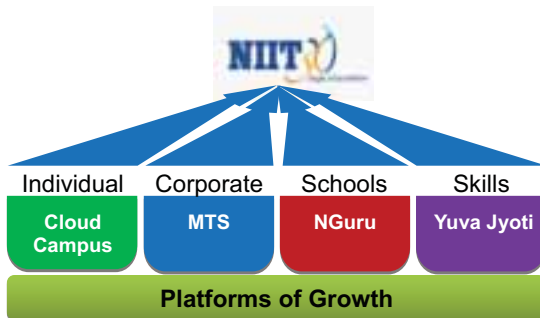
Post Element K divestment, Individual Learning Solutions business contributes the largest portion of Revenue followed by Corporate Learning Solutions and School Learning Solutions business. Business wise split of revenues, on a continuing business basis, is provided below for both FY11 and FY12.

- **Schools:** NIIT is a leading player in the Schools Education segment in India and has cumulatively serviced the largest number of schools in the country. Both the Government and Private Schools segment's spend on outsourcing specific services is increasing rapidly and NIIT is uniquely positioned to take advantage of this trend. The focus here is on improving the effectiveness of school education and academic performance of students. NIIT's School Learning Solutions (SLS) business addresses the schools space in India.



### Business Overview

During the year, the Company identified four areas that it believes will serve as platforms of growth in the future. These areas are as follows:



- Cloud Campus, which was launched during the year and received a very positive response from the students was rolled out to over 340 centers. During the year, over 13,800 students enrolled for GNIIT program offered under Cloud Campus.
- Managed Training Services (MTS) built on the strong momentum during the year with a sharp increase in volume (up 72% YoY). NIIT closed the year with 9 global customers, with revenue visibility of over USD 120 million over the contract period.

- NIIT’s Schools business sharpened focus on nGuru offering with increased investments in expanding the market reach. In FY12, the Company signed up 687 private schools, up 18% YoY, with improved order intake per school. This resulted in 24% growth in revenues from the non Government schools segment.
- NIIT Yuva Jyoti Limited (NYJL), formed in 90:10 joint venture with NSDC, started operations during FY12 and closed the year with 6 operational centers and over one thousand enrolments.

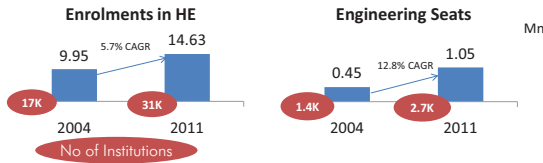
### Individual Learning Solutions

NIIT’s offerings for Individuals include IT, BFSI, Management, BPO, English and Professional life skills. For this, NIIT leverages its global presence across India, China and other developing countries for reaching out to the students as well as through its partnerships with large technology companies in USA and Europe to provide the requisite solutions.

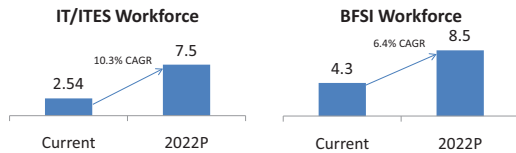
The opportunity space for this business is considerable with:

- Demand for employability training of college graduates expected to remain high, as enrolments rise from 14.6 million (2011) to targeted 40 million (2020)
- Demand for skilled workforce in IT/ITES and BFSI sectors expected to remain high

## MANAGEMENT DISCUSSION AND ANALYSIS (Contd.)



In the last few years, there has been an increase in engineering and college enrolments. There is an increased interest from colleges for employability solutions.



However during the year, the business faced a challenging environment with:

- Changing consumer preference towards shorter duration courses
- Cautious environment in IT hiring affecting near term consumer sentiments
- Banking sector growth in the first half of the year was followed by a steep slowdown in the second half of the year

To address this environment, NIIT took the following actions:

- Introduced Cloud Campus and focused on Diploma programs and placements
- NIIT Inside: Focused approach to partner Higher Education Institutions
- New Bank tie ups and programmes in IFBI
- Integrated the operations of IFBI, Imperia and New businesses

Cloud Campus was successfully implemented at over 340 centers. This envisaged synchronous delivery across centres and an online portal to expand reach and increase efficiency. The strong acceptance of the Cloud campus was evident from the 13,800 digital GNIIT enrolments clocked during the year.

In addition, the Company also commenced engagement with engineering colleges with the "NIIT Inside" offering. During the year, the Company



is tied up with 80 colleges.

NIIT found itself uniquely positioned to collaborate with partner institutions and create a sustainable plan for enhancing students' employability through a well-established and well tested training solution.

IFBI strengthened its existing product portfolio and launched Bank Vantage series career programmes thus increasing its focus on banking domain specific placement oriented programmes. In addition to the focus on banking, a certificate program in capital markets was launched in association with National Stock Exchange. IFBI also tied up with Axis bank which is expected to contribute significantly to growth of business in the coming years.

IFBI completed 5 years of business and achieved a major milestone of placing more than 15,000 students and training more than 50,000 professionals in the last 5 years.



NIIT's offering for management programmes expanded its portfolio during the year launching 5 new programmes.

NIIT's offering for BPO/KPO training in joint venture with Genpact, increased its offerings as well as the customer base and turned EBITDA positive during the year.

NIIT retained its strategy to focus on key geographies and pursued high potential markets. In China, the Company witnessed substantial growth in Chongqing and Wuxi regions through the existing Public Private Partnership initiative. NIIT also signed new agreements with the provincial governments of Qingdao, Zhangjiagang and Yangzhou to operate own centres under the Build-Operate-Develop Model of public private partnership. NIIT was awarded as "Leading Education Group in China" by Sina.com.

NIIT's focus on Southern Africa continued to yield results with the approval by SAQA (South African Qualifications Authority) of NIIT Programmes in South Africa and government approval at Botswana



## MANAGEMENT DISCUSSION AND ANALYSIS (Contd.)

for a degree program run with NIIT's content and methodology. NIIT's program and certifications also got an approval from 'Mexico First'. 'Mexico First' is the Mexican federal agency responsible for supporting the development of IT Human Capital in Mexico by subsidizing approved ICT Education for students. NIIT's project in the Kwa Zulu Natal Province, Republic of South Africa was voted as one of the best projects in the "World Education Public Choice Awards, 2011".



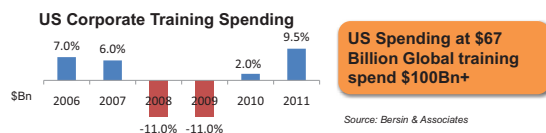
While the Individual Learning Solutions net revenue grew by 13% YoY, EBITDA margin was adversely impacted due to transition costs associated with cloud campus. At the end of the year, the Order Book stood at Rs. 1,564 million with two-third executable over the next 12 months.

### Financials for Individual Learning Solutions

Rs. Millions	FY'12	FY'11	YoY (%)
System wide Revenues	13,187	11,755	12%
Net Revenues	5,829	5,166	13%
EBITDA	936	953	(2%)
EBITDA %	16%	18%	(239 bps)

### Corporate Learning Solutions

The opportunity for NIIT in the Corporate training market continues to be large with global spends of over USD 100 billion on training by companies:



The Corporate sector witnessed a recovery in training spends along with continued increase in outsourcing activity.

During the year, the Corporate Learning Solutions business focused on the managed training services (MTS) business and achieved traction with 3 new multi year contracts taking the total revenue visibility to USD 120 million. This growth was the result of aggressive sales and

engagement management as well as robust delivery performance. While this contributed to significant revenue growth, due to ramp up of the MTS projects and relocation of premises, the EBITDA margin was adversely impacted by 104 bps.



During the year, this business clocked an order intake of USD 87.3 million. The closing Order Book stood at USD 47.1 million. Of this, 62 percent is executable during FY'13.

### Divestment of Element K

During the year, NIIT divested its stake in its step down subsidiary, Element K Corporation, based in Rochester, NY, USA, by selling the Element K business to SkillSoft Corporation and SkillSoft Ireland Limited (the "Buyers"), indirect subsidiaries of SSI Investments II Limited which is the parent company of SkillSoft Limited (formerly SkillSoft PLC), at an enterprise value of USD 109.7 million (USD 110 million less closing adjustments of USD 0.3 million) in cash. Post this divestment NIIT increased the ability to provide its large clients a broader vendor neutral solution including custom-developed content created at NIIT's own facilities.

### Financials for Corporate Learning Solutions

Rs. Millions	FY'12	FY'11	YoY (%)
Net Revenues	2,543	1,994	28%
EBITDA	160	147	10%
EBITDA %	6%	7%	(104 bps)

Financials on a continuing business basis and excludes Element K from both years

### School Learning Solutions

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

The Company offers a rich comprehensive suite of technology enabled products and solutions under the NIIT nGuru solution. The nGuru suite provides a holistic education delivery solution to address key needs of Students, Teachers, School management and Parents, in line with NCERT's National Curriculum framework. The nGuru suite is comprises 'Interactive digital content for Classrooms', 'Math lab', 'IT Wizard' and 'Quick School' an Education Resource Planning

## MANAGEMENT DISCUSSION AND ANALYSIS (Contd.)

solution for school management.

During FY'12, NIIT focused on its nGuru solution for non-government schools. NIIT received a good response to its product offering with 687 private schools added during the year compared to 581 in FY'11. NIIT also crossed the 10 million students mark during the year.



As a part of the focus on strengthening the balance Sheet and improving returns the Company continued with its policy of being extremely selective in the government schools business. However, NIIT added a repeat order from Assam as the contract met the stringent selection criteria including lower capital intensity, and track record of timely past payments

During the year, School Learning Solutions recorded one time hardware revenues of Rs. 482 million. Excluding this, the overall revenue growth for the business would have been 5 percent with an EBITDA margin of 9 percent. The EBITDA margin in FY'12 was impacted due to investments in its sales and marketing to ramp up the nGuru business.

During FY'12, the Company recorded an order intake of Rs. 3,762 million. At the end of the year, the Order Book for this business stood at Rs. 6,122 million. Of this, 30 percent is executable during FY'13.

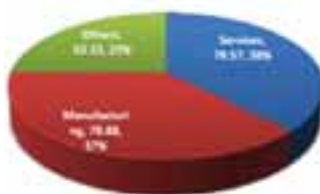
### Financials for School Learning Solutions

Rs. Millions	FY'12	FY'11	YoY (%)
Net Revenues	2,042	1,481	38%
EBITDA	146	169	(14%)
EBITDA %	7%	11%	(427 bps)

### Skills building Solutions

Skill building presents a large opportunity given the demand side requirements of:

- 211 Mn new jobs in 21 key Sectors in next 10 years
- Additional 300 Mn for "Up skilling"
- Indian Skill Development opportunity USD 120 Bn
- 79 Mn new jobs in "Service Sector"



Moreover, there is a large supply side to support this demand

- The Indian Population is expected to reach 1.4 Bn by 2026 with 280 Mn youth in the age group of 18-24 years
- Indians expected to comprise 25% of global workforce by 2026
- Strong aspirations of youth towards "Service Sector"



During the year, the Company entered into a joint venture with the National Skill Development Corporation to form the NIIT Yuva Jyoti Limited. This subsidiary was incorporated to engage in the business of education and training through setting up of skill development centres, to build an inclusive, enabled and skilled society, by vocational skilling of youth into employable professionals in various sectors. NYJL started out with strong focus on Service Sectors like Retail (Both traditional retail and Auto Sales), Hospitality and ITes (BPO), offering both domain career specific and career foundation specific courses. During FY'12, NYJL started operations by setting up 6 centers in North India.

### Impact of Element K divestment

NIIT had acquired Element K for a cash consideration of USD 36.5 million in August 2006. Given the sale consideration of USD 109.7 million and the transaction related expenses (including ESOPs) of approx. USD 14.6 million, the pre-tax profit (non GAAP) on the transaction was USD 58.6 million. However the net pre-tax profit recorded in the consolidated books of accounts was USD 41.1 million (Rs. 2,094 million). The Company provisioned USD 17.2 million as tax on the said transaction on a conservative basis since the taxation matters are not yet complete.

As a part of the transaction, the Company has also provided the Buyers a corporate guarantee for USD 11 million as its indemnification obligations. Against this, the Company has provided a contingency of USD 3.2 million in the FY'12 financials as part of the exceptional items.

On a cash basis, of the total net consideration of USD 109.7 million, USD 14.6 million was utilized/ earmarked for transaction related costs and USD 17.2 million was utilized / earmarked for taxes leaving a net cash of USD 77.9 million. Of this, NIIT utilized USD 60.3 million to repay its debts. As of March 31, 2012 NIIT had gross debt of Rs 1,087 million including Rs

## MANAGEMENT DISCUSSION AND ANALYSIS (Contd.)

900 million non convertible debentures, and a cash balance of Rs 1,020 million. This implies a net debt of Rs. 67 million which is a reduction of Rs. 2,955 million over March 31, 2011.

### Consolidated Financial review of the Company

The financial summary for FY'12 is as follows:

Rs. Millions	FY'12	FY'11	YoY (%)
Revenues	12,603	12,483	+1%
Operating Expenses	11,128	10,889	+2%
- Personnel Cost	3,189	3,348	-5%
- Professional and technical outsourcing expenses	2,347	1,619	+45%
- Purchase of Stock in Trade	1,607	1,239	+30%
- Others Expenses excluding finance costs	3,985	4,684	-15%
EBITDA	1,475	1,593	-7%
EBITDA %	12%	13%	-106 bps
Net Other Income (including exceptional items)	1,429	(181)	
Depreciation & Amortization	874	854	+2%
Profit before taxes	2,030	557	+264%
Taxes	1,409	89	
Share of Associate profits/ profits attributable to Minority shareholders	481	453	+6%
Profit after tax attributable to equity holders	1,102	922	+19%
Basic EPS (Rs.)	6.7	5.6	+19%

Financials in FY12 and FY11 are not comparable due to exceptional items in both years, including divestment of Element K during FY12

### Revenues

On a continuing business basis and excluding the impact of one time hardware revenues of Rs. 482 million in FY'12, the Company recorded revenues of Rs. 9,935 million, a growth of 15 percent.

### Net other income

The net other income in FY'12 reflects

- the net interest expenses for the Company amounting to Rs. 262 million, as compared to Rs. 337 million in FY'11,
- Dividend and capital gain income on mutual fund investments of Rs. 11 million
- Foreign exchange gains of Rs. 27 million in FY'12 as compared to loss of Rs. 13 million in the previous year
- Miscellaneous income of Rs. 18 million

### Exceptional Items

Exceptional items for FY'12 reflect

- A one-time income (post transaction related expenses) from the divestment of Element K amounting to Rs. 2,094 million.

- Rs. 63 million of grant given to The NIIT Institute/ NIIT University in accordance with the approvals received from the shareholders.

- Rs. 351 million as provision against specific receivables.

- Rs. 36 million as Service tax on rent for the immovable properties rented by the company for its operations in India

- Rs.9 million towards impairment of intangibles

In FY'11, exceptional items for Rs. 142 million included:

- Income from the sale of stake in a subsidiary for Rs. 214 million

- Rs. 72 million of grant given to The NIIT University.

### Expenses

On an continuing business basis and excluding the impact of one time hardware revenues, the operating expenses increased 18 percent YoY, to Rs. 8737 million as compared to a 15 percent revenue growth. The higher than revenue increase in expenses is attributable to investments in cloud campus, ramp up for MTS projects, relocation of premises, investments in sales and marketing for the nGuru business as well as launch of NYJL.

### Detailed Analysis of Consolidated Balance Sheet as on March 31, 2012

Particulars	Rs. Millions	
	March 31, 2012	March 31, 2011
<b>Sources of Funds</b>		
Share Capital	330	330
Minority Interest	39	30
Reserves and Surplus	6,290	5,235
<b>Net Worth</b>	<b>6,659</b>	<b>5,595</b>
Secured Loans	1,009	2,650
Unsecured Loans	78	1,009
<b>Loan funds</b>	<b>1,087</b>	<b>3,658</b>
<b>Total</b>	<b>7,746</b>	<b>9,253</b>

Application of Funds			
<b>Fixed Assets</b>			
Gross Block	6,321	8,771	
Depreciation	4,041	3,971	
<b>Net Block</b>	<b>2,281</b>	<b>4,800</b>	
Capital Work in Progress	192	622	
Investment	1,950	1,531	
Net Current Assets	3,257	1,993	
Deferred Tax Assets	67	307	
Miscellaneous Expenditure	-	-	
<b>Total</b>	<b>7,746</b>	<b>9,253</b>	

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



## MANAGEMENT DISCUSSION AND ANALYSIS (Contd.)

### Share Capital

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

### Reserves and Surplus

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

### Loan Funds

During FY'12 the Company repaid debt amounting to Rs.2,662 million from the divestment proceeds as well as cash from operations. The debt repaid included the following:

Secured Non Convertible debentures:	Rs. 100 million
Rupee Term Loan:	Rs. 500 million
Foreign currency loans:	Rs. 1,132 million
Unsecured Short term debt:	Rs. 600 million
Unsecured Working capital debt in India & Overseas:	Rs. 278 million
Deferred lease obligations and other loans:	Rs. 52 million

As part funding for the NIIT Yuva Jyoti project, the Company has been provided a loan of Rs. 80 million by NSDC (the JV partner).

At the year end, the total debt of the Company stood at Rs. 1,087 million compared to Rs. 3,658 million in March'11.

As of March 31, 2012 the Company had a net debt balance of Rs. 67 million as compared to a net debt of Rs. 3,022 million as of March 31, 2011.

As per the new balance sheet format Rs. 833 million is reflected as Long term borrowings, Rs. 29 million as short term and Rs. 225 million as current maturities of long term borrowings (grouped under other current liabilities).

### Fixed Assets

As of the beginning of the year, the Net block stood at Rs. 4,800 million. During the year, the Company invested Rs.1,529 million in fixed assets including capitalization of the opening capital work in progress.

The addition was for the following:

New initiatives & products:	Rs. 860 million
Capacity expansion & upgradation:	Rs. 381 million
Normal capital expenditure:	Rs. 288 million

Moreover, due to the divestment of Element K and other routine assets sales, the net block reduced by Rs. 4,513 million including goodwill of Rs. 2,556 million.

In addition, the Capital work in progress stood at Rs. 192 million as of March'12. This included intangible assets under development as well as capital advances (now regrouped under long term loans and advances). The Net block stood at Rs. 2,281 million on March 31, 2012.

### Investments

At the year end, the investments stood at Rs. 1,950 million, the holding value of NIIT Technologies Limited. While investments in NIIT Technologies Limited have been classified as non-current investments, investments in mutual funds are reflected as current assets as per revised Schedule VI.

### Deferred Tax assets

At the year end, the net deferred tax assets were Rs. 67 million on account of the Tax impact of difference between carrying amount of fixed assets in the financial statements and as per the income tax calculation and timing differences of deduction and expense provisions allowable under Income Tax in future years.

### Net Current Assets

The elements of net current assets were as follows:

#### ➤ Inventories

Inventories, mainly training material, including educational software used by the Company for imparting IT-ITES in schools and education. Over the year, due to streamlining of operations, the value of the inventory held by the Company decreased from Rs. 153 million to Rs. 119 million.

#### ➤ Trade Receivables

The total receivables of the Company were at Rs. 3,932 million, up from Rs. 3,898 million as on March 31, 2011, representing 114 day of sales outstanding. The trade receivables include the one time hardware revenues amounting to Rs. 482 million recognized in March 2012. The increase is attributable to longer collection cycles in some corporate and government collections.

Of the total, an amount of Rs. 362 million has

## MANAGEMENT DISCUSSION AND ANALYSIS (Contd.)

been classified as non-current based on the due dates of schools project debtors.

### ➤ Cash and Bank

The cash and bank balances as on March 31, 2012 stood at Rs. 1,015 million compared to Rs. 526 million as on March 31, 2011. Including mutual fund investments, the total balance stood at Rs. 1,020 million versus Rs. 636 million as of March 31, 2011. During the year the Company:

- generated Rs. 309 million from operations,
- generated Rs. 3,397 million for investment activities including net withdrawal from mutual funds amounting to Rs. 106 million and Rs. 5,457 million received as proceeds from sale of fixed assets including Element K divestment, and
- Utilized Rs. 3,045 million in financing activities of paying interest and dividend as well as repaying debt.

Of the total, an amount of Rs.18 million pertaining to fixed deposits placed as margin money have been classified as non-current (part of other non-current assets) as per the revised schedule VI balance sheet.

### ➤ Other Current Assets

Other current assets included interest receivable and unbilled revenues. The balance as of March 31, 2012 stood at Rs. 870 million, as compared to Rs. 1,176 million in the previous year. Of this, based on the invoicing pattern of the unbilled revenue Rs. 316 million has been classified as non-current.

### ➤ Loans and Advances

Loans and advances primarily included advances to suppliers, deferred expenses, rent advances, security deposits given for premises as well as advance tax paid. As of March 31, 2012, the total loans and advances stood at Rs. 1,152 million compared to Rs. 1,358 million in March 31, 2011. Based on the realization time horizon of the loans and advances, an amount of Rs. 648 million has been classified as non-current. Moreover, capital advances of Rs. 16 million have been included in loans and advances as per revised Schedule VI.

### ➤ Current Liabilities

Current liabilities decreased from Rs.2,350 million in FY'11 to Rs. 2,291 million in FY'12. Current liabilities consists of sundry creditors including

capital creditors, advances from customers, security deposits and other liabilities.

### ➤ Provisions

The total provisions increased from Rs. 449 million to Rs. 870 million. The outstanding amount included Rs.307 million for the proposed dividend of Rs. 1.60 per equity share of Rs. 2 and the dividend distribution tax thereon; compensated absences provision of Rs. 115 million and gratuity provision of Rs. 7 million. In addition there is a net tax provision Rs. 278 million (including the tax provisions for the Element K divestment) as well as Rs. 163 million as provision for indemnity provided to the buyers of Element K.

### Accounting Policies

The Company has selected the accounting policies described in the notes to accounts, which have been consistently applied, except where otherwise stated and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2011 and of the profit or loss of the Company for that year.

### Related Party Transactions

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

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

### Revenue Recognition Policy

The significant Accounting policies and practices followed by NIIT Limited are disclosed in the Notes to Accounts for the year.

### Reserves

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

### Human Resources

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

## MANAGEMENT DISCUSSION AND ANALYSIS (Contd.)

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

During FY'12, the Company continued to focus on improving people productivity, through training and development of its people.

The Company increased its staff strength by 82, after taking into consideration the impact of Element K divestment. As of the year end, the total number of NIITians stood at 3,727 with 59% percent in direct roles, 19% percent in sales and marketing and the balance in indirect roles.

### Recognitions

NIIT brand received many accolades during the year.

- NIIT featured as the 'Most Trusted Leader in Education' in Brand Trust Report, India Study, 2012, undertaken by Trust Research Advisory
- NIIT was voted the second most trusted education brand in India by Brand Equity- Nielsen Survey 2011
- NIIT featured in Aon Hewitt's Top 25 list of 'Best Employers in India-2011'
- NIIT won 'Top IT Training Company Award 2011' for the 19th year in succession by Cybermedia publications.
- NIIT won the 'Best Education Company to Work with' title at the Indian Education Awards 2011.
- NIIT received three accolades at the World Education Awards, 2011. NIIT's Skill development project in the Republic of South Africa was felicitated with, 'Best Vocational and Skills Initiative of the year' award; NIIT Imperia was recognized as 'Best Training to Working Professionals' and NIIT's Mobile Science Lab was acknowledged as the 'Best Innovation in Science Education'.
- NIIT USA won the Gold at the Chief Learning Officer (CLO) magazine's annual "Chief Learning Officer Learning In Practice" awards.
- NIIT USA was honoured with the 3 Brandon Hall 'Excellence Awards' for Performance Support,



- Learning, and Marketing
- NIIT USA was honoured by Seventh Annual Human Resource Outsourcing Association (HROA) for its partnership with Diageo
- NIIT nGuru won Manthan Award in the Chairman's distinction category for e-education and learning
- NIIT received 'Franchisor of the Year: IT' Award by Franchise Plus, India's leading business opportunity magazine.
- NIIT's association with Grandmaster Viswanathan Anand was recognized as the Top brand ambassador engagement at the Indian PR and Corporate Communication Awards (IPRCCA) 2011, instituted by Exchange4Media

### Future Outlook

The company believes that the four platforms of growth (Cloud campus, Managed Training Services, nGuru and Yuva Jyoti) coupled with focus on capital efficiency and liquidity would drive growth and value creation for the Company in the coming years.

In Individual Learning Solutions, NIIT would continue the process of realigning the business for higher growth. Key initiatives planned for ILS in the coming year are as follows

- Increased roll out of Cloud Campus across centers to expand reach and increase efficiency
- Create robust portfolio of shorter duration, accelerated placement focused programmes, to address changing customer preferences
- New alliances and programmes to fuel IFBI growth
- NIIT Inside: Focused team to deliver in-college solutions
- 'NIIT One World' Centers: Integrating IT, ITeS, Finance and Management offerings
- Focus on key African countries and PPP centers in China

In School Learning Solutions, NIIT would continue with the strategy of reprioritization of portfolio. Key initiatives planned are as follows

- Aggressive receivables follow up
- Extreme selectivity in fresh government BOOT contracts
- Strong focus on growing nGuru comprehensive solution in schools
  - Increase customer acquisition capability
  - Aggressive expansion in new cities
  - Maintain first to market position with innovative solutions

## MANAGEMENT DISCUSSION AND ANALYSIS (Contd.)

In Corporate Learning Solutions, NIIT would plans to maintain sharp focus on Managed Training Services. Key initiatives planned are as follows

- Improve win rates in MTS RFPs with sharpened value proposition
- Go deep in identified segments and mine existing customers
- Improve productivity through innovation

NIIT's Skills building Solutions, launched in FY12, plans a sharp ramp up in capacity during the next few years. Key initiatives planned are as follows

- Innovative sales and marketing to create awareness at low cost with a 360 degree thrust on mobilization through mass counselling, job fairs and local alliances
- Innovative use of technology to reduce delivery costs
- Tuning new center specifications and reducing lead times with experience

### Risk and concerns

As a global enterprise, NIIT is exposed to a wide variety of risks across its different lines of businesses. NIIT has a comprehensive and robust enterprise wide risk management structure in place, to enable all the businesses to recognize its risks much in advance, so that appropriate/adequate mitigation plans can be put in place to counter the same. The risk management mechanism is an integral part of the Company's core process and involves recording, monitoring and controlling of the internal functions of enterprise and the associated business risks, via a comprehensive risk reporting frame work . Through the said mechanism, the Company aims to achieve an optimum balance between risk and reward, with the underlying objective of maximizing value for the shareholder or the stakeholders. While the external environment in FY'12 remained challenging, however application of Enterprise wide Risks Management has resulted in real, tangible benefits for the company.

The rapid changes in technology across the globe have necessitated a dynamic change in the Company's business and delivery models. Risk taking is an intrinsic part of all the businesses and any opportunities for growth always carry with it an inherent risks. It has been our constant endeavor to balance risk appetite in each of the lines of business to ensure that each of the businesses generate high risk adjusted returns. As prioritization of key risks is significant, NIIT has taken

upfront initiatives to identify the risks, document them in consultation with the business groups and define the risk matrix framework.

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

The Company is well diversified, both in terms of its service offerings and geographic spread. The judicious mix of revenue from the different business lines i.e. Individual, Schools and Corporates ensure that the Company is well positioned to manage any down turn or slowdowns in a particular product portfolio or in a specific geography. The Company believes that with the ERM process in place, it has a robust mechanism for risk management, and the strategies for risk management are reviewed by the Board of Directors at regular intervals.

### Internal Control Systems and its adequacy

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

### Disclaimer

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

## CORPORATE GOVERNANCE REPORT

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

### COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

Your Company's philosophy on Corporate Governance is aimed at optimizing the balance between stakeholders' interests and corporate goals through the efficient conduct of its business and meeting their obligation in a manner that is guided by transparency, accountability and integrity. It has always been believed that an independent Board

following international practices, transparent disclosures and empowerment of stakeholders are as necessary as solid financial results for creating and sustaining shareholder's value. Your Company is conscious of its responsibility as a good corporate citizen and is committed to a high standard of Corporate Governance practices.

At NIIT, value creation is a philosophy that is ubiquitous across the organisation. Stakeholders are the focus of Company's growth strategy. The Company has ensured stability and growth in a dynamic environment and in competitive times. This has been the Company's commitment since inception.

### BOARD OF DIRECTORS

#### Composition of Board

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

The Names and Categories of the Directors on the Board, their attendance at Board Meetings held during the Financial Year 2011-12 and at the Last Annual General Meeting and the number of Directorship and Committees Chairmanship/Membership held by them are given hereunder:

Name of Director & DIN	Designation	Category	No. of Board Meetings during the Financial Year 2011-12		No. of Directorships in other Indian Companies*	No. of Membership/ Chairmanship in other Board Committees**		Whether attended last AGM
			Held	Attended		Member	Chairman	
Mr. Rajendra S. Pawar *** (00042516)	Chairman and Managing Director	Promoter & Executive Director	9	8	10	3	1	Yes
Mr. Vijay K. Thadani (00042527)	Chief Executive Officer and Whole-time Director	Promoter & Executive Director	9	8	7	2	3	Yes
Mr. P. Rajendran (00042531)	Chief Operating Officer and Whole-time Director	Executive Director	9	8	7	3	1	Yes
Mr. Subroto Bhattacharya (00009524)	Director	Non-Executive Independent Director	9	8	2	2	1	Yes
Mr. Surendra Singh (00003337)	Director	Non-Executive Independent Director	9	9	5	5	2	Yes
Mr. Sanjay Khosla (00981819)	Director	Non-Executive Independent Director	9	2	-	-	-	No
Ms. Madhabi Puri Buch*** (00016299)	Director	Non-Executive Independent Director	9	4	1	-	-	No

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

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

\*\*\* Mr. Rajendra S. Pawar and Ms. Madhabi Puri Buch had participated in the meetings through tele-conference, wherever he/she could not attend in person.

## CORPORATE GOVERNANCE REPORT (Contd.)

### Note:

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

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

- Articulating the corporate philosophy and mission;
- Formulating strategic plans;
- Reviewing and approving financial plans and budgets;
- Monitoring corporate performance against strategic plans including overseeing operations;
- Ensuring ethical behaviour and compliance with laws and regulations;
- Reviewing and approving borrowing/lending, investment limits and exposure limits, etc.;
- Keeping Shareholders informed about plans, strategies and performance; and
- Ensuring 100% investors satisfaction.

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

### Mr. Rajendra S. Pawar

**Designation:** Chairman and Managing Director

**Profile:** Mr. Rajendra S. Pawar is the Chairman and Co-Founder of the NIIT Group which encompasses two businesses - NIIT Limited, the leading Global Talent Development Corporation and NIIT Technologies Limited, the software and services company. NIIT Limited has played a key role in the growth of the Indian IT sector, by creating skilled manpower to drive its momentum. Having revolutionized the IT Training industry, Mr. Pawar is now involved in establishing an innovative model in Higher Education. He is deeply engaged in shaping the not-for-profit NIIT University, which has been set up in Neemrana, Rajasthan with the vision of being the leading centre of innovation and learning in emerging areas of the Knowledge Society.

As the Chairman of India's IT industry body- National Association of Software and Service Companies

(NASSCOM) in 2011-12, Mr. Pawar has led several ICT industry initiatives, giving voice to the sector's aspirations and goals. Earlier as President of MAIT (Manufacturers' Association for Information Technology) during 1990-92, Mr. Pawar integrated its activities into those of other leading industry associations in India. MAIT played a significant part in shaping the IT policies of the Government of India during this formative phase.

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

Mr. Pawar is a member on the Prime Minister's National Council on Skill Development and has served on the Prime Minister's National Task Force (1998) commissioned to develop India into an IT Superpower. An advisor to the Hunan Province of China, he has also been a member of PIAC (Presidential International Advisory Council) of the Government of South Africa for IT. As a founding member of the International Business Council of the World Economic Forum, Mr. Pawar is deeply engaged in addressing issues of global significance.

Global Business Intelligence firm, Ernst & Young conferred on Mr. Pawar, its prestigious "Master Entrepreneur of the Year" award, in 1999. He has also been named the "IT Man of the Year" by IT industry journal, Dataquest. Mr. Pawar has been awarded 'The Global India Splendor Award' on the occasion of 60<sup>th</sup> year of India's independence, for his work on developing human resource potential. He has received the Distinguished Alumnus Award of IIT Delhi in 1995 and the Madhav Award from The Scindia School. A Fellow of the Computer Society of India and the Institution of Electronic and Telecommunication Engineers, Mr. Pawar was awarded an Honorary Doctoral Degree by the Rajiv Gandhi Technical University (MP) in 2005. More recently, Mr. Pawar has been honored with the prestigious Nayudamma Award 2012, for his continued contribution to the IT industry in India.

Known for promoting industry-academia alliances, Mr. Pawar has been working closely with the country's well-known educational institutions. He is on the Board of Governors of IIT Delhi, as well as on the Board of IIM Bangalore, IIM Udaipur, the Indian School of Business, Hyderabad, The Scindia School and SMVD University of Jammu & Kashmir. Mr. Pawar is a member of the University Court of Delhi University, and has served on the board of IGNOU.

## CORPORATE GOVERNANCE REPORT (Contd.)

Born in Jammu on March 6, 1951, Mr. Pawar studied at The Scindia School in Gwalior and then graduated with a BTech in Electronics from IIT Delhi in 1972. He is an avid reader, writer and a music buff.

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

### Mr. Vijay K. Thadani

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

**Profile:** Mr. Vijay K. Thadani is the Chief Executive Officer of NIIT Limited, a leading Global Talent Development Corporation. As the co-founder of NIIT Group, he has built an organization that is recognised for its visionary role in bringing the benefits of Information Technology, both as a professional skill and as a learning tool, to the masses.

He led the Group's globalization efforts since 1991, taking the NIIT flag to over 40 countries. He serves on the Board of NIIT Technologies Limited, a leading SEI-CMMi Level 5 assessed IT Solutions organisation, servicing customers in the USA, Europe, Japan, Asia Pacific and India.

Mr. Thadani has been actively engaged with many Industry Associations. He has served as the Chairman of CII Northern Region for 2011- 12, Chairman of CII National Committee on Education, India and as the Chairman of the IT Committee of the Confederation of Indian Industry in USA.

He has been the President of the Indian IT industry association, MAIT, chaired the Indian Government's Committee on National Information Infrastructure and served as a member of the Strategy Council of Global Alliance for ICT and Development of the United Nations Department of Economic and Social Affairs (UNDESA-GAID).

Mr. Thadani also has served as the Chairman of the National Accreditation Board for Education and Training (NABET), which works under the aegis of the Quality Council of India and also as Chairman of Board of Governors of Indian Institute of Information Technology (IIIT), Allahabad.

Mr. Thadani is the co-founder of the not-for-profit, NIIT University established in 2009 with a vision of being the leading centre of innovation and learning in emerging areas of the Knowledge Society. He is also a

member of the India Advisory Board of the Maastricht University, Netherlands, India Advisory Board of Project Management Institute (PMI), USA and the Governing Council of All India Management Association (AIMA).

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

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

### Mr. P. Rajendran

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

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

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

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

Skills & Human Resources and Chairman of the CII Higher Education Committee.

Mr. Rajendran takes keen interest in the area of innovative deployment of ICT for human development and creation of new jobs.

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

### Mr. Subroto Bhattacharya

**Designation:** Independent Director

**Profile:** Mr. Subroto Bhattacharya is a Chartered Accountant and has an executive programme from Stanford Business School, U.S.A. He has over 35 years of experience and specializes in finance and management consultancy. He has been part of the core team in several reputed organisations. He was invited to Company's Board as an Independent Director in 1998.

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

### Mr. Surendra Singh

**Designation:** Independent Director

**Profile:** Mr. Surendra Singh is an IAS Officer (Retd.). He has a Masters degree in Mathematics from the University of Allahabad. He has held very senior positions in the Central and State Governments. Starting his public service in 1959, Mr. Singh has held positions like Special Secretary to the Prime Minister of India, Cabinet Secretary to the Government of India, Secretary to the Council of Ministers and Secretary, Ministry of Industry. He was an Executive Director on the Board of the World Bank, representing India, Bangladesh, Sri Lanka and Bhutan. He was Director on the Boards of the International Finance Corporation (IFC) and the Multilateral Investment Guarantee Agency (MIGA). Mr. Surendra Singh was invited to NIIT's Board as an Independent Director in 2001.

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

in 2011.

**Roles and Responsibilities:** Mr. Singh advises the Company on internal controls, audit systems, compensation structure and investor relations. He is the chairman of the Shareholders'/Investors' Grievance Committee and is member of Audit and Compensation/Remuneration Committee of the Company.

### Mr. Sanjay Khosla

**Designation:** Independent Director

**Profile:** Mr. Sanjay Khosla is currently President, Kraft Developing Markets and responsible for the company's almost US \$ 16 billion business in over 60 countries covering Asia Pacific, Latin America, Central and Eastern Europe, Middle East and Africa. This includes management of the Cadbury business which was acquired by Kraft in 2010. Before joining Kraft Foods in January 2007, he was the Managing Director of Fonterra Brands, New Zealand's largest multinational company and one of the world's biggest dairy companies. Prior to this, Mr. Khosla was Senior Vice President, Global Beverages, Unilever and Chairman of that company's Global Board for the beverages category. During his 27 year career with Unilever, Mr. Khosla held senior positions in India, Europe and the United Kingdom. He has also led lectures on managing international brands and business at Columbia University in New York, University of Chicago, Northwestern University and at IMD in Lausanne, Switzerland.

Mr. Khosla is an alumnus of the premier IIT, Delhi and has completed an Advanced Management Programme from Harvard University. In 1998, he was named as "Marketing Superstar" by the prominent marketing industry publication, "Advertising Age". Mr. Khosla was invited to NIIT's Board as an Independent Director in 2002.

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

### Ms. Madhabi Puri Buch

**Designation:** Independent Director

**Profile:** Ms. Madhabi Puri Buch is the Head of Greater Pacific Capital Singapore Pte Ltd, a fund management Company that is part of the Greater Pacific Capital Group, a Private Equity Group that invests in the high growth markets of India and China. Prior to her current



## CORPORATE GOVERNANCE REPORT (Contd.)

assignment, she was with the ICICI Group for over 15 years. She was the Managing Director and CEO of ICICI Securities Limited (ISEC) from February 2009 to July 2011. She spearheaded ISEC's initiatives in Equity Capital Markets, Advisory Services, Institutional Equities and Retail Equities including ICICIdirect.com. Prior to that she was an Executive Director on the board of ICICI Bank. During her tenure in the bank, she looked after various businesses including home loans, bonds and treasury solutions as well as customer service, back office operations and compliance. She is a Non Executive Director on the board of Idea Cellular Limited and a founder of the trust "Toofless Foundation" that undertakes a variety of initiatives for raising funds for grassroot NGOs.

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

**Roles and Responsibilities:** Ms. Madhabi Puri Buch advises the Company on financial and investment matters. She guides the corporate teams on finance related matters and helps in formulating beneficial investment strategies for the Company. She is member of Audit Committee and Compensation/Remuneration Committee of the Company

### Board Meetings

Nine (9) Board Meetings were held during the Financial Year 2011-12 and gap between two meetings did not exceed four months. Board Meetings were held on May 10, 2011, May 22, 2011, June 3, 2011, July 22, 2011, September 30, 2011, October 14, 2011, October 21, 2011, January 20, 2012 and March 23, 2012.

The Company holds at least four Board meetings in a year, one in each quarter to review the financial results. Apart from the four scheduled Board meetings, additional Board meetings are also convened to address the specific requirements of the Company. Urgent matters are also approved by the Board by passing resolutions through circulation. All Directors on the Board are free to suggest any item for inclusion in the agenda for the consideration of the Board.

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

- Three years perspective plan & vision of the

Company for global eminence;

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

The Company has laid down procedures to inform

## CORPORATE GOVERNANCE REPORT (Contd.)

the Board Members about the risk assessment and mitigation procedures.

### BOARD COMMITTEES

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

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

#### Audit Committee

In line with the statutory provisions of Listing Agreement entered into with Stock Exchanges read with Section 292A of the Companies Act, 1956 and as a measure of good Corporate Governance with a view to provide assistance to the Board in fulfilling its oversight responsibilities, an Audit Committee of the Directors was constituted. Majority of the Members of the Committee are Independent Directors and every Member has rich experience in the financial sector. The Company Secretary acts as Secretary to the Committee. Statutory Auditors, Internal Auditors and Senior Management Personnel of the Company also attend the meetings by invitation. The recommendations of the Audit Committee are placed before the Board for its consideration and approval. The Audit Committee comprises of the following Directors:

**Chairman:** Mr. Subroto Bhattacharya

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

\*Ms. Madhabi Puri Buch was inducted as member of the Audit Committee w.e.f. April 10, 2012.

#### Functions and Terms of Reference

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

- Supervision of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
- Management Discussion and Analysis of financial condition and results of operations;

- Recommending the appointment, re-appointment and termination of Statutory Auditors, fixation of audit fee and approval of payment for any other services;
- Reviewing the annual financial statements with the CFO and the Management before submission to the Board for approval, with particular reference to:
  - Matters required to be included in the Directors' Responsibility Statement forming part of the Directors' Report in terms of clause (2AA) of Section 217 of the Companies Act, 1956;
  - Changes, if any, in accounting policies and practices and rationale for the same;
  - Significant changes, if any, in the financial statements arising out of audit findings;
  - Compliance with listing and other legal requirements relating to financial statements;
  - Disclosure of any related party transactions; and
  - Draft Auditors' Report including qualifications/ observations, if any.
- Reviewing with the Management, the quarterly financial statements before submission to the Board for approval;
- Reviewing with the Management, performance of statutory and internal auditors, the adequacy of internal control systems;
- Reviewing the internal audit function, including the structure of the Internal Audit Organization, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
- Discussions with Internal Auditors, on any significant findings and follow up thereon;
- Reviewing the findings of any Internal Audit Report by the Internal Auditors into matters concerning fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board;
- Discussions with Statutory Auditors, before the audit commences, about the nature and scope of the audit as well as having post-audit discussions to ascertain any area of concern;
- Reviewing the Company's financial and risk management policies; and

## CORPORATE GOVERNANCE REPORT (Contd.)

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

The particulars of the meetings attended by the Members of the Audit Committee and the dates of the meetings held during the financial year 2011-12 are given below:

Name of Members	No. of Meetings during the Financial Year 2011-12		Date of Meetings
	Held	Attended	
Mr. Subroto Bhattacharya	4	4	May 9, 2011
Mr. Surendra Singh	4	4	July 21, 2011
Mr. Vijay K. Thadani	4	4	Oct. 20, 2011
Ms. Madhabi Puri Buch*	N.A.	N.A.	Jan. 19, 2012

\*Ms. Madhabi Puri Buch was inducted as member of Audit Committee w.e.f. April 10, 2012.

The Chairman of the Audit Committee attended the previous Annual General Meeting of the Company held on July 1, 2011.

### Compensation/Remuneration Committee

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

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

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

**Chairman:** Mr. Subroto Bhattacharya

**Members:** Mr. Sanjay Khosla, Mr. Surendra Singh and Ms. Madhabi Puri Buch\*

\*Ms. Madhabi Puri Buch was inducted as member of Compensation/Remuneration Committee w.e.f. April 10, 2012.

### Functions and Terms of Reference

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

follows:

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

The particulars of the meetings attended by the Members of the Compensation/Remuneration Committee and the dates of the meetings held during the financial year 2011-12 are given below:

Name of Members	No. of Meetings during the Financial Year 2011-12		Date of Meetings
	Held	Attended	
Mr. Subroto Bhattacharya	4	4	May 22, 2011
Mr. Surendra Singh	4	4	July 22, 2011
Mr. Sanjay Khosla	4	1	Oct. 21, 2011
Ms. Madhabi Puri Buch*	N.A.	N.A.	Jan. 20, 2012

\*Ms. Madhabi Puri Buch was inducted as member of Compensation/Remuneration Committee w.e.f. April 10, 2012.

### Remuneration Policy

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

## CORPORATE GOVERNANCE REPORT (Contd.)

### Remuneration to Executive Directors

Details of Remuneration paid/payable to Managing Director and Whole-time Directors (Executive Directors) for the financial year 2011-12 and details of Stock Options granted to them are given below:

(Amount in Rs.)

Name of Executive Directors	Salary	Perquisites and Allowances	Contribution to Provident Fund, Superannuation Fund or Annuity Fund	Performance-linked bonus	Total	Stock Options
Mr. Rajendra S. Pawar	4,338,000	4,664,278	1,853,608	4,300,000	15,155,886	Nil
Mr. Vijay K. Thadani	7,224,000	6,940,489	3,086,845	13,550,000	30,801,334	Nil
Mr. P. Rajendran	5,028,000	4,487,956	2,098,407	11,050,000	22,664,363	Nil

Notes:

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

### Remuneration to Non-Executive Directors

The Non-Executive Directors play an important role in the Governance of the Company and in advising the Board in critical domains like finance, marketing, remuneration, planning and legal matters. Non-Executive Directors do not have any pecuniary relationship or transactions with the Company, its Promoters, its Directors, its Senior Management, its subsidiary companies and associate companies, except the remuneration paid to Non-Executive Directors by way of commission (based on the net profits of the Company and within the limits approved by the Shareholders) and sitting fees (for attending the meetings of the Board, Audit Committee and Compensation/Remuneration Committee). Remuneration in the form of annual commission is paid to all Non-Executive Directors. In addition, based on their contribution of time for Board meetings and Committee meetings, a sitting fee is also paid to Non-Executive Directors. Further, based on the performance of the Company, Stock options had also granted to them from time to time.

Details of Remuneration paid/payable to Non-Executive Directors for the financial year 2011-12 and shares held by them in the Company are given below:

Name of Non-Executive Directors	Commission (in Rs.)	Sitting Fees (in Rs.)	No. of shares held in the Company
Mr. Subroto Bhattacharya	9,00,000	2,40,000	0
Mr. Surendra Singh	8,00,000	2,60,000	56,250
Mr. Sanjay Khosla	6,50,000	40,000	56,250
Ms. Madhabi Puri Buch*	4,00,000	40,000	0

\*Ms. Madhabi Puri Buch had not accepted the Sitting Fees and Commission payable to her for the FY 2010-11 as she was associated with ICICI Bank and was given to accept the Directorship of NIIT Limited without any remuneration. For the FY 2011-12 the Sitting Fees and Commission payable to her is calculated on proportionate basis for the period August 2011 to March 2012.

Sitting fees is not payable for attending the board meetings or the committee meetings through audio conferencing.

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

Name of Directors	No. of Options Granted during the Financial Year 2009-10 (Grant V granted on 26.10.2009)	No. of Options granted during the Financial Year 2010-11	No. of Options granted during the Financial Year 2011-12
Mr. Subroto Bhattacharya	69,000	Nil	Nil
Mr. Surendra Singh	69,000	Nil	Nil
Mr. Sanjay Khosla	69,000	Nil	Nil
Ms. Madhabi Puri Buch	N.A.	N.A.	N.A.

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

### Disclosures regarding re-appointment of Directors

The resume of the Director who is retiring by rotation, being eligible and proposed to be re-appointed, is provided in the Notice to the Annual General Meeting.

### Employees Stock Option Plans

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

## CORPORATE GOVERNANCE REPORT (Contd.)

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

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

### Shareholders'/Investors' Grievance Committee

The Shareholders'/Investors' Grievance 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' Grievance Committee is as below:

**Chairman:** Mr. Surendra Singh

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

### Functions and Terms of reference

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

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

The particulars of the meetings attended by the Members of the Shareholders'/Investors' Grievance Committee and the dates of the meetings held during the financial year 2011-12 are given below:

Name of Members	No. of Meetings during the financial year 2011-12		Date of Meetings
	Held	Attended	
Mr. Surendra Singh	4	4	May 9, 2011
Mr. Vijay K. Thadani	4	4	July 21, 2011
Mr. P. Rajendran	4	4	Oct. 20, 2011 Jan. 19, 2012

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

During the financial year 2011-12, the Company has received request/queries/complaints from various Shareholders/Investors relating to non-receipt of declared dividend/bonus shares/Annual Report, change of bank account details, transfer of shares/dematerialization, etc. The same were addressed and resolved to the satisfaction of the Shareholders/

Investors. The break-up of the letters received from the Shareholders/Investors are provided in Shareholders' Information section at the end of this Report. As on March 31, 2012, no request/query/complaint was pending for redressal.

### Other Committees of the Board of Directors

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

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

### CODE OF CONDUCT

NIIT's Board has laid down a Code of Conduct for all Board Members and Senior Management Personnel of the Company. The Code of Conduct is available on the Company's website [www.niit.com/investorrelations](http://www.niit.com/investorrelations). All Board Members and Senior Management Personnel have affirmed compliance with the Code of Conduct during the financial year 2011-12. A declaration signed by the Chief Executive Officer (CEO) to this effect is annexed to this report.

### CEO AND CFO CERTIFICATION

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

### SUBSIDIARY COMPANIES

Clause 49 of the Listing Agreement defines a "material non-listed subsidiary" as an unlisted subsidiary company, incorporated in India, whose turnover or net worth (i.e. paid up capital and free reserves) exceeds 20 percent of the consolidated turnover or net worth respectively, of

## CORPORATE GOVERNANCE REPORT (Contd.)

the listed holding company and its subsidiary companies in the immediately preceding accounting year. As per this provision, the Company does not have a 'material non-listed Indian subsidiary company'.

### GENERAL MEETINGS

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

Financial Year	Date & Time	Location	Special Resolution(s)
2010-11	July 1, 2011 10.00 A.M.	Parkland Exotica, Khasra No. 123, Chattarpur Mandir Road, Satbari, New Delhi-110074	Re-appointment of Mr. Rajendra S. Pawar as Managing Director of the Company.
2009-10	July 9, 2010 11.30 A.M.	Parkland Exotica, Khasra No. 123, Chattarpur Mandir Road, Satbari, New Delhi-110074	Payment of Commission to Non- Executive Directors of the Company.
2008-09	July 27, 2009 11.00 A.M.	FICCI Auditorium, Tansen Marg, New Delhi – 110001	No Special Resolution passed in the AGM

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

### Postal Ballot

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

## DISCLOSURES

### a.) Related Party Transactions

There is no Related Party Transaction that may have potential conflict with the interest of the Company at large. The Company's major Related Party Transactions are generally with its subsidiary and associate companies. The Related Party Transactions are entered into based on the considerations of various business exigencies and Company's long term strategy. All the transactions entered during the financial year 2011-12 with Related Parties were on arm length basis and the same are reported under Notes to the Financial Statements.

All transactions covered under Related Party Transactions are regularly/periodically ratified and/or approved by the Board/Audit Committee. For details please refer Note No. 36 of the Annual Accounts of the Company.

### b.) Compliance

The Company has complied with the requirements

of the Stock Exchanges, SEBI and Statutory Authorities on all matters related to the capital market during the last three years. There are no penalties or strictures imposed on the Company by Stock Exchanges or SEBI or any Statutory Authority (ies) relating to the above.

### c.) Risk Management

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

### d) Proceeds from the public issue/right issue/preferential issues etc.

There was no fresh public issue/right issue/preferential issues etc. during the financial year 2011-12.

### e) Remuneration of Non- Executive Directors

The Company has defined its criteria of making payment of remuneration to its Non-Executive Directors. The details are stated in the section 'Remuneration Policy' of the report.

### f) Management Discussion and Analysis

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

### g) Inter-se relationships between Directors

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

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

### A. Mandatory Requirements

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

### B. Non-mandatory Requirements

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

a) **Remuneration Committee:** The Company has setup a Remuneration Committee, details of which has been given earlier in this report.

## CORPORATE GOVERNANCE REPORT (Contd.)

- b) **Shareholders' Rights:** The Company sends financial statements along with Directors' report 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's regulations on prevention of insider trading, the Company has instituted a comprehensive Code of Conduct for its Promoters, Directors and Designated Employees. The Code lays down guidelines, which advises them on procedures to be followed and disclosures to be made, while dealing with shares of NIIT and cautioning them of the consequences of violations.

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

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

### E. Statutory Compliance

The Company has a system in place whereby all business heads/unit heads provide Compliance Certificates to the Board of Directors through the

Compliance Officer of the Company relating to compliance of laws, rules, regulations and guidelines applicable to their areas of operation. The Company takes appropriate steps after consulting internally and if necessary, with independent legal counsels to ensure that the business operations are not in contravention of any laws. The Company takes all measures to register and protect Intellectual Property Rights including tradenames/service marks/trademarks/patents, etc., belonging to the Company.

### F. Corporate Governance - Voluntary Guidelines 2009

The Ministry of Corporate Affairs has issued the 'Corporate Governance-Voluntary Guidelines 2009', for voluntary adoption by the Corporate Sector for further improvement of corporate governance standards and practices. These Guidelines intends to provide corporate sector a framework to govern themselves voluntarily as per the highest standards of ethical and responsible conduct of business.

- (i) In this reference the Company has authorized Compensation/Remuneration Committee to determine and set the criteria for induction of new directors on the Board of the Company, review the strength, structure, size and composition of the Board and such other matter related to appointment of Directors.
- (ii) Secretarial Audit: A qualified Practicing Company Secretary has also carried out the Secretarial Audit of the Company for the Financial Year 2011-12 for ensuring the compliance with provisions of Companies Act, 1956, Listing Agreement, SEBI Regulations on Takeover, Insider Trading etc.

The other clauses of the said voluntary guidelines are being reviewed by the management and will be implemented in a phase manner.

### MEANS OF COMMUNICATION

- a. The quarterly/half yearly/annual results during the year were published in the national English and Hindi Newspapers and displayed on the website of the Company [www.niit.com/investorrelations](http://www.niit.com/investorrelations) and official news releases, financial results, consolidated news releases, consolidated financial highlights and presentations etc. are also displayed at the Company's website.
- b. During the financial year 2011-12, the Company published its financial results in the following newspapers:

## CORPORATE GOVERNANCE REPORT (Contd.)

Financial Results	Newspapers	Date of publication
Audited financial results for the quarter ended March 31, 2011	Financial Express – English Jansatta – Hindi	May 11, 2011
Unaudited financial results for the quarter ended June 30, 2011	Financial Express – English Jansatta – Hindi	July 23, 2011
Unaudited financial results for the quarter ended September 30, 2011	Financial Express – English Jansatta – Hindi	Oct. 22, 2011
Unaudited financial results for the quarter ended December 31, 2011	Financial Express – English Jansatta – Hindi	Jan. 21, 2012

- c. The Company had quarterly Investors teleconferences and press conferences on May 10, 2011, July 22, 2011, October 21, 2011 and January 20, 2012 for the Investors of the Company immediately after the declaration of quarterly/annual results. In addition, an Annual Investor Meet (for institutional investors) was also organized in Mumbai on May 11, 2011.
- d. The management perspective, business review and financial highlights are part of the Annual Report.
- e. The quarterly distribution of shareholding is also displayed on the Company's website.

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

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

Considering the move taken by the MCA as a welcome step, the Company had sent the Annual Report for the financial year 2010-11 in electronic form to the e-mail IDs made available to the Company by the depositories and/or Members. All the official documents including Annual Report of the Company, circulated to the Members of the Company through electronic mode, were made available on the Company's website www.niit.com.

This year also, the Company will send the Annual Report including various notices/documents like Notices of General Meetings, Audited Financial Statements, Auditors' Report, Directors' Report and Financial Results in electronic mode.

The members are requested to provide their email IDs with their depository participants in case shares are held in electronic mode to ensure that the Annual Reports and other documents reach them at their preferred email IDs and where the shares are held in physical form, please get their email IDs updated in the records of the Company.

### SHAREHOLDERS' INFORMATION

#### a. Company Registration Details

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

#### b. Annual General Meeting

**Date** : Monday, July 2, 2012

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

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

**Book Closure Dates:** June 22, 2012 to July 2, 2012 (both days inclusive)

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

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

Financial reporting for the first quarter ending June 30, 2012	By August 14, 2012
Financial reporting for the second quarter ending September 30, 2012	By November 14, 2012
Financial reporting for the third quarter ending December 31, 2012	By February 14, 2013
Financial reporting for the year ending March 31, 2013	By May 30, 2013
Annual General Meeting for the year ending March 31, 2013	By August 31, 2013

#### d. Dividend

The Board of Directors has recommended a dividend of Rs. 1.60 per equity share of Rs. 2 each, subject to approval of the Shareholders' at the ensuing Annual General Meeting. The dividend shall be paid to the Shareholders within 30 days from the date of approval at the Annual General Meeting and as per the provisions of the Companies Act, 1956. The dividend, if declared, would be paid to such shareholders whose names appear in the Register of Members as on July 2, 2012, holding shares in physical form. In respect



## CORPORATE GOVERNANCE REPORT (Contd.)

of shares held in electronic mode, the dividend will be paid on the basis of list of beneficial owners as furnished by National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) as at the end of the business hours on June 21, 2012.

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

Investors shall provide an ECS mandate to the Company in case of shares held in physical form and ensure that the correct and updated particulars of their bank account are available with the Company and with the Depository Participant (DP) in case of shares held in demat form. This would facilitate in receiving direct credits of dividends, refunds etc, from the Company and avoiding postal delays and loss in transit.

**f. Unclaimed/Unpaid Dividend**

All unclaimed/unpaid dividends due for the Financial Year ended upto March 31, 2004 have been transferred to the Investor Education and Protection Fund (IEPF) of the Central Government pursuant to Section 205A of the Companies Act, 1956.

The Shareholders are requested to apply for revalidation/issue of demand drafts for the dividend for the Financial Year ending March 31, 2005 on or before August 02, 2012 after which any unpaid dividend amount for the Financial Year 2004-2005 will be transferred to IEPF by the Company and no claim shall lie against the Company or IEPF after the said transfer.

**g. Unclaimed Shares**

As mandated under the Clause 5A of the Listing Agreement, the Company is required to transfer the unclaimed shares in the Demat Suspense Account to be opened with the Depository Participant. In view of this, the Company has already sent three reminder notices to all those shareholders whose shares are unclaimed and now the Company is in process of transferring the unclaimed shares to "NIIT Unclaimed suspense account". Corporate benefits, if any accruing on these shares shall be

credited to "NIIT Unclaimed suspense account" and dividend benefits, if any shall be transferred to a separate bank account opened specially for this purpose.

**h. Nomination Facility**

The Companies (Amendment) Act, 1999, has provided for a nomination facility to the Shareholders of the Company. The Company is pleased to offer the facility of nomination to Shareholders and Shareholders may avail this facility by sending the duly completed Form 2B to the Registered Office of the Company/Registrar and Transfer Agent of the Company in case the shareholding is in physical form. The shareholders can obtain a copy of Form 2B from the Registered Office of the Company or can download it from the website of the Company at [www.niit.com/investorrelations](http://www.niit.com/investorrelations). In case of demat holdings the request may be submitted to the Depository Participant.

**i. Listing of Equity Shares and Debentures**

The Equity Shares of the Company are listed at the National Stock Exchange of India Limited (NSE), Mumbai and Bombay Stock Exchange Limited (BSE), Mumbai. The listing fees for the financial year 2012-13 have been paid to the Stock Exchanges.

The Debentures issued by the Company on private placement basis are listed at the NSE. The listing fees for the financial year 2012-13 have been paid to NSE.

**j. Compliance Certificate of the Auditors**

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

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

Annual General Meeting	Date when held	Book Closure (both days inclusive)
28 <sup>th</sup> AGM	Friday, July 1, 2011	Friday, June 24, 2011 to Friday, July 1, 2011
27 <sup>th</sup> AGM	Friday, July 9, 2010	Friday, July 2, 2010 to Friday, July 9, 2010
26 <sup>th</sup> AGM	Monday, July 27, 2009	Tuesday, July 21, 2009 to Monday, July 27, 2009

### I. Stock Code

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

### m. Stock Market Data

The monthly high and low share prices and market capitalization of Equity Shares of the Company traded on BSE and NSE from April 1, 2011 to March 31, 2012 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, 2011 to March 31, 2012:

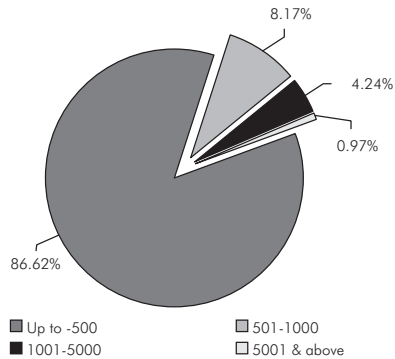
Month	Bombay Stock Exchange				National Stock Exchange			
	Sensex	High Price (Rs.)	Low Price (Rs.)	Market Cap* (Rs Mn)	Nifty	High Price (Rs.)	Low Price (Rs.)	Market Cap* (Rs Mn)
Apr-11	19136	59.80	53.35	9,270	5750	59.8	53	9,254
May-11	18503	58.65	50.15	9,212	5560	58.5	50.25	9,245
Jun-11	18846	57.60	51.60	9,122	5647	57.75	52.2	9,146
Jul-11	18197	59.60	53.60	9,113	5482	59.45	53.6	9,122
Aug-11	16677	55.90	43.00	7,677	5001	55.9	44	7,685
Sep-11	16454	48.40	43.05	7,264	4943	48.6	43.15	7,264
Oct-11	17705	52.30	40.80	7,949	5327	52.5	42.1	7,933
Nov-11	16123	49.20	42.65	7,264	4832	49.4	42.5	7,289
Dec-11	15455	48.00	34.40	6,018	4624	47.95	34.45	6,051
Jan-12	17194	46.80	37.25	6,951	5199	46.7	37.2	6,951
Feb-12	17753	52.60	41.40	7,867	5385	54.4	41.4	7,883
Mar-12	17404	56.25	44.10	8,940	5296	56.4	44.1	8,998

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

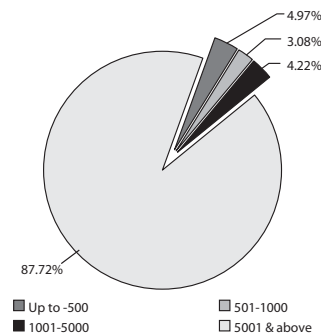
### Shareholding Distribution as on March 31, 2012

Range (No. of Shares)	No. of Shareholders	% to Total Shareholders	Total No. of Shares	% to Total Shares
Up to -500	68,231	86.623	8,201,415	4.968
501-1000	6,432	8.166	5,092,670	3.085
1001-5000	3,340	4.24	6,974,064	4.224
5001 & above	765	0.97	144,827,448	87.724
<b>TOTAL</b>	<b>78,768</b>	<b>100.00</b>	<b>165,095,597</b>	<b>100.00</b>

### No. of Shareholders

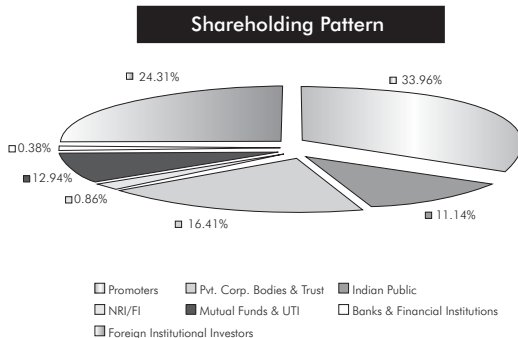


### Total No. of Shares



### Shareholding Pattern as on March 31, 2012

Category	No. of shares held (face value of Rs. 2 each)	Percentage of total shareholding
<b>Promoters' Holding</b>		
Indian Promoters	56,072,908	33.96
Foreign Promoters	-	-
<b>Total Promoters' Holding</b>	<b>56,072,908</b>	<b>33.96</b>
<b>Public Shareholding</b>		
Mutual Funds and UTI	21,362,373	12.94
Banks, Financial Institutions & Insurance Companies	630,223	0.38
Foreign Institutional Investors	40,135,906	24.31
Private Corporate Bodies & Trust	18,385,085	11.14
Indian Public	27,096,164	16.41
NRI/Foreign Individuals	1,412,938	0.86
<b>Total Public Shareholding</b>	<b>109,022,689</b>	<b>66.04</b>
<b>Grand Total</b>	<b>165,095,597</b>	<b>100.00</b>



**n. Details of requests/queries/complaints received and resolved during the financial year 2011-12:**

Nature	Request/queries received	Complaints	Resolved	Un-resolved
Change of address	24	-	24	-
Change of Bank details	38	-	38	-
Correction in dividend warrant	102	-	102	-
Non Receipt of Annual Report	-	3	3	-
Non receipt of Dividend	-	24	24	-
Non Receipt of Share certificates lodged for transmission/Bonus/Split	-	3	3	-
Requests for Annual Report	8	-	8	-
Requests for Bonus/Split share certificates	20	-	20	-
Requests for shareholding details	13	-	13	-
Request for Duplicate Shares	2	-	2	-
SEBI/Stock Exchange letters	-	5	5	-
Share certificates lodged for transfer	13	-	13	-
Others( non classified in above)	3	-	3	-
<b>Total</b>	<b>223</b>	<b>35</b>	<b>258</b>	<b>-</b>

There was no request/query/complaint pending at the beginning of the year. During the financial year, the Company attended most of the Shareholders'/ Investors' requests/queries/complaints within 15 days from the date of receipt. The exceptions have been for cases constrained by procedural issue or disputes/legal impediments etc. There is no request/query/complaint pending at the end of the financial year.

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

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

**p. Dematerialisation of Shares and Liquidity**

The Shares of the Company are compulsorily traded in dematerialised form. The Company has arrangements with both the National Securities Depositories Limited (NSDL) and Central Depository Services (India) Limited (CDSL) to establish electronic connectivity of its shares for scripless trading. As on March 31, 2012, 99.26 percent of the shares of the Company were held in a dematerialised form.

**q. Consolidate multiple folios**

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

**r. Liquidity of Shares**

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

**s. Share Transfer System**

The Company has appointed a common Registrar for the physical share transfer and dematerialisation of shares. The shares lodged for physical transfer/transmission/transposition are registered normally within a period of fortnight, if the documents are complete in all respects. For this purpose, the Share Transfer Committee meets as often as required. During the financial year under review, the Committee met 15 times. Adequate care is taken to ensure that no transfers are pending for more than a fortnight. Requests for demat/remat were confirmed mostly within a fortnight. The Company obtains from a Company Secretary in Practice half-yearly certificates of compliance with the share transfer formalities as required under Clause 47(c) of the Listing Agreement with Stock Exchanges and files a copy of the certificate with the Stock Exchanges.

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

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

## CORPORATE GOVERNANCE REPORT (Contd.)

are requested to please furnish copy of PAN card to the Company's RTA for registration of transfer of shares in their name.

**u. Compliance Officer**

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

**v. Designated exclusive email-id :**

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

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

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

Alankit Assignments Limited

Unit: NIIT Limited

2E/21, Jhandewalan Extension

New Delhi – 110 055.

Phone Nos. : +91 11 42541234, 23541234

Fax Nos. : +91 11 42541967,

e-mail : rta@alankit.com

**x. Registered Office:**

NIIT Limited,

B-234, Okhla Industrial Area,

Phase – I, New Delhi - 110 020, India

**y. Address for Correspondence**

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

The Compliance Officer

NIIT Limited

Investors Services

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

New Delhi - 110 020, India

Tel Nos. : +91 11 41407000

Fax: +91 11 26817344

e-mail: investors@niit.com

The Corporate Governance Report was adopted by the Board of Directors at their meeting held on May 9, 2012.

### CERTIFICATES UNDER CORPORATE GOVERNANCE REPORT

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

This is to certify that as per Clause 49 of the Listing Agreement:

1. The Code of Conduct has been laid down for all the Board Members and Senior Management and other employees of the Company.
2. The Code of Conduct has been posted on the website of the Company.
3. The Board Members and Senior Management Personnel have affirmed compliance with the Company's Code of Conduct for the year 2011-12.

Place : New Delhi  
Date : May 9, 2012

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

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

To,  
The Board of Directors,  
NIIT Limited  
B-234, Okhla Industrial Area, Phase-I  
New Delhi - 110 020

We hereby certify that for the financial year 2011-12:

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 2011-12 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 2011-12 and that the same have been disclosed in the notes to the financial statements; and
  - instances of significant fraud of which we are aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

Place : New Delhi  
Date : May 9, 2012

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

**Rohit Kumar Gupta**  
Chief Financial Officer

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

To the Members of NIIT Limited,

We have examined the compliance of conditions of Corporate Governance by NIIT Limited, for the year ended March 31, 2012, as stipulated in Clause 49 of the Listing Agreements of the said Company with stock exchanges in India.

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

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

We state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For Price Waterhouse  
Firm Registration Number : 301112E  
Chartered Accountants

Place : New Delhi  
Date : May 9, 2012

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

## AUDITORS' REPORT

### Auditors' Report to the Members of NIIT Limited

1. We have audited the attached Balance Sheet of NIIT Limited (the "Company") as at March 31, 2012, and the related Statement of Profit and Loss and Cash Flow Statement for the year ended on that date annexed thereto, which we have signed under reference to this report. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003, as amended by the Companies (Auditor's Report) (Amendment) Order, 2004 (together the "Order") issued by the Central Government of India in terms of sub-section (4A) of Section 227 of 'The Companies Act, 1956' of India (the 'Act') and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we further report that:
  - i). (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation, of fixed assets.
    - (b) The fixed assets are physically verified by the Management according to a phased programme designed to cover all the items over a period of two years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the programme, a portion of the fixed assets has been physically verified by the Management during the year and no material discrepancies between the book records and the physical inventory have been noticed.
    - (c) In our opinion and according to the information and explanations given to us, a substantial part of fixed assets has not been disposed of by the Company during the year.
  - ii). (a) The inventory has been physically verified by the Management during the year. In our opinion, the frequency of verification is reasonable.
    - (b) In our opinion, the procedures of physical verification of inventory followed by the Management are reasonable and adequate in relation to the size of the Company and the nature of its business.
    - (c) On the basis of our examination of the inventory records, in our opinion, the Company is maintaining proper records of inventory. The discrepancies noticed on physical verification of inventory as compared to book records were not material.
  - iii). (a) The Company has granted unsecured loans to five 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 aggregated to Rs. 263.19 million and Rs. 36.45 million respectively. The Company had also granted a loan to NIIT Institute of Information Technology (a Society) aggregating to Rs. 15 million which was received back during the year. Provisions of Section 297, 299 and 301 of the Act are not considered to be applicable to a Society.
    - (b) In our opinion, the rate of interest and other terms and conditions of such loans are not prima facie prejudicial to the interest of the Company.
    - (c) In respect of the aforesaid loans, the parties are repaying the principal amounts, as stipulated, and are also regular in payment of interest, as applicable. An amount of Rs. 29.7 million due from a wholly owned subsidiary is considered doubtful of recovery and has been provided for as at the year end.
    - (d) In respect of the aforesaid loans, there is no overdue amount more than Rupees One Lakh.
    - (e) The Company has taken unsecured loans, from one wholly owned subsidiary covered in the register maintained under Section 301 of the Act. The maximum amount involved during the year and the year-end balance of such loans aggregated to Rs. 160.1 million and Rs. 158.1 million respectively.
    - (f) In our opinion, the rate of interest and other terms and conditions of such loans are not prima facie prejudicial to the interest of the Company.

## AUDITORS' REPORT (Contd.)

- (g) In respect of the aforesaid loans, the Company is regular in repaying the principal amounts, as stipulated, and is also regular in payment of interest, as applicable.
- iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of inventory and fixed assets and for the sale of goods and services. Further, on the basis of our examination of the books and records of the Company, and according to the information and explanations given to us, no major weakness have been noticed or reported.
- 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 our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements and exceeding the value of Rupees Five Lakhs in respect of any party during the year have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
- vi). The Company has not accepted any deposits from the public within the meaning of Sections 58A and 58AA of the Act and the rules framed there under.
- vii). In our opinion, the Company has an internal audit system commensurate with its size and the nature of its business.
- viii). The Central Government of India has not prescribed the maintenance of cost records under clause (d) of sub-section (1) of Section 209 of the Act for any of the products of the Company.
- ix). (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is generally regular in depositing undisputed statutory dues in respect of service tax, though there has been a slight delay in a few cases, and is regular in depositing undisputed statutory dues, including provident fund, investor education and protection fund, employees' state insurance, income tax, wealth tax, customs duty and other material statutory dues, as applicable, with the appropriate authorities.
- (b) According to the information and explanations given to us and the records of the Company examined by us, the particulars of dues of income tax, works contract tax, service tax as at March 31, 2012 which have not been deposited on account of a dispute, are as follows:

Name of the statute	Nature of dues	Amount (Rs. Million)	Amount Deposited under Protest (Rs. Million)	Period to which the amount relates	Forum where the dispute is pending
Andhra Pradesh General Sales Tax Act, 1957	Works Contract Tax	101.96	-	2001-March 2012	High Court of Andhra Pradesh
Finance Act, 1994	Service Tax	20.98	-	2004-05	Customs, Excise and Service Tax Appellate Tribunal
Income Tax Act, 1961	Income Tax	0.41	-	2004-05	Income Tax Appellate Tribunal
		72.10	72.10	2005-06	Income Tax Appellate Tribunal
		86.50	85.82	2006-07	Commissioner of Income Tax (Appeals)
		71.76	58.16	2007-08	Commissioner of Income Tax (Appeals)

- x). The Company has no accumulated losses as at March 31, 2012 and it has not incurred any cash losses in the financial year ended on that date or in the immediately preceding financial year.
- xi). According to the records of the Company examined by us and the information and explanation given to us, the Company has not defaulted in repayment of dues to any financial institution or bank or debenture holders as at the balance sheet date.



## AUDITORS' REPORT (Contd.)

- xii). The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
  - xiii). The provisions of any special statute applicable to chit fund/ nidhi/ mutual benefit fund/ societies are not applicable to the Company.
  - xiv). In our opinion, the Company is not a dealer or trader in shares, securities, debentures and other investments.
  - xv). In our opinion and according to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institution during the year. In our opinion, and according to the information and explanations given to us, the terms and conditions of charge on the assets of the Company given by the Company for loans taken by its subsidiaries from banks during the year and the undertaking to support NIIT Institute of Information Technology to meet shortfall, if any, in repayment of loans taken by it from a bank during the year, are not considered prejudicial to the interests of the Company.
  - xvi). The Company has not obtained any term loans.
  - xvii). On the basis of an overall examination of the balance sheet of the Company, in our opinion, and according to the information and explanations given to us, there are no funds raised on a short-term basis which have been used for long-term investment.
  - xviii). The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Act during the year.
  - xix). The Company has created charge in respect of debentures issued and outstanding at the year-end.
  - xx). The Company has not raised any money by public issues during the year.
  - xxi). During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the Company, noticed or reported during the year, nor have we been informed of any 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, Statement of Profit and Loss and Cash Flow Statement dealt with by this report are in agreement with the books of account;
  - (d) In our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this report comply with the accounting standards 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, 2012 and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2012 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, 2012;
    - (ii) in the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and
    - (iii) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

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

**Usha Rajeev**  
*Partner*

Membership No. F-087191

Place : New Delhi  
Date : May 9, 2012

## BALANCE SHEET as at March 31, 2012

	Note	As At March 31, 2012 (Rs. Million)	As At March 31, 2011 (Rs. Million)
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' Funds</b>			
Share Capital	3	330.20	330.20
Reserves and Surplus	4	<u>4,503.20</u>	<u>3,832.88</u>
		<u>4,833.40</u>	<u>4,163.08</u>
<b>Non-Current Liabilities</b>			
Long-Term Borrowings	5	751.94	1,381.44
Other Long-Term Liabilities	8	139.98	74.96
Long-Term Provisions	9	<u>5.35</u>	<u>6.14</u>
		<u>897.27</u>	<u>1,462.54</u>
<b>Current Liabilities</b>			
Short-Term Borrowings	6	131.84	870.88
Trade Payables	7	1,416.59	976.58
Other Current Liabilities	8	1,535.13	1,294.31
Short-Term Provisions	9	<u>378.54</u>	<u>351.98</u>
		<u>3,462.10</u>	<u>3,493.75</u>
<b>TOTAL</b>		<b><u>9,192.77</u></b>	<b><u>9,119.37</u></b>
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Fixed Assets	10		
-Tangible Assets		1,496.30	1,242.37
-Intangible Assets		563.30	432.73
-Capital Work-In-Progress		-	72.35
-Intangible Assets under Development		167.14	249.02
Non-Current Investments	11	2,044.28	1,924.66
Deferred Tax Assets (net)	12	103.78	27.06
Long-Term Loans and Advances	13	584.05	612.11
Trade Receivables	14	361.96	77.60
Other Non-Current Assets	16	<u>257.98</u>	<u>364.05</u>
		<u>5,578.79</u>	<u>5,001.95</u>
<b>Current assets</b>			
Current Investments	11	-	105.90
Inventories	17	112.66	136.38
Trade Receivables	14	2,700.00	2,565.06
Cash and Bank Balances	18	182.77	234.33
Short-Term Loans and Advances	13	340.80	445.81
Other Current Assets	16	<u>277.75</u>	<u>629.94</u>
		<u>3,613.98</u>	<u>4,117.42</u>
<b>TOTAL</b>		<b><u>9,192.77</u></b>	<b><u>9,119.37</u></b>

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

For and on behalf of the Board

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

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

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

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

**Ashok Arora**  
Group Chief Financial Officer

**Rohit Kumar Gupta**  
Chief Financial Officer

**Rajesh Arora**  
Company Secretary

Place : New Delhi  
Date : May 9, 2012

## STATEMENT OF PROFIT AND LOSS For the year ended March 31, 2012

	Note	Year ended March 31, 2012 (Rs. Million)	Year ended March 31, 2011 (Rs. Million)
<b>Income</b>			
Revenue from Operations	22	7,381.28	6,480.14
Other Income	23	462.59	294.18
<b>Total Revenue</b>		<b><u>7,843.87</u></b>	<b><u>6,774.32</u></b>
<b>Expenses</b>			
Purchase of Traded Goods		1,319.99	1,042.21
(Increase)/ Decrease in Inventory	17	23.72	(35.05)
Employee Benefits Expense	24	1,782.56	1,430.06
Professional & Technical Outsourcing Expenses		1,286.18	1,029.34
Other Expenses	27	2,242.50	2,044.51
Finance Costs	29	217.90	268.86
Depreciation and Amortisation Expense	10	684.03	577.04
<b>Total Expenses</b>		<b><u>7,556.88</u></b>	<b><u>6,356.97</u></b>
<b>Profit before Exceptional items and Tax</b>		<b><u>286.99</u></b>	<b><u>417.35</u></b>
Exceptional items	30	856.51	136.08
<b>Profit before tax</b>		<b><u>1,143.50</u></b>	<b><u>553.43</u></b>
<b>Tax expense:</b>	12		
- Current Tax		297.41	108.18
- Deferred Tax (credit)		(76.72)	(28.48)
- MAT Credit Entitlement		(40.13)	(36.18)
- Provision for Tax relating to earlier years		0.40	12.52
<b>Profit for the year</b>		<b><u>962.54</u></b>	<b><u>497.39</u></b>
<b>Earnings per Equity Share (Face Value Rs. 2/ - each):</b>	35		
-Basic		5.83	3.01
-Diluted		5.83	3.01

The accompanying Notes referred to above form an integral part of the Financial Statements.  
This is the Statement of Profit and Loss referred to in our report of even date

For and on behalf of the Board

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

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

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

**Ashok Arora**  
Group Chief Financial Officer

**Rohit Kumar Gupta**  
Chief Financial Officer

**Rajesh Arora**  
Company Secretary

Place : New Delhi  
Date : May 9, 2012

## CASH FLOW STATEMENT for the year ended March 31, 2012

	Year ended March 31, 2012 (Rs. Million)	Year ended March 31, 2011 (Rs. Million)
<b>A. CASH FLOW FROM OPERATING ACTIVITIES:</b>		
Profit before Tax and after Exceptional Items	1,143.50	553.43
<b>Add/ (Less):</b>		
Depreciation and Amortisation	684.03	577.04
Provision for Doubtful Debts	300.04	69.10
Provision for Doubtful Advances	6.80	0.20
Provision for Slow/ Non-moving		
Inventory (net)	(1.35)	4.20
Inventory Written off	10.20	3.05
Provision for Investment and Doubtful Loan	40.20	-
Advances written off	0.11	-
Unrealised Foreign Exchange (Gain)/ Loss	(29.70)	(60.34)
Finance Cost	217.90	268.86
Interest Income	(21.01)	(76.30)
Dividend Income	(1,288.23)	(84.40)
(Profit)/ Loss on sale of Fixed Assets	(220.80)	3.53
Profit on sale of investments in Subsidiary	-	(208.08)
Liabilities Written Back	(1.60)	(5.69)
Provision for Gratuity & Compensated Absences (Net)	7.86	5.20
<b>Operating Profit before Working Capital Changes</b>	<b>847.95</b>	<b>1,049.80</b>
<b>Add/ (Less): (Increase)/ Decrease in Operating Working Capital:</b>		
Trade Receivables (Current & Non Current)	(678.93)	(531.86)
Loans and Advances & Other Assets (Current & Non Current)	151.62	(145.04)
Inventories	14.86	(42.30)
Current Liabilities and Provisions (Current & Non Current)	779.01	566.64
<b>Cash generated from operations</b>	<b>1,114.51</b>	<b>897.24</b>
Direct Tax- (paid)/ refund received (including TDS)	(159.66)	(189.39)
<b>Net Cash from Operating activities (A)</b>	<b>954.85</b>	<b>707.85</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES:</b>		
Purchase of Fixed Assets (including Capital Work-in-progress, internally developed intangibles and Capital Advances)	(1,036.95)	(737.62)
Proceeds from sale of Fixed Assets	274.83	10.42
Loans given to Subsidiaries	(60.96)	(411.01)
Loans given to Subsidiaries received back	217.11	350.84
Loans given to Others	(15.00)	(20.00)
Loans given to Others received back	15.00	463.80
Interest Received	19.49	76.02
Dividend received	1,371.48	78.29
Tax on Dividend Received	(191.61)	-
Purchases of Mutual Funds	(2,389.00)	(843.02)
Sale of Mutual Funds	2,494.90	738.28
Investment in Equity Shares in Subsidiary Companies	(130.12)	(22.00)
Proceeds from Sale of Investments in Subsidiary	233.90	83.68
<b>Net Cash from Investing activities (B)</b>	<b>803.07</b>	<b>(232.32)</b>

## CASH FLOW STATEMENT for the year ended March 31, 2012

(Contd.)

	Year ended March 31, 2012 (Rs. Million)	Year ended March 31, 2011 (Rs. Million)
<b>C. CASH FLOW FROM FINANCING ACTIVITIES:</b>		
Redemption of Non Convertible Debentures	(100.00)	(600.00)
Short Term Loan from Banks		
-Raised during the year	400.00	600.00
-Repaid during the year	(1,000.00)	(100.00)
Short Term Loan from Others		
-Repaid during the year	-	(500.00)
Vehicle Loans repaid during the year	-	(1.41)
Term Loan raised/ (repaid) during the year	(500.00)	500.00
Working Capital Loan raised/ (repaid) in Foreign Currency	(155.38)	155.38
Proceeds/ (Payments) relating to Cash Credits (Net)	5.84	(64.13)
Interest Paid on Fixed Loan (including finance charges on finance lease arrangements)	(210.36)	(270.87)
Dividend Paid	(246.85)	(229.92)
Dividend Tax Paid	(26.68)	(25.98)
Receipt of Inter Corporate Deposits	127.00	115.50
Repayment of Inter Corporate Deposits	(116.50)	(91.50)
<b>Net Cash from/ (used in) Financing activities (C)</b>	<b>(1,822.93)</b>	<b>(512.93)</b>
<b>Net Increase/ (Decrease) in Cash &amp; Cash Equivalents (A) + (B) + (C)</b>	<b>(65.01)</b>	<b>(37.40)</b>
<b>Cash and Cash Equivalents as at the beginning of the year (Footnote 1)</b>	<b>201.68</b>	<b>239.08</b>
<b>Cash and cash Equivalents as at the end of the year (Footnote 1)</b>	<b>136.67</b>	<b>201.68</b>

**Notes:**

	As at	
	March 31, 2012	March 31, 2011
<b>1 Cash and Cash Equivalents</b>		
Balance with banks		
Current Accounts	75.72	153.95
[Include Rs. 6.56 Million (Previous year Rs. 7.17 Million) pertaining to amount earmarked for specific contract]		
Exchange Earners' Foreign Currency Account	0.87	0.78
Cash on hand	10.16	10.47
Cheques, drafts on hand	49.92	36.48
<b>Cash and Cash Equivalents as at the end of the year</b>	<b>136.67</b>	<b>201.68</b>

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

3 Figures in paranthesis indicate cash outgo.

4 Previous year figures, to the extent feasible, have been regrouped/ recast wherever necessary to conform to the current year's classification. The accompanying Notes referred to above form an integral part of the Financial Statements.

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

For and on behalf of the Board

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

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

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

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

**Ashok Arora**  
Group Chief Financial Officer

**Rohit Kumar Gupta**  
Chief Financial Officer

**Rajesh Arora**  
Company Secretary

Place : New Delhi  
Date : May 9, 2012

## NOTES to the Financial Statements for the year ended March 31, 2012

### 1 CORPORATE INFORMATION

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

### 2 SIGNIFICANT ACCOUNTING POLICIES

#### 2.1 Basis of Preparation of Accounts

These financial statements have been prepared in accordance with the generally accepted accounting principles in India under the historical cost convention on accrual basis. These financial statements have been prepared to comply in all material aspects with the accounting standards notified under Section 211(3C) [Companies (Accounting Standards) Rules, 2006, as amended] and the other relevant provisions of the Companies Act, 1956.

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

#### 2.2 Changes in accounting policy

Dividend income from subsidiary companies: The Company was complying with the requirement of pre-revised Schedule VI of recognizing dividend declared by subsidiary companies after the reporting date if they related to the period which closed on or before the reporting date, till March 31, 2011. In the absence of similar requirement in the Revised Schedule VI, the Company has now changed its accounting policy in order to comply with the requirements of AS 9: Revenue Recognition, which requires dividend income to be recognized when the right to receive dividend is established. Had the Company continued to follow the earlier accounting policy, the dividend income recognized in the Statement of Profit and Loss would have been higher by Rs. 91.17 Million and other current assets would have been higher by Rs. 91.17 Million with consequential impact on the profit for the year and net assets of the Company at year end.

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

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

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.

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

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

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

**ii) Intangible Fixed Assets and Amortisation**

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

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

a) Internally Generated (Software, Contents and Products)	
- School based non - IT content	10 Years
- Others	3-5 Years
b) Acquired (Software, Contents and Products)	3-5 Years
c) Patents	3-5 years

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

**iii) Impairment of Assets**

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

**iv) Investments**

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

**v) Inventory Valuation – Traded Goods**

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

**vi) Revenue Recognition**

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

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

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

revenue from educational services is recognised over the contracted period of service. Deferred Revenue represents unamortised amounts billed to customers in advance for products, services or subscriptions.

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

**vii) Other Income**

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

(b) Interest income is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.

**viii) Employee Benefits**

**Gratuity**

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 (LIC) is additionally provided for.

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

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

**Compensated Absences**

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

**Superannuation**

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

**Provident Fund**

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

**Pension Fund**

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

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

Equity settled stock options granted under "NIIT Employee Stock Option Plan 2005" are accounted for as per the accounting treatment prescribed by Employee Stock Option Scheme and Employee Stock Purchase Guidelines, 1999, issued by Securities and Exchange Board of India, whereby the intrinsic value of the option being excess of market value of the underlying share immediately prior to date of grant over its exercise price is recognised as deferred employee compensation with a credit to employee stock option outstanding account. The deferred employee compensation is charged to Statement of Profit and Loss on straight line basis over the vesting period of the option. The options that lapse are reversed by a credit to



employee compensation expense, equal to the amortised portion of value of lapsed portion and credit to deferred employee compensation expense equal to the un-amortised portion. The balance in employee stock option outstanding account, net of any un-amortised deferred employee compensation, is shown separately as part of Shareholders' Funds.

**x) Foreign Currency Transactions**

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

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

**xi) Derivative Instruments and Hedge Accounting**

In accordance with its Risk management policies and procedures, the Company uses derivative instruments such as foreign currency forward contracts to hedge its risks associated with foreign currency fluctuations relating to certain firm commitments and highly probable forecasted transactions. The derivatives that qualify for hedge accounting and designated as cash flow hedges are initially measured at fair value & are remeasured at a subsequent reporting date and the changes in the fair value of the derivatives i.e. gain or loss (net of tax impact) is recognised directly in Shareholders' Funds under hedging reserve to the extent considered highly effective. Gain or loss on derivative instruments that either does not qualify for hedge accounting or not designated as cash flow hedges or designated cash flow hedges to the extent considered ineffective are recognised in the Statement of Profit and Loss.

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

**xii) Leases**

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

**xiii) Borrowing Cost**

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

**xiv) Taxation**

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

as per the normal provisions of the Act in future. MAT Credit is utilised in the year when normal income tax is higher than the Minimum Alternate Tax (MAT).

**xv) Provisions and Contingencies**

The Company creates a provision when there is present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that probably will not require an outflow of resources or where a reliable estimate of the obligation cannot be made.

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

**xvi) Earnings Per Share**

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

**xvii) Cash and Cash Equivalents**

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

	As At March 31, 2012	(Rs. Million) As At March 31, 2011
<b>3 SHARE CAPITAL</b>		
<b>Authorised</b>		
250,000,000 Equity Shares of Rs. 2/- each (Previous year 250,000,000 Equity Shares of Rs. 2/- each)	500.00	500.00
2,500,000 Redeemable Preference Shares of Rs. 100/-each (Previous year 2,500,000 Redeemable Preference Shares of Rs. 100/- each)	250.00	250.00
	<b>750.00</b>	<b>750.00</b>
<b>Issued</b>		
165,101,597 Equity Shares of Rs. 2/- each (Previous year 165,101,597 Equity Shares of Rs. 2/- each)	330.20	330.20
	<b>330.20</b>	<b>330.20</b>
<b>Subscribed and Paid-up</b>		
165,095,597 Equity Shares of Rs. 2/- each (Previous year 165,095,597 Equity Shares of Rs. 2/- each)	330.19	330.19
Add: Forfeited Shares (amount originally paid-up)	0.01	0.01
	<b>330.20</b>	<b>330.20</b>

### 3.1 Reconciliation of the number of shares outstanding

Equity Shares	As at			
	March 31, 2012		March 31, 2011	
	No. of shares	(Rs. Million)	No. of shares	(Rs. Million)
Shares outstanding at the beginning of the year	165,095,597	330.19	165,095,597	330.19
Shares issued during the year	-	-	-	-
Shares bought back during the year	-	-	-	-
Shares outstanding at the end of the year	<u>165,095,597</u>	<u>330.19</u>	<u>165,095,597</u>	<u>330.19</u>

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

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

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

	As at			
	March 31, 2012		March 31, 2011	
	No. of shares	% of holding	No. of shares	% of holding
Pace Services Limited	22,557,547	13.66%	22,557,547	13.66%
Global Solutions Private Limited	21,580,980	13.07%	21,580,980	13.07%
FID Funds (Mauritius) Limited Citi Bank N. A. Custody Services	10,139,408	6.14%	10,139,408	6.14%
<b>Total</b>	<u>54,277,935</u>	<u>32.87%</u>	<u>54,277,935</u>	<u>32.87%</u>

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

	As at			
	March 31, 2012		March 31, 2011	
	No. of shares	(Rs. Million)	No. of shares	(Rs. Million)
Equity shares (For details refer Note 26)	5,355,002	10.71	6,718,413	13.44
	<u>5,355,002</u>	<u>10.71</u>	<u>6,718,413</u>	<u>13.44</u>

### 3.5 Aggregate number of Equity shares issued for the immediately preceding five years

	As at	
	March 31, 2012	March 31, 2011
Allotted as fully paid up pursuant to contract(s) without payment being received in cash (No. of shares)	-	-
Allotted as fully paid up by way of bonus shares (No. of shares)	54,869,490	54,869,490
Shares bought back (No. of shares)	-	-
	<u>54,869,490</u>	<u>54,869,490</u>

(Rs. Million)

**4 RESERVES AND SURPLUS**

	As at		
	March 31, 2012	March 31, 2011	
<b>Securities Premium Reserve</b>	517.70		517.70
<b>Debenture Redemption Reserve</b>			
As per Last Balance Sheet	156.19	254.13	
Add: Amount transferred to General Reserve	(25.00)	-	
Add: Amount transferred from/ (to) Surplus in Statement of Profit and Loss	43.73	(97.94)	156.19
<b>General Reserve</b>			
As per Last Balance Sheet	706.64	656.90	
Add: Amount transferred from Debenture Redemption Reserve	25.00	-	
Add : Amount transferred from Surplus in Statement of Profit and Loss	96.25	49.74	706.64
<b>Surplus in Statement of Profit and Loss</b>			
Balance Brought Forward from Previous year	2,452.35	2,181.07	
Add : Profit for the year	962.54	497.39	
<b>Less: Appropriations</b>			
Proposed Dividend on Equity Shares	264.16	247.64	
Corporate Dividend Tax on above*	28.06	26.67	
Amount transferred to General Reserve	96.25	49.74	
Amount transferred to/ (from) Debenture Redemption Reserve	43.73	(97.94)	2,452.35
<b>Total</b>	<b>4,503.20</b>		<b>3,832.88</b>

\* The Company's wholly owned domestic subsidiary Scantech Evaluation Services Limited has declared dividend amounting to Rs. 91.17 Million (Previous year Rs. 83.24 Million) in respect of which dividend distribution tax would be paid by the subsidiary. In terms of provisions of sub-section 1A of section 115O of the Income Tax Act 1961, dividend distribution tax payable by the Company, is net of the dividend distribution tax to be paid by the subsidiary company amounting to Rs. 14.79 Million (Previous year Rs. 13.50 Million).

(Rs. Million)

**5 LONG-TERM BORROWINGS**

	As at			
	March 31, 2012	March 31, 2011	March 31, 2012	March 31, 2011
	Non-Current Portion		Current Maturities	
<b>A) SECURED</b>				
i) Non Convertible Debentures	700.00	900.00	200.00	100.00
ii) Term Loans from Banks				
-Rupee Term Loans	-	375.00	-	125.00
<b>Sub Total (A)</b>	<b>700.00</b>	<b>1,275.00</b>	<b>200.00</b>	<b>225.00</b>
<b>B) UNSECURED</b>				
i) Loans from Related subsidiary	-	32.10	32.10	-
ii) Finance Lease Obligation	51.94	74.34	22.39	19.97
<b>Sub Total (B)</b>	<b>51.94</b>	<b>106.44</b>	<b>54.49</b>	<b>19.97</b>
Amount disclosed under the head "Other Current Liabilities" (Refer Note No. 8) (C)	-	-	(254.49)	(244.97)
<b>Total (A+B+C)</b>	<b>751.94</b>	<b>1,381.44</b>	<b>-</b>	<b>-</b>

## 5.1 Details of Security Given Against Loans

- i) 12% Non Convertible Debentures issued to Life Insurance Corporation of India and 11.25% Non Convertible Debentures issued to Indian Overseas Bank are secured by way of first charge on pari-passu basis on the immovable and movable fixed assets of the Company. The Company had maintained sufficient asset cover to discharge the principal amount of these debentures at all times during the financial year 2011-12.
- ii) Rupee Term Loan was secured by exclusive charge by hypothecation of specific movable fixed assets and receivables/ deferred recoverable relating to specific school projects. During the current financial year, the loan has been repaid in full to the lender and the related securities have subsequently been released.

## 5.2 Terms of Repayment

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

Redemption Date	(Rs. Million)
20th October 2015	166.67
20th October 2014	166.67
20th October 2013	166.66
	<u>500.00</u>

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

Redemption Date	(Rs. Million)
17th March 2014	200.00
17th March 2013	200.00
17th March 2012 (Redeemed)	100.00
	<u>500.00</u>

- (iii) Finance Lease Obligation is repayable in Equated Monthly Instalments during the tenure of lease.

6 SHORT-TERM BORROWINGS	(Rs. Million)	
	As at March 31, 2012	As at March 31, 2011
<b>A) SECURED</b>		
-Cash Credit from Banks	<u>5.84</u>	<u>-</u>
<b>Sub Total (A)</b>	<u>5.84</u>	<u>-</u>
<b>B) UNSECURED</b>		
i) Loans from Banks		
-Working Capital Loan in Foreign Currency	-	155.38
-Other Loans	-	600.00
ii) Inter Corporate Deposits from Subsidiaries	126.00	115.50
<b>Sub Total (B)</b>	<u>126.00</u>	<u>870.88</u>
<b>Total (A+B)</b>	<u>131.84</u>	<u>870.88</u>

## 6.1 Details of security given against Loans

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

(Rs. Million)

## 7 TRADE PAYABLES

	As at	
	March 31, 2012	March 31, 2011
	<b>Current</b>	
- Due to Micro, Small and Medium Enterprises	0.10	1.46
- Due to Others	1,416.49	975.12
	<b>1,416.59</b>	<b>976.58</b>

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

(Rs. Million)

Particulars	As at	
	March 31, 2012	March 31, 2011
a) The principal amount and the interest due thereon remaining unpaid to any supplier		
i) Principal amount	0.05	1.38
ii) Interest thereon	0.01	0.01
b) The amount of payment made to the supplier beyond the appointed day and the interest thereon, during an accounting year		
i) Principal amount	1.30	10.37
ii) Interest thereon	-	-
c) The amount of interest due and payable for the year of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under this Act	0.04	0.07
d) The amount of interest accrued and remaining unpaid at the end of accounting year	0.01	-
e) Amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small investor	-	-

(Rs. Million)

## 8 OTHER LIABILITIES

	As at			
	March 31, 2012		March 31, 2011	
	<b>Long-Term</b>		<b>Current</b>	
Current Maturities of Long-Term Borrowings (Refer Note 5)	-	-	254.49	244.97
Interest Accrued but not due on Borrowings	-	-	21.58	14.04
Unpaid Dividend*	-	-	6.98	6.18
Unclaimed Fractional Share Payment	-	-	0.10	0.23
Security Deposits Payable	0.85	0.85	-	1.05
Payable to Subsidiaries	-	-	54.81	43.34
Deferred Revenue	5.95	7.22	38.28	38.46
Advances from Customers	133.18	66.89	927.36	655.62
Statutory Dues	-	-	74.75	91.90
Other Payables**	-	-	156.78	198.52
	<b>139.98</b>	<b>74.96</b>	<b>1,535.13</b>	<b>1,294.31</b>

\* There are no amounts due for payment to the Investor Protection Fund under section 205 C of the Companies Act, 1956 as at the year end.

\*\* includes capital creditors and payable to Employees

(Rs. Million)

9 PROVISIONS

	As at			
	March 31, 2012 Long-Term	March 31, 2011	March 31, 2012 Short-Term	March 31, 2011
<b>Provision for Employee Benefits (Refer Note 25)</b>				
-Provision for Gratuity	-	-	4.51	1.44
-Provision for Compensated Absences	5.35	6.14	81.81	76.23
<b>Others</b>				
-Proposed Dividend	-	-	264.16	247.64
-Provision for Corporate Dividend Tax	-	-	28.06	26.67
	<b>5.35</b>	<b>6.14</b>	<b>378.54</b>	<b>351.98</b>

**NOTES to the Financial Statements for the year ended March 31, 2012**

Contd..

Description of Assets	GROSS BLOCK			DEPRECIATION AND AMORTISATION			NET BLOCK			
	Cost As on 01.04.2011	Additions during the year	Sales/ Adj. during the year	Total as on 31.03.2012	As on 01.04.2011	For the year	Sales/ Adj. during the year	Total as on 31.03.2012	As on 31.03.2012	As on 31.03.2011
<b>Tangible</b>										
Land-Freehold {Refer Footnote (ii)}	20.51	-	-	20.51	-	-	-	-	20.51	20.51
Buildings {Refer Footnote (i) & (iii)}	209.32	-	-	209.32	30.53	3.41	-	33.94	175.38	178.79
Plant & Equipment										
-Owned	1,805.47	348.82	166.24	1,988.05	1,055.00	302.84	155.81	1,202.03	786.02	750.47
-Leased	7.06	-	2.02	5.04	6.41	0.12	1.93	4.60	0.44	0.65
Office Equipment										
-Owned	198.23	41.57	9.73	230.07	112.71	34.75	9.19	138.27	91.80	85.52
-Leased	0.06	-	0.02	0.04	0.05	-	0.01	0.04	-	0.01
Leasehold Improvements	363.37	235.55	43.89	555.03	250.78	70.12	39.30	281.60	273.43	112.59
Furniture & Fixtures										
-Owned	181.07	97.80	16.82	262.05	113.73	36.90	14.60	136.03	126.02	67.34
-Leased	5.40	-	2.38	3.02	4.76	0.19	2.31	2.64	0.38	0.64
Vehicles	39.70	2.44	6.60	35.54	13.85	3.64	4.27	13.22	22.32	25.85
<b>Sub Total (a)</b>	<b>2,830.19</b>	<b>726.18</b>	<b>247.70</b>	<b>3,308.67</b>	<b>1,587.82</b>	<b>451.97</b>	<b>227.42</b>	<b>1,812.37</b>	<b>1,496.30</b>	<b>1,242.37</b>
<b>Previous year (b)</b>	<b>2,586.05</b>	<b>308.80</b>	<b>64.66</b>	<b>2,830.19</b>	<b>1,276.60</b>	<b>366.70</b>	<b>55.48</b>	<b>1,587.82</b>	<b>1,242.37</b>	
<b>Intangible</b>										
Intellectual Property Rights										
- Acquired	122.89	62.24	-	185.13	103.06	11.64	-	114.70	70.43	19.83
- Internally generated (Ref Footnote (iv))	413.45	269.04	50.62	631.87	232.60	111.54	16.87	327.27	304.60	180.85
- Leased	119.65	-	-	119.65	30.46	23.76	-	54.22	65.43	89.19
Software Acquired	771.22	65.10	2.03	838.29	632.89	82.86	2.03	713.72	120.57	138.33
Patents	16.14	-	-	16.14	11.61	2.26	-	13.87	2.27	4.53
<b>Sub Total (c)</b>	<b>1,443.35</b>	<b>396.38</b>	<b>52.65</b>	<b>1,787.08</b>	<b>1,010.62</b>	<b>232.06</b>	<b>18.90</b>	<b>1,223.78</b>	<b>563.30</b>	<b>432.73</b>
<b>Previous year (d)</b>	<b>1,311.32</b>	<b>136.83</b>	<b>4.80</b>	<b>1,443.35</b>	<b>800.30</b>	<b>210.34</b>	<b>0.02</b>	<b>1,070.62</b>	<b>432.73</b>	
<b>Total (a+c)</b>	<b>4,273.54</b>	<b>1,122.56</b>	<b>300.35</b>	<b>5,095.75</b>	<b>2,598.44</b>	<b>684.03</b>	<b>246.32</b>	<b>3,036.15</b>	<b>2,059.60</b>	<b>1,675.10</b>
<b>Previous year (b+d)</b>	<b>3,897.37</b>	<b>445.63</b>	<b>69.46</b>	<b>4,273.54</b>	<b>2,076.90</b>	<b>577.04</b>	<b>55.50</b>	<b>2,598.44</b>	<b>1,675.10</b>	

**Capital work-in-progress**

**Intangible assets under development (Refer Footnote (vi))**

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

(ii) Out of the total land as above, 25 acres of land amounting to Rs. 6.52 Million at Tensil Behror, District Alwar is allotted for education purpose. This land cannot be transferred without the approval of the allotment authority.

(iii) Refer Note 40 (iv) for Building given on Operating Lease.

(iv) Refer Note 37 for cost incurred during the year on internally generated intangible assets.

72.35  
167.14

249.02



(Rs. Million)

11 INVESTMENTS Particulars	As at			
	March 31, 2012 Non - Current	March 31, 2011	March 31, 2012 Current	March 31, 2011
<b>A. TRADE [UNQUOTED]</b>				
(Valued at cost unless stated otherwise)				
<b>In Subsidiary Companies</b>				
<b>-Equity</b>				
24,162,113 (Previous year 24,162,113) Shares of 1 US \$ each fully paid-up in NIIT (USA) Inc., USA	1,083.57	1,083.57	-	-
Less: Provision for diminution in value of Investment	(398.42)	(398.42)		
	<u>685.15</u>	<u>685.15</u>	-	-
500,000 (Previous year 500,000) Equity Shares of 1 US \$ or Rs. 2,297 each fully paid-up in PT NIIT Indonesia, Indonesia	17.56	17.56	-	-
Less: Provision for diminution in the value of investment	(17.56)	(17.56)		
	<u>-</u>	<u>-</u>	-	-
35,056,000 (Previous year 35,056,000) Equity Shares of 1 US \$ each fully paid-up in NIIT Antilles NV, Netherlands Antilles	1,628.69	1,628.69	-	-
Less: Provision for diminution in value of Investment	(773.53)	(773.53)		
	<u>855.16</u>	<u>855.16</u>	-	-
3,949,175 (Previous year 3,949,175) Equity Shares of Re 1 each fully paid-up in NIIT Online Learning Limited	3.95	3.95	-	-
Less: Provision for diminution in value of Investment	(3.95)	(3.95)		
	<u>-</u>	<u>-</u>	-	-
1,000,000 (Previous year 1,000,000) Equity Shares of Rs 10/- each fully paid-up in Hole-in-the-Wall Education Limited	10.50	10.50	-	-
Less: Provision for diminution in value of Investment	(10.50)	-		
	<u>-</u>	<u>10.50</u>	-	-
9,910,000 (Previous year 9,910,000) Equity Shares of Rs. 10 each fully paid-up in Scantech Evaluation Services Limited	99.06	99.06	-	-
155,000 (Previous year 155,000) Equity Shares of 1 GBP each fully paid-up in NIIT Limited-UK	13.10	13.10	-	-
8,050,000 (Previous year 8,050,000) Equity Shares of Rs. 10 each fully paid-up in NIIT Institute of Finance Banking and Insurance Training Limited	80.50	80.50	-	-

(Rs. Million)

Particulars	As at			
	March 31, 2012 Non - Current	March 31, 2011	March 31, 2012 Current	March 31, 2011
1,475,096 (Previous year 863,471) Equity Shares of Rs. 10/- each fully paid-up in Evolv Services Limited (Refer Footnote i)	66.82	46.19	-	-
16,500,000 (Previous year 13,500,000) Equity Shares of Rs.10 each fully paid-up and Rs. Nil (Previous year Rs. 30,000,000/-) towards Share Application money in NIIT Institute of Process Excellence Limited (Refer Footnote ii)	165.00	135.00	-	-
7,949,155 Equity Shares of Rs. 10/- each fully paid-up in NIIT Yuva Jyoti Limited (Previous year Nil) [Refer Footnote (iii)&(iv)]	79.49	-	-	-
<b>- Preference</b>				
5,600,000 (Previous year 5,600,000) Non Convertible Cumulative Redeemable Preference Shares of Rs. 10/- each fully paid-up in Hole-in-the-Wall Education Limited (Investment of Rs. 100/-)	0.00	0.00	-	-
<b>Sub Total (A)</b>	<b>2,044.28</b>	<b>1,924.66</b>	-	-
<b>B. LONG TERM, OTHERS [UNQUOTED]</b>				
<b>In Other Companies</b>				
240 Equity Shares of Rs.10/- each fully paid-up in Hinduja HCL Singtel Communication Private Limited	0.00	0.00	-	-
Less: Provision for diminution in the value of Investment (Investment of Rs. 2,400/-)	(0.00)	(0.00)	-	-
<b>Sub Total (B)</b>	-	-	-	-
<b>C. SHORT TERM, NON TRADE [UNQUOTED]</b>				
In Mutual Funds	-	-	-	105.90
<b>Sub Total (C)</b>	-	-	-	<b>105.90</b>
<b>TOTAL (A+B+C)</b>	<b>2,044.28</b>	<b>1,924.66</b>	-	<b>105.90</b>
Aggregate amount of Unquoted Investment	3,248.24	3,118.12	-	105.90
Less:- Aggregate Provision for diminution in the value of Investment	(1,203.96)	(1,193.46)	-	-
<b>Total</b>	<b>2,044.28</b>	<b>1,924.66</b>	-	<b>105.90</b>

- (i) During the year, the Company has purchased balance shares in Evolv Services Limited from its other shareholders for a consideration of Rs. 20.63 Million. Consequently, Evolv Services Limited has become a wholly owned subsidiary of the Company
- (ii) During the year, the Company has made further investment of Rs. 30 Million (Previous year Rs. 15 Million) in the equity shares of Rs. 10 each in its subsidiary company NIIT Institute of Process Excellence limited.
- (iii) During the current year, NIIT Yuva Jyoti Limited ("NYJL") was incorporated on May 25, 2011 and certificate for commencement of business was granted on June 18, 2011. Investment of Rs. 79.49 Million was made by the Company in the equity shares of NYJL with a face value of Rs. 10 each. This initial shareholding can not be sold, pledged or otherwise encumbered wholly or in part for a period of four years.
- (iv) The Company is required to continue to hold a minimum of 51% of the total paid-up Equity Share Capital of NIIT Yuva Jyoti Limited (NYJL), during the term of the agreement with National Skill Development Corporation (NSDC).

## 12 TAXATION

- (a) Upon finalisation of Income Tax Return of Assessment year 2011-12 an amount of Rs. 0.40 Million (Net) (Previous year Rs. 3.15 Million) has been charged to the Statement of Profit and Loss for the current year
- (b) Detailed break-up of Deferred Tax Assets/ Liabilities and reconciliation of current year deferred tax credit is as follows:

(Rs. Million)

Deferred Tax Assets/ Liabilities	Opening As on 01.04.2011	Charged/ (Credited) to the Statement of Profit and Loss	Closing As on 31.03.2012
<b>Deferred Tax Liabilities:</b>			
Tax impact of difference between carrying amount of fixed assets in the financial statements and as per the income tax calculation.	54.53	24.10	78.63
<b>Total (A)</b>	<b>54.53</b>	<b>24.10</b>	<b>78.63</b>
<b>Deferred Tax Assets:</b>			
Tax impact of expenses charged in the Statement of Profit and Loss but allowable as deductions in future years under tax laws:			
-Provision for doubtful debts and advances	(40.04)	(98.45)	(138.49)
-Provision for Inventory	(2.16)	0.49	(1.67)
-Provision for Compensated Absences, Bonus, Gratuity and other timing differences	(27.56)	(1.98)	(29.54)
-Others	(11.83)	(0.88)	(12.71)
<b>Total (B)</b>	<b>(81.59)</b>	<b>(100.82)</b>	<b>(182.41)</b>
<b>Net Deferred Tax Liabilities/ (Assets) (A+B)</b>	<b>(27.06)</b>	<b>(76.72)</b>	<b>(103.78)</b>
<i>Previous year</i>	<i>1.42</i>	<i>(28.48)</i>	<i>(27.06)</i>

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

(Rs. Million)

**13 LOANS AND ADVANCES**

	As at			
	March 31, 2012	March 31, 2011	March 31, 2012	March 31, 2011
	Long-Term		Short-Term	
<b>i) Capital Advances</b>				
Unsecured, considered good	16.10	27.57	-	-
<b>(A)</b>	<b>16.10</b>	<b>27.57</b>	-	-
<b>ii) Security Deposits Receivable</b>				
Unsecured, considered good	298.66	287.58	75.31	45.37
Unsecured, considered doubtful	5.05	5.05	-	-
Less: Provision for doubtful security deposits	(5.05)	(5.05)	-	-
<b>(B)</b>	<b>298.66</b>	<b>287.58</b>	<b>75.31</b>	<b>45.37</b>
<b>iii) Loans to related parties</b>				
Unsecured, considered good	-	124.90	6.75	67.70
Unsecured, considered doubtful	29.70	-	-	-
Less: Provision for doubtful Loans	(29.70)	-	-	-
<b>(C)</b>	<b>-</b>	<b>124.90</b>	<b>6.75</b>	<b>67.70</b>
<b>iv) Other recoverable from related parties</b>				
Unsecured, considered good	-	-	7.84	118.50
Unsecured, considered doubtful	6.21	-	-	-
Less: Provision for doubtful advances	(6.21)	-	-	-
<b>(D)</b>	<b>-</b>	<b>-</b>	<b>7.84</b>	<b>118.50</b>
<b>v) Advances recoverable in cash or in kind*</b>				
Unsecured, considered good	14.85	11.21	250.90	214.24
Unsecured, considered doubtful	1.19	1.02	-	-
Less: Provision for doubtful advances	(1.19)	(1.02)	-	-
<b>(E)</b>	<b>14.85</b>	<b>11.21</b>	<b>250.90</b>	<b>214.24</b>
<b>vi) Other Advances</b>				
a) Advance payment of Fringe Benefit Tax	88.11	88.11	-	-
Less: Provision for Fringe Benefit Tax	(87.40)	(87.40)	-	-
	<b>0.71</b>	<b>0.71</b>	-	-
b) Advance Tax	1,173.52	822.25	-	-
Less : Provision for Tax	(996.10)	(698.29)	-	-
	<b>177.42</b>	<b>123.96</b>	-	-
c) MAT Credit Entitlement				
- Opening Balance	36.18	-	-	-
- Additions during the Year	40.13	36.18	-	-
	<b>76.31</b>	<b>36.18</b>	-	-
<b>(F)</b>	<b>254.44</b>	<b>160.85</b>	-	-
<b>Total (A+B+C+D+E+F)</b>	<b>584.05</b>	<b>612.11</b>	<b>340.80</b>	<b>445.81</b>

\* Includes amount due from Directors or other Officers Nil ( Previous year Nil). Maximum amount due from Directors or other officers during the year Rs. 1.30 Million (Previous year Rs. 1.41 Million)

13.1 During the year the Company has given a loan of Rs. 15 Million (Previous year Rs. 20 Million) to NIIT Institute of Information Technology. NIIT Institute of Information Technology has repaid this amount during the year and there is no loan outstanding as on March 31, 2012

(Rs. Million)

**14 TRADE RECEIVABLES**

	As at			
	March 31, 2012 Non - Current	March 31, 2011	March 31, 2012 Current	March 31, 2011
<b>a) Outstanding for a period exceeding six months from the date they are due for payment</b>				
Unsecured, considered good	-	-	881.60	1,127.12
Unsecured, considered doubtful	413.79	114.46	-	-
Less: Provision for doubtful debts	(413.79)	(114.46)	-	-
	-	-	<b>881.60</b>	<b>1,127.12</b>
<b>b) Others</b>				
Unsecured, considered good	361.96	77.60	1,818.40	1,437.94
Unsecured, considered doubtful	0.60	-	-	-
Less: Provision for doubtful debts	(0.60)	-	-	-
	<b>361.96</b>	<b>77.60</b>	<b>1,818.40</b>	<b>1,437.94</b>
	<b>361.96</b>	<b>77.60</b>	<b>2,700.00</b>	<b>2,565.06</b>

**15 MOVEMENT OF PROVISION FOR DOUBTFUL DEBTS**

(Rs. Million)

**Provision for Doubtful Debts**

	As at	
	March 31, 2012	March 31, 2011
Opening Provision	114.46	172.23
Add: Additional Provision created*	300.04	69.10
Less: Bad Debts written off	(0.11)	(126.87)
<b>Closing Provision</b>	<b>414.39</b>	<b>114.46</b>

\* Provision for Doubtful Debts amounting to Rs. 247.43 Million (Previous year Nil) shown as exceptional item, Refer Note 30.

(Rs. Million)

**16 OTHER ASSETS**

	As at			
	March 31, 2012 Non - Current	March 31, 2011	March 31, 2012 Current	March 31, 2011
Non Current Bank Balances (Refer Note 18)	16.96	16.96	-	-
Unbilled Revenue	238.96	346.35	276.99	395.48
Interest Receivable	2.06	0.74	0.76	0.56
Other Receivables (On Sale of Investment)*	-	-	-	233.90
	<b>257.98</b>	<b>364.05</b>	<b>277.75</b>	<b>629.94</b>

\*Other Receivable is in respect of sale of entire investment by the company in its subsidiary NEO Multimedia Limited (Formerly known as NIIT Multimedia Limited) during the previous year.

		(Rs. Million)	
		As at	
		March 31, 2012	March 31, 2011
<b>17 INVENTORIES (Valued at lower of Cost or Net Realisable Value)</b>			
<b>As at the end of the year</b>			
<b>Traded Goods</b>			
a) Education and Training Material*		109.64	134.93
b) Software		3.02	1.45
		<u>112.66</u>	<u>136.38</u>
<b>As at the beginning of the year</b>			
<b>Traded Goods</b>			
a) Education and Training Material		134.93	99.58
b) Software		1.45	1.75
		<u>136.38</u>	<u>101.33</u>
		<u>23.72</u>	<u>(35.05)</u>
<b>(Increase)/ Decrease in Inventory</b>			

\* Net of provision for non-moving inventories of Rs. 5.15 Million (Previous year Rs. 6.50 Million).

		(Rs. Million)			
		As at			
		March 31, 2012	March 31, 2011	March 31, 2012	March 31, 2011
		Non - Current		Current	
<b>18 CASH AND BANK BALANCES</b>					
<b>Cash and Cash Equivalents:</b>					
Balance with Banks					
-Current Accounts*	-	-	75.72	153.95	
-Exchange Earners Foreign Currency Account	-	-	0.87	0.78	
Cash on hand	-	-	10.16	10.47	
Cheques, Drafts on hand	-	-	49.92	36.48	
*[Include Rs. 6.56 Million (Previous year Rs. 7.17 Million) pertaining to amount earmarked for specific contract]					
<b>Sub Total (A)</b>	<u>-</u>	<u>-</u>	<u>136.67</u>	<u>201.68</u>	
<b>Other Bank Balances:</b>					
Bank Deposits*					
With original maturity of more than 3 months and upto 12 months	-	-	39.12	26.47	
With original maturity of more than 12 months	16.96	16.96	-	-	
Dividend Accounts	-	-	6.98	6.18	
* Pledged as Margin money					
<b>Sub Total (B)</b>	<u>16.96</u>	<u>16.96</u>	<u>46.10</u>	<u>32.65</u>	
<b>Total (A+B)</b>	<u>16.96</u>	<u>16.96</u>	<u>182.77</u>	<u>234.33</u>	
Amount disclosed under "Other Non-Current Assets (Note 16) (C)					
	(16.96)	(16.96)	-	-	
<b>Total (A+B+C)</b>	<u>-</u>	<u>-</u>	<u>182.77</u>	<u>234.33</u>	

## 19 CONTINGENT LIABILITIES

(a) Claims against the Company not acknowledged as debts Rs. 9.2 Million (Previous year Rs. 14.2 Million)

(b) Guarantees

- i. Guarantees issued by bankers outstanding at the end of accounting year Rs. 464.91 Million (Previous year Rs. 21.08 Million).
- ii. Corporate Guarantee Rs. Nil [USD Nil (net of payment of USD Nil)] given to ICICI Bank, Bahrain on behalf of NIIT (USA) Inc., USA (Previous year Rs. 621.60 Million [USD 14 Million (net of payment of USD 29.50 Million)]).
- iii. Corporate Guarantee Rs Nil [USD Nil (loan outstanding USD Nil)] (Previous year Rs. 732.60 Million [USD 16.50 Million (loan outstanding USD 15 Million)]) given to ICICI Bank UK PLC, UK on behalf of NIIT (USA) Inc.,USA.
- iv. Corporate Guarantee of Rs.559.57 Million (USD 11 Million) has been issued by the Company during the current financial year to SkillSoft Corporation, USA & SkillSoft Ireland Limited to secure them against any indemnification obligations of NIIT Ventures Inc. (a step down subsidiary of the Company) and NIIT (USA) Inc., with respect to sale of certain assets of Element K Corporation (a step down subsidiary of the Company), and Stock sale of Element K Corporation by NIIT Ventures Inc.,USA.
- v. Corporate Guarantee of Rs. 79.64 Million given to National Skill Development Corporation to secure the loan of Rs. 79.64 Million availed by NIIT Yuva Jyoti Limited, Subsidiary of the Company.

(c) Other money for which the company is contingently liable

- i. Letter of Credit issued by bankers on behalf of the Company outstanding at the end of accounting year Rs. Nil (Previous year Rs. 24.17 Million)
- ii. Stand by Letter of Credit of Rs Nil [USD Nil] (Previous year Rs. 244.20 Million [USD 5.50 Million]) from BNP Paribas in favor of Bank of West, USA on behalf of Element K Corporation, USA
- iii. Security given for working capital limits on behalf of Evolv Services Limited Rs. 10 Million (Previous year Rs. 10 Million) [Amount outstanding at year end Rs 6.43 Million (Previous year Rs. 9.77 Million)], NIIT Institute of Finance Banking and Insurance Training Limited Rs. 10 Million (Previous year Rs.10 Million) [Amount Outstanding at year end Rs. Nil (Previous year Rs. Nil)] and Hole-in-the-Wall Education Limited of Rs 20 Million (Previous year Rs.10 Million) [Amount Outstanding at year end Rs. 16.70 Million (Previous year Rs. 8.01 Million)].
- iv. Andhra Pradesh works contract tax Rs. 101.96 Million (Previous year Rs.91.84 Million). Management does not foresee any financial implication based on the advice of the legal consultant.
- v. Service Tax demand amounting to Rs. 10.49 Million (Previous year Rs. 10.49 Million) and equal amount of penalty i.e. Rs. 10.49 Million (Previous year Rs. 10.49 Million) raised by Commissioner of Service Tax, Delhi. Management does not foresee any financial implication based on the advice of the legal consultant.
- vi. Income Tax demand for Rs. 230.77 Million (Previous year Rs.157.60 Million). Management does not foresee any financial implication based on the advice of the legal consultant.
- vii. Service Tax liability on rental of immovable properties amounting to Rs. Nil (Previous year Rs. 12.07 Million).
- viii. The Company had received Show Cause Notices u/s 263 of the Income Tax Act, 1961, issued by the Commissioner of Income Tax for the Assessment years 1999-00 to 2005-06, who later issued Orders directing the Assessing Officer for re-assessment on certain items. The quantum of Income Tax demand, if any, has neither been quantified nor ascertained and thus, indeterminable at this stage. These orders have been challenged by the Company in the Income Tax Appellate Tribunal, which has directed the Income Tax department to produce all records related to assessment for perusal of the Tribunal. Against the order of the Tribunal, the Income Tax Department has preferred a writ petition in the High Court at Delhi. The matter is under adjudication in the High Court. Based on legal opinion obtained by the Company, the Company is confident that the matter as above shall be decided in its favour.

## 20 CAPITAL AND OTHER COMMITMENTS

- (a) Estimated amount of contracts remaining to be executed on capital account (net of advances) not provided for Rs. 193.82 Million (Previous Year Rs. 281.99 Million).
- (b) For commitments related to lease arrangements, refer Note 40.
- (c) There are certain contracts with State Governments under which the Company is required to transfer ownership of the fixed assets and equipments under leasing arrangement at the written down value (which will be nil), at the end of the contract term.
- (d) The company has issued a letter of support to provide need based financial support to its subsidiaries NIIT Institute of Finance Banking and Insurance Training Limited and Hole-in-the-Wall Education Limited.
- (e) Commitment to support NIIT Institute of Information Technology to meet the shortfall, if any, in repayment of loan taken by it from a bank.
- (f) For commitment in respect of non-disposal of investment in subsidiary, refer note 11 (footnote iv).

## 21 PROPOSED DIVIDEND

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

	<u>As at</u> <u>March 31, 2012</u>	<u>As at</u> <u>March 31, 2011</u>
On equity Shares of Rs. 2/- each		
Amount of Dividend Proposed (Rs. Million)	264.16	247.64
Dividend per Equity Share	Rs. 1.60/- Per Share	Rs. 1.50/- Per Share

## 22 REVENUE FROM OPERATIONS

	Year ended	
	<u>March 31, 2012</u>	<u>March 31, 2011</u>
		(Rs. Million)
<b>Sale of Products :</b>		
Courseware Revenue	2,855.19	2,943.04
Subscription Revenue	36.31	-
Hardware & Accessories Revenue	660.82	213.01
<b>Sale of Services</b>	<u>3,828.96</u>	<u>3,324.09</u>
	<b>7,381.28</b>	<b>6,480.14</b>

## 23 OTHER INCOME

	Year ended	
	<u>March 31, 2012</u>	<u>March 31, 2011</u>
		(Rs. Million)
Interest Income	21.01	76.30
Dividend Income from Long Term Investments in Subsidiaries	-	83.24
Dividend Income from Current Investments	10.85	1.16
Provision/ Other Liabilities Written Back	1.60	5.69
Profit on Sale of Fixed Assets	220.80	-
Gain on Foreign Currency Translation and Transaction (net)	62.11	-
Recovery from Subsidiaries for Management Services	117.72	108.55
Other Non-Operating Income	28.50	19.24
	<u>462.59</u>	<u>294.18</u>

## 24 EMPLOYEE BENEFITS EXPENSE

	Year ended	
	<u>March 31, 2012</u>	<u>March 31, 2011</u>
		(Rs. Million)
Salaries and Benefits	1,634.56	1,303.90
Contribution to Provident and other Funds	79.20	69.16
Staff Welfare	68.80	57.00
	<u>1,782.56</u>	<u>1,430.06</u>



## 25 EMPLOYEE BENEFITS

### A) Defined Contribution Plans

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

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

Particulars	(Rs. Million)	
	Year ended	
	March 31, 2012	March 31, 2011
Employers' Contribution to Superannuation Fund	12.29	11.06
Employers' Contribution to Employees Pension Scheme	19.29	15.73

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

Particulars	(Rs. Million)	
	Year ended	
	March 31, 2012	March 31, 2011
Employers' Contribution to Superannuation Fund	2.16	2.01
Employers' Contribution to Employees Pension Scheme	Nil	0.01

### B) Defined Benefit Plans

#### I. Provident Fund

The Company makes contribution to the "NIIT LIMITED EMPLOYEES' PROVIDENT FUND TRUST" ("the Trust"), which is a defined benefit plan. The Company contributed Rs. 34.88 Million (Previous year Rs. 27.67 Million) including Rs. 1.99 Million (Previous year Rs. 1.85 Million) in respect of Key Managerial personnel during the year to the Trust.

The Company has an obligation to make good the shortfall, if any, between the return from the investments of the Trust and the notified interest rate. The Company's obligation in this regard is actuarially determined and provided for if the circumstances indicate that the Trust may not be able to generate adequate returns to cover the interest rates notified by the Government.

The guidance on implementing AS 15 Employee Benefits (revised 2005), issued by Accounting Standards Board (ASB) of The Institute of Chartered Accountants of India, states that benefits involving employer established provident fund trust, which require interest shortfall to be compensated by the employer is required to be considered as Defined Benefits Plans. The Actuarial Society of India has issued the final guidance for measurement of Provident Fund liability during the year ended March 31, 2012 basis which the actuary has provided a valuation and based on the below mentioned assumptions, determined that there is no short fall as at March 31, 2012.

The details of fund and plan assets of the Trust as at March 31, 2012 (as provided by the actuary):

Particulars	(Rs. Million)	
	As at	
	March 31, 2012	
Present value defined benefit obligation as at the beginning of the year	-	-
Current service cost		0.63
Actuarial (gain)/ loss on obligations		2.93
<b>Present Value Defined Benefit Obligations as at the end of the year</b>		<b>3.56</b>

(ii) Change in Fair Value of Assets

Particulars	As at March 31, 2012 (Rs. Million)
Fair value of plan assets as at the beginning of the year	16.35
Actuarial (loss)/ gain on Plan Assets	14.51
<b>Fair value of Plan Assets as at the end of the year</b>	<b><u>30.86</u></b>

(iii) Estimated Net Asset/ Liability recognised in Balance Sheet as on March 31, 2012

Particulars	As at March 31, 2012 (Rs. Million)
Present value of defined benefit obligation	3.56
Fair value of plan assets	30.86
Funded status [surplus/ (deficit)]	27.30
<b>Net Asset/ (Liability) recognised in Balance Sheet</b>	<b><u>-</u></b>

(iv) Assumptions used in accounting for provident Fund:-

Discount Rate (Per Annum)	8.60%
Expected return on Plan Assets	8.60%
Expected guaranteed interest rate	8.60%

## II. Compensated Absences

Particulars	(Rs. Million)	
	Year ended March 31, 2012	March 31, 2011
<b>(i) Change in present value of obligation:</b>		
Present value of obligation as at the beginning of the year	82.37	77.50
Past service cost	Nil	Nil
Current service cost*	20.98	15.19
Interest cost	6.54	6.18
Benefits Paid	(0.99)	(0.49)
Actuarial (gain)/ loss on obligations	(21.74)	(16.01)
<b>Present value of obligation as at the end of the year</b>	<b><u>87.16</u></b>	<b><u>82.37</u></b>
<b>Classification</b>		
Short Term	81.81	76.23
Long Term	5.35	6.14
<b>Total</b>	<b><u>87.16</u></b>	<b><u>82.37</u></b>

\* Current service cost is gross of recoveries/ (net of credits) from/ to Associates & Subsidiaries [Current year: Rs.0.22 Million, Previous year: Rs. 0.14 Million]

Particulars	(Rs. Million)	
	Year ended	
	March 31, 2012	March 31, 2011
<b>ii) Assumptions used in accounting for Compensated Absences:-</b>		
Discount Rate (per annum)	8.60%	8.00%
Future Salary Increase		
-For First 5 Years	10.00%	10.00%
-Thereafter	7.00%	7.00%

### III. Gratuity Fund

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

Particulars	(Rs. Million)	
	Year ended	
	March 31, 2012	March 31, 2011
<b>i) Change in Present value of Obligation:-</b>		
Present value of obligation as at the beginning of the year	88.44	75.78
Interest cost	6.52	5.68
Current service cost	10.96	9.46
Benefits paid	(13.83)	(9.50)
Actuarial (gain)/ loss on obligations	1.95	7.02
<b>Present value of obligation as at the end of the year</b>	<b>94.04</b>	<b>88.44</b>
<b>ii) Change in Plan Assets:-</b>		
Fair value of Plan Assets as at the beginning of the year	87.00	74.68
Expected return on Plan Assets	7.93	7.28
Contributions*	9.95	15.02
Benefits Paid	(13.83)	(9.50)
Actuarial (loss)/ gain on Plan Assets	(1.52)	(0.47)
<b>Fair value of Plan Assets as at the end of the year</b>	<b>89.52</b>	<b>87.00</b>

\* Contributions include Recoveries from Associates and Subsidiaries.

\*Actuary's estimates of contributions for Financial year 2012-13 is Rs. 16.01 Million

Particulars	(Rs. Million)				
	As at March 31, 2012	As at March 31, 2011	As at March 31, 2010	As at March 31, 2009	As at March 31, 2008
<b>iii) Amount of Asset/ (obligation) recognised in the Balance Sheet:-</b>					
Fair value of Plan Assets as at the end of the year	89.53	87.00	74.68	66.59	59.59
Present value of obligation as at the end of the year	94.04	88.44	75.78	72.44	64.36
<b>Asset/ (obligation) Recognised in Balance Sheet</b>	<b>(4.51)</b>	<b>(1.44)</b>	<b>(1.10)</b>	<b>(5.85)</b>	<b>(4.77)</b>

Particulars	(Rs. Million)	
	Year ended	
	March 31, 2012	March 31, 2011
<b>iv) Net Gratuity Cost recognised in Statement of Profit &amp; Loss:-</b>		
Current service cost	10.96	9.46
Interest cost	6.52	5.68
Expected return on Plan Assets	(7.93)	(7.28)
Net Actuarial (gain)/ loss recognised during the year	3.48	7.48
<b>Expense recognised in the Statement of Profit &amp; Loss*</b>	<b>13.03</b>	<b>15.34</b>
<b>Actual return on plan assets</b>	<b>7.72</b>	<b>6.82</b>

\*Gross of Recoveries from Associates & Subsidiaries (Current year Rs. 0.29 Million, Previous year Rs. 0.64 Million) and also includes Rs. 2.89 Million (Previous year Rs. 2.97 Million) towards contribution for Key Managerial Personnel.

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

v) Assumptions used in accounting for gratuity plan:-	Year ended	
	March 31, 2012	March 31, 2011
Discount Rate (Per annum)	8.60%	8.00%
Future Salary Increase	5.00%	5.00%
Expected Rate of return on plan assets	9.40%	9.40%

#### vi) Investment details of Plan Assets:-

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

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

## 26 EMPLOYEES STOCK OPTION SCHEME

During the year 2005-06, the Company had established NIIT Employee Stock Option Plan 2005 "ESOP 2005" and the same was approved at the General Meeting of the Company held on May 18, 2005. The plan was set up so as to offer and grant, for the benefit of employees (excluding promoters) of the Company, who are eligible under "Securities and Exchange Board of India (SEBI) (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999", options of the Company in aggregate up to 1,925,000 options under ESOP 2005, in one or more tranches, and on such terms and conditions as may be fixed or determined by the Board, in accordance with the provisions of law or guidelines issued by the relevant authorities in this regard.

As per the plan, each option is exercisable for one equity share of face value of Rs. 2/- each (Rs. 10/- each pre bonus and split) fully paid up on payment to the Company, at a price to be determined in accordance with ESOP 2005. ESOP information is given for the number of shares after sub-division and Bonus issue.

The summary of options granted is as follows:

Particulars	Grant III		Grant IV		Vest 1			Grant V			Vest 3	
	2011-12	2010-11	2011-12	2010-11	2011-12	2010-11	2010-11	2011-12	2010-11	2011-12	2010-11	2010-11
Date of Grant	5-Jun-07	5-Jun-07	28-Jul-08	28-Jul-08	26-Oct-09	26-Oct-09	26-Oct-09	26-Oct-09	26-Oct-09	26-Oct-09	26-Oct-09	26-Oct-09
Date of Vesting	5-Jun-08	5-Jun-08	28-Jul-09	28-Jul-09	26-Oct-10	26-Oct-10	26-Oct-11	26-Oct-11	26-Oct-11	26-Oct-12	26-Oct-12	26-Oct-12
Live options at the beginning of the year (Nos.)	409,126	439,177	1,081,050	1,218,300	1,624,046	1,815,228	1,561,220	1,815,228	1,561,221	1,815,229	1,815,229	
Granted during the year (Nos.)	-	-	-	-	-	-	-	-	-	-	-	-
Forfeited/ lapsed fill vesting period (Nos.)	-	-	-	-	-	137,682	159,234	254,008	244,719	254,008	254,008	
Options Vested (Nos)	-	-	-	-	-	1,677,546	1,401,986	-	-	-	-	-
Forfeited/ lapsed post vesting (Nos)	409,126	30,051	153,750	137,250	264,356	53,500	42,296	-	-	-	-	-
Options exercised (Nos)	-	-	-	-	-	-	-	-	-	-	-	-
Outstanding/ exercisable at the end of the year (Nos)	-	409,126	927,300	1,081,050	1,359,690	1,624,046	1,359,690	1,561,220	1,316,502	1,561,221	1,561,221	
Exercise Price (Rs.)	121.62	121.62	88.70	88.70	72.20	72.20	72.20	72.20	72.20	72.20	72.20	72.20
Remaining Contractual Life (Days)	-	66	118	484	573	939	938	1,304	1,304	1,304	1,670	1,670
Fair value of the options based on Black and Scholes Model (Rs.)	37.23	37.23	32.09	32.09	32.00	32.00	34.77	34.77	36.64	36.64	36.64	36.64
Intrinsic Value of the options granted (Rs.)	-	-	-	-	-	-	-	-	-	-	-	-

Particulars	Grant VI						Grant VII					
	Vest 1		Vest 2		Vest 3		Vest 1		Vest 2		Vest 3	
	2011-12 23-Jan-10	2010-11 23-Jan-10	2011-12 23-Jan-10	2010-11 23-Jan-10	2011-12 23-Jan-10	2010-11 23-Jan-10	2011-12 22-Oct-10	2010-11 22-Oct-10	2011-12 22-Oct-10	2010-11 22-Oct-10	2011-12 22-Oct-10	2010-11 22-Oct-10
Date of Grant	23-Jan-11	23-Jan-10	23-Jan-11	23-Jan-10	23-Jan-11	23-Jan-10	22-Oct-11	22-Oct-10	22-Oct-11	22-Oct-10	22-Oct-11	22-Oct-10
Date of Vesting	23-Jan-11	23-Jan-11	23-Jan-12	23-Jan-12	23-Jan-13	23-Jan-13	22-Oct-11	22-Oct-11	22-Oct-12	22-Oct-12	22-Oct-13	22-Oct-13
Live options at the beginning of the year (Nos.)	135,770	165,950	129,460	165,950	129,460	165,950	29,020	-	29,020	-	29,020	-
Granted during the year (Nos.)	-	-	-	-	-	-	-	-	-	-	-	-
Forfeited/ lapsed till vesting period (Nos.)	-	30,180	27,160	36,490	32,080	36,490	-	-	52,020	-	52,020	-
Options Vested (Nos)	-	135,770	102,300	-	-	-	29,020	-	23,000	-	23,000	-
Forfeited/ lapsed post vesting (Nos)	30,690	-	-	-	-	-	-	-	-	-	-	-
Options exercised (Nos)	-	-	-	-	-	-	-	-	-	-	-	-
Outstanding/ exercisable at the end of the year (Nos)	105,080	135,770	102,300	129,460	97,380	129,460	29,020	29,020	29,020	29,020	29,020	29,020
Exercise Price (Rs.)	69.20	69.20	69.20	69.20	69.20	69.20	67.65	67.65	67.65	67.65	67.65	67.65
Remaining Contractual Life (Days)	662	1,028	1,027	1,393	1,393	1,759	934	1,300	1,300	1,300	1,665	2,031
Fair value of the options based on Black and Scholes Model (Rs.)	30.47	30.47	32.91	34.74	34.74	34.74	28.35	28.35	32.00	32.00	34.35	34.35
Intrinsic Value of the options granted (Rs.)	-	-	-	-	-	-	-	-	-	-	-	-

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

Particulars	Grant III			Grant IV			Grant V			Grant VI			Grant VII		
	Vest 1	Vest 2	Vest 3	Vest 1	Vest 2	Vest 3	Vest 1	Vest 2	Vest 3	Vest 1	Vest 2	Vest 3	Vest 1	Vest 2	Vest 3
Market price considered	88.7	72.2	72.2	72.2	72.2	72.2	69.2	69.2	69.2	69.2	69.2	69.2	67.65	67.65	67.65
Exercise price	88.7	72.2	72.2	72.2	72.2	72.2	69.2	69.2	69.2	69.2	69.2	69.2	67.65	67.65	67.65
Dividend yield	2.79%	1.76%	1.76%	1.76%	1.76%	1.76%	1.76%	1.76%	1.76%	1.76%	1.76%	1.76%	1.76%	1.76%	1.76%
Volatility	45.47%	51.81%	71.63%	66.14%	61.68%	71.56%	71.56%	65.68%	61.44%	65.49%	63.40%	60.71%	60.71%	60.71%	60.71%
Average life of the options (in years)	2.5	2.5	3.5	3.5	4.5	4.5	2.5	3.5	4.5	2.5	3.5	4.5	2.5	3.5	4.5
Risk free rate	7.93%	9.24%	6.55%	6.92%	7.19%	7.19%	6.19%	6.51%	6.80%	7.36%	7.56%	7.73%	7.36%	7.56%	7.73%

Other information regarding employee share based payment is as below: **(Rs. Million)**

Particulars	Grant III		Grant IV		Grant V		Grant VI		Grant VII	
	2011-12	2010-11	2011-12	2010-11	2011-12	2010-11	2011-12	2010-11	2011-12	2010-11
Additional expense had the Company recorded the ESOP Expense based on fair value of the options*	-	-	-	-	23.93	10.40	21.78	12.29	15.30	

Particulars	Grant VI		Grant VII	
	Vest 1	Vest 2	Vest 1	Vest 2
Additional expense had the Company recorded the ESOP Expense based on fair value of the options*	-	1.00	0.38	0.67
			0.27	0.47
			0.27	0.46
			0.36	0.36
			0.46	0.46
			0.20	0.20
			0.33	0.33
			0.15	0.15

\*Net of amount attributable to the employees of the subsidiaries Rs. 8.70 Million (Previous year Rs. 19.67 Million).

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

27 OTHER EXPENSES	Year ended March 31, 2012 (Rs. Million)	Year ended March 31, 2011 (Rs. Million)
Equipment Hiring	133.77	52.33
Royalties	34.62	32.59
Freight and Cartage	54.93	65.58
Rent (net of recoveries)	411.66	324.46
Rates and Taxes	3.36	4.58
Power & Fuel	94.43	90.01
Communication	95.33	69.87
Legal and Professional (Refer Note 28)	113.61	108.33
Traveling and Conveyance	270.56	209.34
Provision for Doubtful Debts	52.61	69.10
Provision for Doubtful Advances	0.59	0.20
Advances Written off	0.11	-
Insurance	9.68	10.74
Repairs and Maintenance		
- Plant and Machinery	18.04	20.40
- Buildings	1.67	3.09
- Others	53.61	48.65
Consumables	139.23	143.42
Loss on Sale of Fixed Assets (Net)	-	3.53
Loss on foreign currency translation and transaction (net)	-	12.15
Security and Administration Services	51.77	39.05
Bank Charges	15.36	19.68
Marketing & Advertising Expenses	540.54	575.89
Discounts & Rebates	112.88	107.84
Sundry Expenses	34.14	33.68
	<b>2,242.50</b>	<b>2,044.51</b>
28 PAYMENT TO AUDITORS	Year ended March 31, 2012 (Rs. Million)	Year ended March 31, 2011 (Rs. Million)
Statutory Audit fee	4.86	4.86
Tax Audit fee	0.47	0.47
Others	2.03	3.26
Reimbursement of expenses (including Service Tax)	1.37	1.00
	<b>8.73</b>	<b>9.59</b>
29 FINANCE COSTS	Year ended March 31, 2012 (Rs. Million)	Year ended March 31, 2011 (Rs. Million)
Interest Expense	217.69	267.35
Other Borrowing Costs	0.21	1.51
	<b>217.90</b>	<b>268.86</b>



30 EXCEPTIONAL ITEMS	Year ended		(Rs. Million)
	March 31, 2012	March 31, 2011	
<b>Income:</b>			
Profit on Sale of Investments in Subsidiary	(28.90)		208.08
Dividend Income from Subsidiary	1,277.38		-
<b>Expenses:</b>			
Provision for Doubtful Debts	(247.43)		-
Service Tax (including interest)	(35.63)		-
Provision for Doubtful Advances	(6.21)		-
Provision for Investment & Doubtful Loan	(40.20)		-
Donations	(62.50)		(72.00)
	<u>856.51</u>		<u>136.08</u>

- (i) Net profit on the sale of the step down subsidiary Element K Corporation, USA, reflected in the consolidated financial statement of the Company, comprises the excess of sale consideration over the net asset of the subsidiary less costs incurred in connection with the sale which included inter-alia performance linked incentive amounting to Rs. 28.90 Million, included in the Profit on Sale of Investments in Subsidiary for the current year. During the previous year, the Company had sold its investment of 10,950,000 fully paid up Equity Shares of Rs. 10/- each in its wholly owned subsidiary, Neo Multimedia Limited (Formerly known as NIIT Multimedia Limited) for a consideration of Rs. 317.58 Million (net of expenses). The amount of Rs. 208.08 Million was recognised as Profit on Sale of Investment which resulted in an increase in profit before tax during the previous year.
- (ii) During the year, the Company received a dividend of Rs. 1,277.38 Million from its subsidiary NIIT (USA) Inc., USA upon sale of Element K Corporation, USA, a step down subsidiary of NIIT (USA) Inc., USA.
- (iii) Provision for doubtful debts comprises provision made in respect of dues from government and other customers aggregating to Rs. 247.43 Million.
- (iv) Service tax on Rent represents amounts provided by the Company in respect of landlords who have not claimed service tax on rent on their immovable property given on lease. In view of the recent decisions of Honorable High Courts of Delhi, Mumbai & Chennai, these amounts have been provided for.
- (v) Due to losses in its subsidiary, Hole-in-the-Wall Education Limited, the Company has made a provision aggregating to Rs. 29.70 Million for Loans, Rs. 10.50 Million in respect of carrying value of investment in the subsidiary. Further an amount of Rs. 6.21 Million has been provided in respect of Advances given to Hole-in-the-Wall Education Limited.
- (vi) During the year the Company has contributed an amount of Rs. 62.50 Million (Previous Year Rs. 72.00 Million) towards donations in the corpus of The NIIT Institute of Information Technology, a society registered under the Societies Registration Act, 1860 which is within the overall limits approved by the shareholders.

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

Particulars	Year ended	Year ended
	March 31, 2012	March 31, 2011
Purchase of Traded Goods	291.04	424.44
Capital Goods	10.82	12.28

### 32. EXPENDITURE IN FOREIGN CURRENCY (Net of taxes) (Rs. Million)

Particulars	Year ended	Year ended
	March 31, 2012	March 31, 2011
Employees Benefits Expense	67.17	17.60
Professional and Technical Outsourcing Expense	151.80	123.28
Legal & Professional	14.01	11.37
Traveling and Conveyance	55.71	34.40
Others	21.35	14.63

### 33. DIVIDEND REMITTED IN FOREIGN CURRENCY

Particulars	Year ended March 31, 2012	Year ended March 31, 2011
Number of Non-residents to whom dividend is paid (Nos.)	2	3
Number of Shares held by Non-residents (Nos.)	97,806	131,556
Amount remitted (Rs. Million)	0.15	0.18
Year to which the dividend related (Financial Year)	2010-11	2009-10

### 34. EARNINGS IN FOREIGN CURRENCY

(Rs. Million)

Particulars	Year ended March 31, 2012	Year ended March 31, 2011
Export of services & products	1,311.43	825.24
Interest (Net of Taxes)	5.43	13.55
Recovery from overseas subsidiaries	134.79	93.56
Sale of Fixed Assets	252.40	-
Dividend Income (Net of Taxes)	1,085.77	-

### 35. EARNINGS PER SHARE:

Particulars	Year ended March 31, 2012	Year ended March 31, 2011
Profit attributable to Equity Shareholders (Rs. Million) - (A)	962.54	497.39
Weighted average number of Equity Shares outstanding during the year (Nos.)- (B)	165,095,597	165,095,597
Nominal Value of Equity Shares (Rs.)	2/-	2/-
Basic Earnings per Share (Rs.) (A/ B)	5.83	3.01
Add : Effect of Potential Dilutive Shares (being employee stock options) (Nos.)	-	-
Weighted average Shares outstanding considered for determining Diluted Earnings per Share (Nos.) - (C)	165,095,597	165,095,597
Profit after considering increased earnings of Dilutive Shares (Rs. Million) (D)	962.54	497.39
Diluted Earnings per Share (Rs.) (D/ C)	5.83	3.01

**EARNINGS PER SHARE {had fair value method been employed for accounting of Employee Stock Options (Refer Note 26)}**

Particulars	Year ended March 31, 2012	Year ended March 31, 2011
Profit attributable to Equity Shareholders (Rs. Million) -(E)	937.95	433.53
Profit attributable to Equity Shareholders for diluted (Rs. Million) -(F)	937.95	433.53
Basic Earnings per Share (Rs.) (E/ B)	5.68	2.63
Diluted Earnings per Share (Rs.) (F/ C)	5.68	2.63

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

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

#### Subsidiaries

- 1 NIIT Online Learning Limited
- 2 Hole-in-the-Wall Education Limited
- 3 Scantech Evaluation Services Limited
- 4 NIIT Yuva Jyoti Limited (w.e.f. May 25, 2011)
- 5 NEO Multimedia Limited (Formerly known as NIIT Multimedia Limited) (Till March 30, 2011)
- 6 NIIT Institute of Finance Banking and Insurance Training Limited
- 7 NIIT Institute of Process Excellence Limited
- 8 Evolv Services Limited
- 9 NIIT Limited, UK
- 10 NIIT Antilles NV, Netherlands Antilles
- 11 NIIT Malaysia Sdn. Bhd, Malaysia
- 12 NIIT GC Limited, Mauritius
- 13 NIIT China (Shanghai) Limited, Shanghai
- 14 NIIT Wuxi Service Outsourcing Training School
- 15 Chongqing NIIT Education Consulting Limited, China
- 16 Wuxi NIIT Information Technology Consulting Limited.
- 17 Changzhou NIIT Information Technology Consulting Limited
- 18 Su Zhou NIIT Information Technology Consulting Limited
- 19 PCEC NIIT Institute of Information Technology, Shanghai- (already liquidated)
- 20 NIIT (USA) Inc., USA
- 21 NIIT Ventures Inc., USA
- 22 Element K Corporation, USA (ceased to be subsidiary company w.e.f. October 14, 2011)
- 23 Element K India Private Limited, India (ceased to be subsidiary company w.e.f. October 14, 2011)
- 24 Element K (UK) Limited, United Kingdom (ceased to be subsidiary company w.e.f. October 14, 2011)
- 25 Element K, Canada (ceased to be subsidiary company w.e.f. October 14, 2011)
- 26 PT NIIT Indonesia, Indonesia (Under liquidation)
- 27 NIIT West Africa Limited, Nigeria (w.e.f April 1, 2011)

### B. Other related parties with whom the Company has transacted:

#### a) Associates (Parties in which Company has substantial interest)

1. NIIT Technologies Limited
2. NIIT GIS Limited
3. NIIT Smart Serve Limited

#### b) Key Managerial Personnel

1. Rajendra S Pawar (Chairman and Managing Director)
2. Vijay K Thadani (Chief Executive Officer and Whole-time Director)
3. P Rajendran (Chief Operating Officer and Whole-time Director)

#### c) Relatives of Key Managerial Personnel

1. Renuka Thadani (Wife of Vijay K Thadani)
2. Veena Oberoi (Sister of Vijay K Thadani)

#### d) Parties in which the Key Managerial Personnel of the Company are interested

1. NIIT Institute of Information Technology
2. NIIT Education Society
3. Pace Industries Private Limited
4. NIIT Network Services Limited

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

(Rs. Million)

Nature of Transactions	Subsidiaries	Associates	Key Managerial Personnel	Relatives of Key Managerial Personnel	Parties in which Key Managerial Personnel of the Company are interested	Total
Purchase of Goods {Footnote (ii)}	11.91 (30.81)	0.38 (-)	- (-)	- (-)	0.05 (0.03)	12.34 (30.84)
Sale of Goods {Footnote (iii)}	1.10 (1.74)	0.02 (1.89)	- (-)	- (-)	1.03 (2.87)	2.15 (6.50)
Purchase of Fixed Assets {Footnote (iv)}	17.14 (22.75)	- (0.55)	- (-)	- (-)	- (-)	17.14 (23.30)
Sale of Fixed Assets {Footnote (v)}	258.68 (-)	1.03 (0.06)	- (-)	- (-)	- (4.19)	259.71 (4.25)
Rendering of Services {Footnote (vi)}	1,017.25 (682.97)	5.39 (26.29)	- (-)	- (-)	4.46 (0.02)	1,027.10 (709.28)
Receiving of Services {Footnote (vii)}	56.25 (105.66)	15.94 (28.01)	- (-)	- (-)	0.29 (-)	72.48 (133.67)
Recovery of expenses from {Footnote (viii)}	77.48 (17.01)	12.56 (12.52)	- (-)	- (-)	14.38 (9.35)	104.42 (38.88)
Recovery of expenses by {Footnote (ix)}	63.42 (4.07)	10.43 (9.39)	- (-)	- (-)	- (-)	73.85 (13.46)
Investments made {Footnote (x)}	109.49 (22.00)	- (-)	- (-)	- (-)	- (-)	109.49 (22.00)
-Loans Given {Footnote (xi)}	60.96 (284.89)	- (-)	- (-)	- (-)	15.00 (20.00)	75.96 (304.89)
-Loans Given Received Back {Footnote (xii)}	227.07 (215.89)	- (-)	- (-)	- (-)	15.00 (463.80)	242.07 (679.69)
-Loans/ Inter Corporate Deposits Taken {Footnote (xiii)}	127.00 (115.50)	- (-)	- (-)	- (-)	- (-)	127.00 (115.50)
-Repayment of Loan/ Inter Corporate Deposits taken {Footnote (xiv)}	116.50 (91.50)	- (-)	- (-)	- (-)	- (-)	116.50 (91.50)
-Interest Income {Footnote (xv)}	15.42 (23.73)	- (-)	- (-)	- (-)	0.47 (49.69)	15.89 (73.42)
- Interest expenditure {Footnote (xvi)}	14.34 (11.69)	- (-)	- (-)	- (-)	- (-)	14.34 (11.69)
Remuneration {Footnote (xvii)}	- (-)	- (-)	68.62 (37.20)	- (-)	- (-)	68.62 (37.20)
Other Expenses {Footnote (xviii)}	- (-)	- (-)	- (-)	1.66 (1.15)	63.16 (71.93)	64.82 (73.08)
Other Income {Footnote (xix)}	120.90 (119.55)	- (-)	- (-)	- (-)	- (0.87)	120.90 (120.42)
Dividend Income {Footnote (xx)}	1,277.38 (83.24)	- (-)	- (-)	- (-)	- (-)	1,277.38 (83.24)
Provision for Doubtful Debts and Advances {Footnote (xxi)}	8.95 (-)	- (-)	- (-)	- (-)	- (-)	8.95 (-)
Guarantees and Collaterals {Footnote (xxii)}	679.21 (735.60)	- (-)	- (-)	- (-)	- (-)	679.21 (735.60)

**Footnotes:-**

i) Previous year figures are given in parenthesis.

**ii) Includes Purchase of Goods from:**

NIIT (USA) Inc. Rs. 2.77 Million (Previous year Rs. 19.49 Million)

Evolv Services Limited Rs. Nil (Previous year Rs. 5.40 Million)

Hole-in-the-Wall Education Limited Rs. 2.46 Million (Previous year Rs. 3.60 Million)

NIIT Institute of Finance Banking and Insurance Training Limited Rs. 5.18 Million (Previous year Rs. 0.63 Million)

NIIT Institute of Process Excellence Limited Rs. 1.49 Million (Previous year Rs. 0.72 Million )

**iii) Includes Sale of Goods to:**

NIIT Institute of Information Technology Rs. 1.03 Million (Previous year Rs. 2.87 Million)

NIIT Institute of Finance Banking and Insurance Training Limited Rs. 0.27 Million (Previous year Rs. 1.54 Million)

NIIT Technologies Limited Rs. 0.02 Million (Previous year Rs. 1.89 Million)

NIIT Antilles NV, Netherlands Antilles Rs. 0.64 Million (Previous year Rs.Nil)

**iv) Includes Purchase of Fixed Assets from:**

NIIT (USA) Inc. Rs. 14.71 Million (Previous year Rs. 21.64 Million)

Evolv Services Limited Rs. Nil (Previous year Rs. 0.64 Million)

NIIT Technologies Limited Rs. Nil (Previous year Rs. 0.56 Million)

NIIT Institute of Process Excellence Limited Rs. 2.43 Million (Previous year Rs. 0.48 Million )

**v) Includes Sale of Fixed Assets to:**

NIIT Technologies Limited Rs. 1.03 Million (Previous year Rs. 0.06 Million)

NIIT Institute of Information Technology Rs. Nil (Previous year Rs. 4.19 Million)

NIIT (USA) Inc. Rs. 252.40 Million (Previous year Rs. Nil)

**vi) Includes Rendering of Services to:**

NIIT (USA) Inc. Rs. 617.73 Million (Previous year Rs. 446.94 Million)

NIIT Antilles NV, Netherlands Antilles Rs. 273.02 Million (Previous year Rs.186.64 Million )

NIIT Limited, UK Rs. 102.67 Million (Previous year Rs. 38.61 Million)

NIIT Technologies Limited Rs. 5.39 Million (Previous year Rs. 26.29 Million)

Evolv Services Limited Rs. Nil (Previous year Rs. 0.49 Million)

NIIT Institute of Finance Banking and Insurance Training Limited Rs. 9.44 Million (Previous year Rs. 10.21 Million)

**vii) Includes Receiving of Services from:**

NIIT (USA) Inc. Rs. 9.96 Million (Previous year Rs. 24.62 Million)

NIIT GIS Limited Rs. 1.17 Million (Previous year Rs. 0.37 Million)

NIIT Smart Serve Limited, Rs. 14.33 Million (Previous year Rs. 20.55 Million)

Evolv Services Limited Rs. 23.33 Million (Previous year Rs. 13.73 Million)

NIIT Limited, UK Rs. Nil (Previous year Rs.48.90 Million)

NIIT Institute of Finance Banking and Insurance Training Limited Rs. 9.73 Million (Previous year Rs. 10.49 Million)

NIIT Institute of Process Excellence Limited Rs. 10.23 Million (Previous year Rs. 5.01 Million)

**viii) Includes Recovery of Expenses from:**

Hole-in-the-Wall Education Limited Rs. 4.27 Million (Previous year Rs. 2.37 Million)

NIIT (USA) Inc. Rs. 42.99 Million (Previous year Rs. 1.08 Million)

NIIT Institute of Finance Banking and Insurance Training Limited Rs. 19.23 Million (Previous year Rs. 11.62 Million)

NIIT Technologies Limited Rs. 10.30 Million (Previous year Rs. 10.71 Million)

NIIT GIS Limited Rs. 2.01 Million (Previous year Rs. 1.81 Million)  
NIIT Institute of Information Technology Rs. 14.38 Million (Previous year Rs. 9.35 Million)  
NIIT Institute of Process Excellence Limited Rs. 1.44 Million (Previous year Rs. 0.60 Million)

**ix) Includes Recovery of Expenses by:**

NIIT Technologies Limited Rs. 10.43 Million (Previous year Rs. 9.39 Million)  
NIIT (USA) Inc. Rs. 19.59 Million (Previous year Rs. 3.03 Million)  
NIIT Limited, UK Rs. 43.55 Million (Previous year Rs. Nil)

**x) Represents Investments made in:**

NEO Multimedia Limited (formerly known as NIIT Multimedia Limited) Rs. Nil (Previous year Rs. 7.00 Million)  
NIIT Institute of Process Excellence Limited Rs. 30.00 Million (Previous year Rs. 15.00 Million)  
NIIT Yuva Jyoti Limited Rs. 79.49 Million. (Previous year Rs. Nil)

**xi) Loans Given relates to:**

NEO Multimedia Limited (formerly known as NIIT Multimedia Limited) Rs. Nil (Previous year Rs. 3.20 Million)  
NIIT (USA) Inc. Rs. 36.71 Million (Previous year Rs. 251.19 Million)  
NIIT Institute of Information Technology Rs. 15.00 Million (Previous year Rs. 20.00 Million)  
Evolv Services Limited Rs. 6.75 Million (Previous year Rs. 15.50 Million)  
NIIT Institute of Process Excellence Limited Rs. 17.50 Million (Previous year Rs. 15.00 Million)

**xii) Loans Given Received Back relates to:**

NIIT (USA) Inc. Rs. 146.57 Million (Previous year Rs. 215.89 Million)  
NIIT Education Society Rs. Nil (Previous year Rs. 3.50 Million)  
NIIT Institute of Information Technology Rs. 15.00 Million (Previous year Rs. 460.03 Million)  
Evolv Services Limited Rs. 15.50 Million (Previous year Rs. Nil)  
NIIT Institute of Process Excellence Limited Rs. 32.50 Million (Previous year Rs. Nil)  
NIIT Institute of Finance Banking and Insurance Training Limited Rs. 26.00 Million (Previous year Rs. Nil)

**xiii) Loans/ Inter Corporate Deposits Taken from:**

Scantech Evaluation Services Limited Rs. 127.00 Million (Previous year Rs. 115.50 Million)

**xiv) Repayment of Loans/ Inter Corporate Deposits taken:**

Scantech Evaluation Services Limited Rs. 116.50 Million (Previous year Rs. 91.50 Million)

**xv) Interest Income from:**

NIIT (USA) Inc. Rs. 5.89 Million (Previous year Rs. 15.88 Million)  
Hole-in-the-Wall Education Limited Rs. 3.60 Million (Previous year Rs. 4.34 Million)  
NEO Multimedia Limited (formerly known as NIIT Multimedia Limited) Rs. Nil (Previous year Rs. 0.13 Million)  
NIIT Education Society Rs. Nil (Previous year Rs. 0.06 Million)  
Evolv Services Limited Rs. 2.09 Million (Previous year Rs. 0.12 Million)  
NIIT Institute of Information Technology Rs. 0.47 Million (Previous year Rs. 49.63 Million)  
NIIT Institute of Finance Banking and Insurance Training Limited Rs. 1.53 Million (Previous year Rs. 3.06 Million)  
NIIT Institute of Process Excellence Limited Rs. 2.31 Million (Previous year Rs. 0.19 Million)

**xvi) Interest Expenditure includes:**

Scantech Evaluation Services Limited Rs. 14.34 Million (Previous year Rs. 11.69 Million)

**xvii) Includes transactions for the year with:**

Rajendra S Pawar Rs. 15.16 Million (Previous year Rs.10.04 Million)  
 Vijay K Thadani Rs. 30.80 Million (Previous year Rs. 16.32 Million)  
 P Rajendran Rs. 22.66 Million (Previous year Rs. 10.84 Million)

**xviii) Other Expenses includes:**

Renuka Thadani Rs. 1.00 Million (Previous year Rs. 0.72 Million)  
 Veena Oberoi Rs. 0.66 Million (Previous year Rs. 0.43 Million)  
 Pace Industries Private Limited Rs. 0.66 Million (Previous year Rs. 0.43 Million)  
 NIIT Institute of Information Technology Rs.62.50 Million (Previous year Rs. 71.50 Million)

**xix) Other Income includes:**

NIIT (USA) Inc. Rs. 10.03 Million (Previous year Rs. 6.78 Million)  
 NIIT Antilles NV, Netherlands Antilles Rs. 91.24 Million (Previous year Rs. 85.61 Million)  
 NIIT Institute of Finance Banking and Insurance Training Limited Rs. 11.22 Million (Previous year Rs. 17.04 Million)  
 NIIT Institute of Information Technology Rs. Nil (Previous year Rs. 0.87 Million)  
 NIIT Institute of Process Excellence Limited Rs.3.80 Million (Previous year Rs. 7.89 Million)  
 NIIT Limited, UK Rs. 1.29 Million (Previous year Rs. 0.95 Million)  
 Hole-in-the-Wall Education Limited Rs. 1.08 Million (Previous year Rs.1.01 Million)

**xx) Dividend Income includes:**

Scantech Evaluation Services Limited Rs. Nil (Previous year Rs. 83.24 Million)  
 NIIT (USA) Inc. Rs. 1,277.38 Million (Previous year Rs. Nil)

**xxi) Provision for Doubtful Debts and Advances includes:**

Hole-in-the-Wall Education Limited Rs. 8.95 Million (Previous year Rs. Nil)

**xxii) Guarantees and Collaterals:**

NIIT Institute of Finance Banking and Insurance Training Limited Rs.10.00 Million (Previous year Rs. Nil)  
 Hole-in-the-Wall Education Limited Rs. 20.00 Million (Previous year Rs. 3.00 Million)  
 NIIT (USA) Inc. Rs. 559.57 Million (Previous year Rs. 732.60 Million)  
 Evolv Services Limited Rs. 10 Million (Previous year Rs. Nil)  
 NIIT Yuva Jyoti Limited Rs. 79.64 Million (Previous year Nil)

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

(Rs. Million)

Particulars	As at 31.03.2012			As at 31.03.2011		
	Recoverable	Payables	Guarantees & Collaterals Outstanding	Recoverable	Payables	Guarantees & Collaterals Outstanding
Subsidiaries	409.82	757.98	679.21	694.58	191.11	2,716.20
Associates	7.45	2.18	-	19.89	5.37	-
Key Managerial Personnel	-	28.90	-	-	-	-
Relatives of Key Managerial Personnel	-	-	-	-	-	-
Parties in which Key Managerial Personnel of the Company are interested	16.33	1.78	-	12.00	1.77	-

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

(Rs. Million)

Description	Year ended March 31, 2012	Year ended March 31, 2011
Salary and other Employee Benefits	135.94	154.00
Professional & Technical Outsourcing Expense	29.91	116.64
Premises Cost	14.68	11.54
Other Expenses	6.63	8.91
<b>Total</b>	<b>187.16</b>	<b>291.09</b>

- 38 Disclosure pursuant to Clause 32 of Listing Agreement in respect of loans given to subsidiaries and other parties in which Key Managerial Personnel are interested:

(Rs. Million)

Name of Company	Outstanding		Maximum Balance during the year	
	As at March 31, 2012	As at March 31, 2011	2010-12	2010-11
NEO Multimedia Limited (Formerly known as NIIT Multimedia Limited)	-	-	-	3.20
Hole-in-the-Wall Education Limited	29.70	36.20	36.20	36.20
NIIT Institute of Finance Banking and Insurance Training Limited	-	26.00	26.00	26.00
Evolv Services Limited	6.75	15.50	21.25	15.50
NIIT (USA) Inc.	-	99.90	147.24	322.28
NIIT Education Society	-	-	-	3.50
NIIT Institute of Information Technology	-	-	15.00	460.30
NIIT Institute of Process Excellence Limited	-	15.00	32.50	15.00
<b>Total</b>	<b>36.45</b>	<b>192.60</b>	<b>278.19</b>	<b>881.98</b>

### 39 SEGMENT INFORMATION

#### Primary Segment Information – Business Segment

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

#### Secondary Segment Information – Geographical

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

(Rs. Million)

Particulars	Revenue from customers by location of customers	Carrying amount of segment assets by location of the assets	Additions to fixed assets
India	6,069.85 (5,233.30)	9,187.07 (9,110.20)	1,121.16 (443.00)
America	907.94 (653.80)	- (-)	- (-)
Europe	314.79 (129.50)	- (-)	- (-)
Asia Pacific	88.70 (463.54)	5.70 (9.17)	1.40 (2.63)
<b>Total</b>	<b>7,381.28</b> <b>(6,480.14)</b>	<b>9,192.77</b> <b>(9,119.37)</b>	<b>1,122.56</b> <b>(445.63)</b>

Previous year figures are given in parenthesis.



#### 40 LEASES:

##### a) Operating Leases:

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

(Rs. Million)

Particulars	Minimum lease payments	
	As at March 31, 2012	As at March 31, 2011
Not later than 1 year	81.98	81.98
Later than 1 year but not later than 5 years	234.68	316.66

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

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

(Rs. Million)

Particulars	Minimum lease payments	
	Year ended March 31, 2012	Year ended March 31, 2011
In respect of Premises*	397.87	314.53
In respect of Equipments**	123.30	41.37
In respect of Vehicles	15.40	11.22

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

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

iv. Details of Fixed Assets provided on Operating Lease:

(Rs. Million)

Description of Assets	As at March 31, 2012			As at March 31, 2011		
	Gross Value	Accumulated Depreciation	Net Book Value	Gross Value	Accumulated Depreciation	Net Book Value
Buildings	32.24	9.44	22.80	32.24	8.92	23.32

The Aggregate Depreciation charged on the above assets during the year is Rs. 0.52 Million (Previous year Rs. 0.52 Million)

Sub lease receipts recognised in the statement of Profit and Loss for the year amounting to Rs. 0.50 Million (Previous year Rs. Nil)

##### b) Finance Leases:

i. Assets acquired under finance lease comprise of Plant & Machinery, Furniture & Fixtures and Software. 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 assets that have been capitalised are as follows:

(Rs. Million)

Particulars	Minimum lease payments		Present value of lease payments	
	As at March 31, 2012	As at March 31, 2011	As at March 31, 2012	As at March 31, 2011
Not later than 1 year	30.25	30.25	22.39	19.97
Later than 1 year but not later than 5 years	59.33	89.58	51.94	74.34

(Rs. Million)

Particulars	As at March 31, 2012	As at March 31, 2011
Minimum Lease Payments	89.58	119.83
Less : Finance Charges	15.25	25.52
Present Value of Lease Payments	74.33	94.31

## NOTES to the Financial Statements for the year ended March 31, 2012

41 The financial statements for the year ended March 31, 2011 had been prepared as per the then applicable, pre-revised Schedule VI to the Companies Act, 1956. Consequent to the notification of Revised Schedule VI under the Companies Act, 1956, the financial statements for the year ended March 31, 2012 are prepared as per Revised Schedule VI. Accordingly, the Previous year figures have also been reclassified to conform to this year's classification. The adoption of Revised Schedule VI for Previous year figures does not impact recognition and measurement principles followed for preparation of financial statements except for accounting for dividend on investments in subsidiaries. (Refer Note 2.2)

Signatures to the Notes ' 1 ' to ' 41 ' of these Financial Statements.

For and on behalf of the Board

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

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

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

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

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

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

**Rajesh Arora**  
*Company Secretary*

Place : New Delhi  
Date : May 9, 2012

### The Board of Directors of NIIT Limited

1. We have audited the attached consolidated balance sheet of NIIT Limited (the "Company") and its subsidiaries and associate company; hereinafter referred to as the "Group" (refer Note 2.1 to the attached consolidated financial statements) as at March 31, 2012, the related consolidated Statement of Profit and Loss and the consolidated Cash Flow Statement for the year ended on that date annexed thereto, which we have signed under reference to this report. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. We did not audit the financial statements of seventeen subsidiaries included in the consolidated financial statements, which constitute total assets of Rs 1,892 Million and net assets of Rs 1,249 Million as at March 31, 2012, total revenue of Rs. 1,827 Million, net profit of Rs. 378 Million and net cash flows amounting to Rs 190 Million for the year then ended. These financial statements and other financial information have been audited by other auditors whose reports have been furnished to us, and our opinion on the consolidated financial statements to the extent they have been derived from such financial statements is based solely on the report of such other auditors.
4. We report that the consolidated financial statements have been prepared by the Company's Management in accordance with the requirements of Accounting Standard (AS) 21 - Consolidated Financial Statements and Accounting Standard (AS) 23 - Accounting for Investments in Associates in Consolidated Financial Statements, notified under sub-section 3C of Section 211 of the Companies Act, 1956.
5. Without qualifying our opinion, we draw attention to Note 48(b) in these financial statements regarding provision for tax expense, pertaining to its subsidiaries in USA, which is dependent on the joint review of the tax computation with the buyer of the subsidiary and other conditions as per the terms of the sale agreement and submission of the tax return. The ultimate outcome of the matter cannot presently be determined, and no adjustment in the provision, which may result due to the outcome of future events, has been made in the financial statements.
6. Based on our audit and on consideration of reports of other auditors on separate financial statements and on the other financial information of the components of the Group as referred to above, and to the best of our information and according to the explanations given to us, in our opinion, the attached consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:
  - (a) in the case of the consolidated Balance Sheet, of the state of affairs of the Group as at March 31, 2012;
  - (b) in the case of the consolidated Statement of Profit and Loss, of the profit of the Group for the year ended on that date; and
  - (c) in the case of the consolidated Cash Flow Statement, of the cash flows of the Group for the year ended on that date.

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

**Usha Rajeev**  
*Partner*

Membership Number F-087191

Place : New Delhi  
Date : May 9, 2012

## CONSOLIDATED BALANCE SHEET as at March 31, 2012

	Note	As at March 31, 2012 (Rs. Million)	As at March 31, 2011 (Rs. Million)
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' funds</b>			
Share capital	3	330.20	330.20
Reserves and surplus	4	6,290.02	5,235.11
		<u>6,620.22</u>	<u>5,565.31</u>
<b>Minority Interest</b>	5	38.93	29.68
<b>Non-current liabilities</b>			
Long-term borrowings	6	833.32	2,195.24
Other Long term liabilities	9	140.91	150.32
Long-term provisions	10	170.19	48.89
		<u>1,144.42</u>	<u>2,394.45</u>
<b>Current liabilities</b>			
Short-term borrowings	7	29.00	896.41
Trade Payables	8	2,038.36	1,985.68
Other current liabilities	9	1,011.24	3,210.45
Short-term provisions	10	699.73	400.14
		<u>3,778.33</u>	<u>6,492.68</u>
<b>TOTAL</b>		<u><b>11,581.90</b></u>	<u><b>14,482.12</b></u>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Fixed assets	11		
-Tangible assets		1,567.77	1,338.26
-Intangible assets		712.87	3,462.19
-Capital work-in-progress		2.63	72.36
-Intangible assets under development		173.27	521.93
Non-current investments	12	1,949.91	1,530.63
Deferred tax assets (net)	13	66.91	306.82
Long-term loans and advances	14	647.84	586.50
Trade Receivables	15	361.96	77.60
Other non-current assets	17	335.52	397.31
		<u>5,818.68</u>	<u>8,293.60</u>
<b>Current assets</b>			
Current investments	12	4.54	110.44
Inventories	18	118.82	153.32
Trade receivables	15	3,569.94	3,820.92
Cash and bank balances	19	997.32	508.29
Short-term loans and advances	14	520.64	799.41
Other current assets	17	551.96	796.14
		<u>5,763.22</u>	<u>6,188.52</u>
<b>TOTAL</b>		<u><b>11,581.90</b></u>	<u><b>14,482.12</b></u>

The Notes are an integral part of these Consolidated Financial Statements.

This is the Consolidated Balance Sheet referred to in our report of even date.

For and on behalf of the Board

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

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

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

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

**Ashok Arora**  
Group Chief Financial Officer

**Rohit Kumar Gupta**  
Chief Financial Officer

**Rajesh Arora**  
Company Secretary

Place : New Delhi  
Date : May 9, 2012

## CONSOLIDATED STATEMENT OF PROFIT AND LOSS for the year ended March 31, 2012

	Note	Year ended March 31, 2012 (Rs. Million)	Year ended March 31, 2011 (Rs. Million)
<b>INCOME</b>			
Revenue from Operations	24	12,602.79	12,482.79
Other Income	25	75.91	83.63
<b>Total Revenue</b>		<b>12,678.70</b>	<b>12,566.42</b>
<b>EXPENSES</b>			
Cost of material consumed		56.67	109.62
Purchase of Stock-in-trade		1,607.02	1,238.52
(Increase)/ Decrease in Inventory	18	34.50	(27.40)
Employee Benefits Expense	26	3,189.30	3,348.23
Professional & Technical Outsourcing Expenses		2,347.04	1,619.17
Other Expenses	29	3,931.94	4,666.84
Finance Costs	31	244.63	342.19
Depreciation and Amortisation Expenses	11	874.42	854.33
<b>Total Expenses</b>		<b>12,285.52</b>	<b>12,151.50</b>
<b>Profit before Exceptional items and Tax</b>		<b>393.18</b>	<b>414.92</b>
Exceptional items	32	1,636.42	142.23
<b>Profit before tax</b>		<b>2,029.60</b>	<b>557.15</b>
<b>Tax expense:</b>	13		
- Current tax		1,188.48	124.64
- Deferred tax		265.25	(12.45)
- MAT Credit Entitlement		(45.60)	(36.18)
- Provision for Tax relating to earlier years		0.40	12.52
<b>Profit after tax before Share of results of Associate's Profit and Minority Interests</b>		<b>621.07</b>	<b>468.62</b>
Share of Associates' net profit		479.29	445.71
Net Loss attributable to Minority		1.24	7.47
<b>Profit attributable to Equity shareholders</b>		<b>1,101.60</b>	<b>921.80</b>
<b>Earnings per equity share (Face Value Rs. 2/- each):</b>	34		
- Basic		6.67	5.58
- Diluted		6.67	5.58

The Notes are an integral part of these Consolidated Financial Statements.

This is the Consolidated Statement of Profit and Loss referred to in our report of even date.

For and on behalf of the Board

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

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

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

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

**Ashok Arora**  
Group Chief Financial Officer

**Rohit Kumar Gupta**  
Chief Financial Officer

**Rajesh Arora**  
Company Secretary

Place : New Delhi  
Date : May 9, 2012

## CONSOLIDATED CASH FLOW STATEMENT for the year ended March 31, 2012

	Year ended March 31, 2012 (Rs. Million)	Year ended March 31, 2011 (Rs. Million)
<b>A. CASH FLOW FROM OPERATING ACTIVITIES:</b>		
Consolidated Profit before Tax and share of Associates' profits but after exceptional items	2,029.60	557.15
Add/ (Less) :		
Depreciation and Amortisation	874.42	854.33
Finance Costs	244.63	342.19
Interest Income	(15.19)	(54.05)
Loss on Fixed Assets sold	5.66	4.10
(Profit)/ Loss from Investments	(10.86)	(1.29)
Miscellaneous Expenditure written off	-	0.09
Impairment of Intangibles	8.71	-
Provision for Doubtful Debts	427.59	157.69
Provision for Doubtful Advances	1.52	0.20
Provision for slow/ non-moving Inventory	1.01	5.11
Inventory Written off	10.20	3.05
Government Grants	(1.56)	(1.37)
Advances written off	0.29	-
Liabilities/ Provisions no longer required written back	(6.02)	(7.94)
Provision for Gratuity & Compensated Absences	(39.50)	9.88
Provision for Indemnity	162.78	-
Unrealised Foreign Exchange (Gain)/ Loss	(12.29)	(62.72)
Profit on sale of Subsidiary	(2,811.96)	(214.23)
<b>Operating profit before working capital changes</b>	<b>869.03</b>	<b>1,035.04</b>
Add/ (Less): (Increase)/ Decrease in operating working capital:		
Trade Receivables (Current & Non Current)	(1,127.85)	(621.81)
Loans and Advances & Other Assets (Current & Non Current)	257.61	(431.85)
Inventories	14.50	(35.56)
Current Liabilities and Provisions (Current & Non Current)	505.99	1,027.28
<b>Cash generated from operations</b>	<b>519.28</b>	<b>1,530.25</b>
Taxes paid (including TDS)	(210.77)	(220.89)
<b>Net cash from Operating activities (A)</b>	<b>308.51</b>	<b>1,309.36</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES:</b>		
Purchase of Fixed Assets (including Capital Work-in-progress, Internally Developed Intangibles and Capital Advances)	(1,541.29)	(1,110.78)
Proceeds from sale of Fixed Assets	100.12	27.24
Proceeds from sale of Mutual Funds	2,494.90	738.78
Purchase of Mutual Funds	(2,389.00)	(843.02)
Purchase of Shares in Subsidiary from Minority	(5.94)	-
Proceeds from Sale of Subsidiary	5,357.63	83.63
Tax paid on sale of Subsidiary	(561.01)	-
Tax paid on dividend transfer to Holding Company	(191.61)	-
Dividend received	119.56	101.45
Loans given to NIIT Institute of Information Technology	(15.00)	(20.00)
Loans given to NIIT Institute of Information Technology received back	15.00	460.30
Loans given to NIIT Education Society received back	-	3.50
Interest Received	13.25	53.77
<b>Net cash from Investing activities (B)</b>	<b>3,396.61</b>	<b>(505.13)</b>

	Year ended March 31, 2012 (Rs. Million)	Year ended March 31, 2011 (Rs. Million)
<b>C. CASH FLOW FROM FINANCING ACTIVITIES:</b>		
Receipt from issue of Shares in Subsidiaries from		
Minority Shareholders	20.25	15.33
Payment of Dividend to Minority	(3.82)	-
Proceeds from Long Term Borrowings	79.64	1,166.00
Borrowings repaid during the year	(1,632.21)	(327.71)
Working Capital/ Short Term Borrowings (Net)	(878.63)	(543.24)
Proceeds/ (Payments) relating to Cash Credits (Net)	11.22	(62.27)
Vehicle Loans repaid during the year	-	(1.41)
Redemption of Non Convertible Debentures	(100.00)	(600.00)
Interest Paid	(254.34)	(339.28)
(including financing charges on finance lease arrangements)		
Dividend Paid	(246.85)	(229.92)
Dividend Tax Paid	(40.17)	(39.28)
<b>Net cash used in Financing activities (C)</b>	<b>(3,044.91)</b>	<b>(961.78)</b>
<b>Net Increase/ (Decrease) in Cash &amp; Cash equivalents (A) + (B) + (C)</b>	<b>660.21</b>	<b>(157.55)</b>
Adjustment of Cash & Bank Balance on sale of Subsidiary	(56.94)	-
Adjustment on account of Foreign Exchange Fluctuations	(127.39)	16.95
<b>Cash and Cash equivalents as at the beginning of the year (Note 1)</b>	<b>475.34</b>	<b>615.94</b>
<b>Cash and cash equivalents as at the end of the year</b>	<b>951.22</b>	<b>475.34</b>

### Notes:

	March 31, 2012 (Rs. Million)	March 31, 2011 (Rs. Million)
<b>1. Cash and Cash Equivalents</b>		
Balance with banks		
Current Accounts	724.46	397.74
[Includes Rs.6.56 Million (Previous year Rs. 7.17 Million) pertaining to amount earmarked for specific contract]		
Exchange Earners' Foreign Currency Account	0.87	0.89
Bank deposits with original maturity of 3 months or less	95.00	-
Cash on hand	13.25	12.94
Cheques, drafts on hand	117.64	63.77
	<b>951.22</b>	<b>475.34</b>

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

3 Figures in paranthesis indicate cash outgo.

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

The Notes are an integral part of these Consolidated Financial Statements.

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

For and on behalf of the Board

For Price Waterhouse

Firm Registration No. : 301112E  
Chartered Accountants

**Rajendra S Pawar**

Chairman & Managing Director  
DIN - 00042516

**Vijay K Thadani**

CEO & Whole-time Director  
DIN - 00042527

**Usha Rajeev**

Partner

Membership No. F-087191

Place : New Delhi

Date : May 9, 2012

**Ashok Arora**  
Group Chief Financial Officer

**Rohit Kumar Gupta**  
Chief Financial Officer

**Rajesh Arora**  
Company Secretary

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended March 31, 2012

### 1 CORPORATE INFORMATION

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

### 2 SIGNIFICANT ACCOUNTING POLICIES

#### 2.1 Principles of consolidation

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

Details of subsidiaries, which have been considered in these consolidated accounts are as follows (Reporting date being March 31, 2012 unless otherwise stated):

Name of the Subsidiary	Percentage of ownership interest	Country of incorporation
1. Hole-in-the-Wall Education Limited	99.99	India
2. NIIT Institute of Finance Banking and Insurance Training Limited	79.60	India
3. Scantech Evaluation Services Limited	100	India
4. NEO Multimedia Limited (Formerly known as NIIT Multimedia Limited) (March 30, 2011)	100	India
5. NIIT Online Learning Limited	90	India
6. Evolv Services Limited	100	India
7. NIIT Institute of Process Excellence Limited	75	India
8. NIIT Yuva Jyoti Limited (w.e.f. May 25, 2011)	90	India
9. NIIT (USA) Inc., USA	100	United States
10. NIIT Antilles NV	100	Netherlands Antilles
11. NIIT Malaysia Sdn Bhd	100	Malaysia
12. NIIT GC Limited	100	Mauritius
13. NIIT China (Shanghai) Limited	100	China
14. NIIT Wuxi Service Outsourcing Training School	60	China
15. Wuxi NIIT Information Technology Consulting Limited	60	China
16. Changzhou NIIT Information Technology Consulting Limited	60	China
17. Chongqing NIIT Education Consulting Limited	60	China
18. Su Zhou NIIT Information Technology Consulting Limited	60	China
19. PCEC NIIT Institute of Information Technology (Liquidated in April 2010)	100	China
20. PT NIIT Indonesia (Under Liquidation)	100	Indonesia
21. NIIT Limited, UK	100	UK
22. NIIT Ventures Inc. USA	100	United States
23. Element K Corporation, USA (ceased to be subsidiary company w.e.f. October 14, 2011)*	100	United States
24. Element K India Private Limited, India (ceased to be subsidiary company w.e.f. October 14, 2011)*	100	India
25. Element K (UK) Limited, UK (ceased to be subsidiary company w.e.f. October 14, 2011)*	100	United Kingdom
26. Element K Canada Inc., Canada (ceased to be subsidiary company w.e.f. October 14, 2011)*	100	Canada
27. NIIT West Africa Limited, Nigeria (w.e.f. April 1, 2011)	100	Nigeria

\* Accounts have been consolidated till October 14, 2011 i.e. date of sale (Refer Note 48).



- (ii) **Associates:** Investments in associate companies have been accounted for by using the equity method of accounting whereby the investment is initially recorded at cost, identifying any goodwill/ capital reserve arising at the time of acquisition. The carrying amount of the investment is adjusted thereafter for the post acquisition change in the investor's share of net assets of the investee.

The details of associate companies (companies over which the Company exercises significant influence, which have been consolidated on "Equity Method") are as follows: (Reporting date used for consolidation :- March 31, 2012)

Name of Associate Company	Percentage of ownership interest and voting power	Cost of Investment (Rs. Million)
NIIT Technologies Limited and its subsidiaries Description of Business :- Software	24.30%	97.50

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

## 2.2 Basis of preparation of consolidated financial statements

These consolidated financial statements are prepared on an accrual basis, under the historical cost convention and in accordance with all applicable accounting principles in India. These Financial Statements have been prepared to comply in all material aspects with the applicable accounting standards notified under section 211(3C) [Companies (Accounting Standards) Rules, 2006, as amended] and other the relevant provisions of the Companies Act, 1956.

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

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

### i) Tangible Fixed Assets and Depreciation

Fixed Assets are stated at acquisition cost 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.

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

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

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

## ii) Intangible Fixed Assets and Amortisation

Expenses incurred on internal development of educational content and products are capitalised either individually or as a knowledge bank in the form of software, once their technical feasibility and ability to generate future economic benefits is established in accordance with the requirements of Accounting Standard 26, "Intangible Assets" as notified under section 211(3C) [Companies (Accounting Standards) Rules, 2006, as amended] and other relevant provisions of the Companies Act, 1956. Expenses incurred during the research phase till the establishment of commercial feasibility is charged to the Consolidated Statement of Profit and Loss.

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

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

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

## iii) Impairment of Assets

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

## iv) Goodwill on Consolidation

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

## v) Investments

Long-term investments are valued at their acquisition cost. Any decline in the value of the said investment, other than a temporary decline, is recognised and charged to Consolidated Statement of Profit and Loss. Short-term investments are carried at cost or market value, whichever is lower. Investments in Associates are accounted for based on "Equity Method" in accordance with provisions of Accounting Standard 23 as notified under section 211(3C) [Companies (Accounting Standards) Rules, 2006, as amended] and other relevant provisions of the Companies Act, 1956.

## vi) Inventories

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

**vii) Revenue Recognition**

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

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

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

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

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

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

Revenue is net of discounts and applicable taxes.

**viii) Other Income**

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

Interest income is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.

**ix) Employee Benefits****Gratuity**

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

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

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

**Compensated Absences**

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

**Superannuation**

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

**Provident Fund**

The Group makes contribution to the "NIIT LIMITED EMPLOYEES' PROVIDENT FUND TRUST" for certain entities in India, which is a defined benefit plan to the extent that the Company has an obligation to make good the shortfall, if any, between the return from the investments of the trust and the notified interest rate. The 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 Consolidated Statement of Profit and Loss.

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

**Pension Fund**

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

**Overseas Plans**

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

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

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

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

**xi) Foreign Currency Transactions/ Translation**

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

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

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

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

**xii) Derivative Instruments and Hedge Accounting**

In accordance with its risk management policies and procedures, the Group uses derivative instruments such as foreign currency forward contracts to hedge its risks associated with foreign currency fluctuations relating to certain firm commitments and highly probable forecasted transactions. The derivatives that qualify for hedge accounting and designated as cash flow hedges are initially measured at fair value & are remeasured at a subsequent reporting date and the changes in the fair value of the derivatives i.e. gain or loss (net of tax impact) is recognised directly in Shareholders' Funds under hedging reserve to the extent considered highly effective. Gain or loss on derivative instruments that either does not qualify for hedge accounting or not designated as cash flow hedges or designated cash flow hedges to the extent considered ineffective are recognised in the Consolidated Statement of Profit and Loss.

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

**xiii) Leases**

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

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

**xiv) Borrowing Cost**

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

**xv) Taxation**

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

**xvi) Prepaid Expenses**

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

**xvii) Provisions and Contingencies**

The Group creates a provision when there is present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that probably will not require an outflow of resources or where a reliable estimate of the obligation cannot be made. Further, the proportionate share of contingent liabilities of associate companies are recognised as per the provisions of Accounting Standard 23 as notified under section 211(3C) [Companies (Accounting Standards) Rules, 2006, as amended] and other relevant provisions of the Companies Act, 1956.

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

**xviii) Earnings Per Share**

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

**xix) Cash and Cash Equivalents**

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

	As At March 31, 2012 (Rs. Million)	As At March 31, 2011 (Rs. Million)
<b>3 SHARE CAPITAL</b>		
<b>Authorised</b>		
250,000,000 Equity Shares of Rs. 2/- each (Previous year 250,000,000 Equity Shares of Rs. 2/- each)	500.00	500.00
2,500,000 Redeemable Preference Shares of Rs.100/- each (Previous year 2,500,000 Redeemable Preference Shares of Rs.100/- each)	250.00	250.00
	<b>750.00</b>	<b>750.00</b>
<b>Issued</b>		
165,101,597 Equity Shares of Rs. 2/- each (Previous year - 165,101,597 Equity Shares of Rs. 2/- each)	330.20	330.20
	<b>330.20</b>	<b>330.20</b>
<b>Subscribed and paid - up</b>		
165,095,597 Equity Shares of Rs. 2/- each (Previous year - 165,095,597 Equity Shares of Rs. 2/- each)	330.19	330.19
Add: Forfeited Shares (amount originally paid-up)	0.01	0.01
	<b>330.20</b>	<b>330.20</b>

3.1 Reconciliation of the number of shares outstanding	As at			
	March 31, 2012		March 31, 2011	
	No. of shares	(Rs. Million)	No. of shares	(Rs. Million)
<b>Equity Shares</b>				
Shares outstanding at the beginning of the year	165,095,597	330.19	165,095,597	330.19
Shares Issued during the year	-	-	-	-
Shares bought back during the year	-	-	-	-
<b>Shares outstanding at the end of the year</b>	<b>165,095,597</b>	<b>330.19</b>	<b>165,095,597</b>	<b>330.19</b>

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

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

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

	As at			
	March 31, 2012		March 31, 2011	
	No. of shares	% of holding	No. of shares	% of holding
Pace Services Limited	22,557,547	13.66%	22,557,547	13.66%
Global Solutions Private Limited	21,580,980	13.07%	21,580,980	13.07%
FID Funds (Mauritius) Limited				
Citibank N. A. Custody Services	10,139,408	6.14%	10,139,408	6.14%
<b>Total</b>	<b>54,277,935</b>	<b>32.87%</b>	<b>54,277,935</b>	<b>32.87%</b>

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

	As at			
	March 31, 2012		March 31, 2011	
	No. of shares	(Rs. Million)	No. of shares	(Rs. Million)
Equity shares (For details refer Note 28)	5,355,002	10.71	6,718,413	13.44
<b>Total</b>	<b>5,355,002</b>	<b>10.71</b>	<b>6,718,413</b>	<b>13.44</b>

### 3.5 Aggregate number of Equity shares issued for the immediately preceding five years

	As at	
	March 31, 2012	March 31, 2011
Allotted as fully paid-up pursuant to contract(s) without payment being received in cash (No. of shares)	-	-
Allotted as fully paid up by way of bonus shares (No. of shares)	54,869,490	54,869,490
Shares bought back (No. of shares)	-	-
	<b>54,869,490</b>	<b>54,869,490</b>

## 4 RESERVES AND SURPLUS

	As at		(Rs. Million)
	March 31, 2012	March 31, 2011	As at March 31, 2011
<b>Capital Reserve</b>			
As per last Balance Sheet	58.60	56.00	
Add: Share in Capital Reserve of Associate	(0.02)	2.60	58.60
<b>Securities Premium Reserves</b>			
As per Last Balance Sheet	547.14	535.70	
Add: Share in Share Premium of Associate	10.51	11.44	547.14
<b>Debenture Redemption Reserve</b>			
As per Last Balance Sheet	156.19	254.13	
Less: Transferred to General Reserve	(25.00)	-	
Add: Transfer from/ (to) Consolidated Statement of Profit and Loss	43.73	(97.94)	156.19
<b>General Reserve (Footnote 1 below)</b>			
As per Last Balance Sheet	746.02	694.56	
Add/ (Less): General Reserve of Associate	0.06	(9.08)	
Add : Transferred from Debenture Redemption Reserve	25.00	-	
Add : Transferred from Surplus in Consolidated Statement of Profit and Loss	136.83	60.54	746.02



	As at March 31, 2012	As at March 31, 2011	(Rs. Million)
<b>Surplus in Consolidated Statement of Profit and Loss</b>			
Balance Brought Forward from Previous year	3,656.15	3,084.22	
Add : Current Year Profit/ (Loss) attributable to Shareholders	1,101.60	921.80	
<b>Less: Appropriations</b>			
Proposed Dividend on Equity Shares	264.16	247.65	
Corporate Dividend Tax on above	42.85	40.17	
Transferred to General Reserve	136.83	60.54	
Transferred to/ (from) Debenture Redemption Reserve	43.73	(97.94)	
Share in Corporate Dividend Tax of Associate	18.81	99.45	
	4,251.37	99.45	3,656.15
<b>Government Grant - Fund</b>			
Opening Balance	4.59	5.96	
Less: Income recognised during the year	(1.56)	(1.37)	
	3.03	(1.37)	4.59
<b>Currency Translation Reserve</b>			
As per Last Balance Sheet	66.42	82.11	
Add : Currency Translation Reserve of Associate	56.94	11.35	
Increase/ (Decrease) during the year on translation of balances	213.20	(27.04)	
	6,290.02	5,235.11	

**Footnotes :**

- General Reserve above represents General Reserve as per the Indian Companies Act, 1956 in respect of Indian Companies.
- General Reserve, if any, of overseas Companies are included as part of the Surplus in the Consolidated Statement of Profit and Loss balance as it is not practical to give movement thereof.

5 MINORITY INTEREST	As at March 31, 2012 (Rs. Million)	As at March 31, 2011 (Rs. Million)
As per Last Balance Sheet	29.68	21.82
Add : Increase in Minority Share Capital	20.25	15.33
Less: Decrease on account of purchase from Minority	(5.94)	-
Less: Decrease in Minority Share due to payment of dividend	(3.82)	-
Less: Minority Share in loss of current year	(1.24)	(7.47)
	38.93	29.68

[Minority Share of loss of the subsidiary companies in excess of their interest of Rs. Nil (Previous year Rs. 2.09 Million) has been absorbed by the Majority Shareholders]

(Rs. Million)

**6 LONG-TERM BORROWINGS**

	As at			
	March 31, 2012 Non-Current Portion	March 31, 2011	March 31, 2012 Current Maturities	March 31, 2011
<b>A) SECURED</b>				
i) Non Convertible Debentures	700.00	900.00	200.00	100.00
ii) Term Loans from Banks:				
-Rupee Term Loans	-	375.00	-	125.00
-Other Term Loans	-	821.40	-	310.80
iii) Term Loans from Others	79.64	-	-	-
<b>Sub Total (A)</b>	<b>779.64</b>	<b>2,096.40</b>	<b>200.00</b>	<b>535.80</b>
<b>B) UNSECURED</b>				
i) Finance Lease Obligation	53.68	98.84	24.62	31.04
<b>Sub Total (B)</b>	<b>53.68</b>	<b>98.84</b>	<b>24.62</b>	<b>31.04</b>
<b>Amount disclosed under the head "Other Current Liabilities" (Note 9)</b>	-	-	(224.62)	(566.84)
<b>Total (A+B)</b>	<b>833.32</b>	<b>2,195.24</b>	-	-

**6.1 Details of security given against Loans**

- i) 12% Non Convertible Debentures issued to Life Insurance Corporation of India and 11.25% Non Convertible Debentures issued to Indian Overseas Bank are secured by way of first charge on pari-passu basis on the immovable and movable fixed assets of the Company. The Company had maintained sufficient asset cover to discharge the principle amount of these debentures at all times during the year.
- ii) Rupee Term Loan was secured by exclusive charge, by hypothecation of specific movable fixed assets and receivables/ deferred recoverable relating to specific school projects. During the current financial year, the loan has been prepaid in full to the lender and the related securities have subsequently been released.
- iii) (A) Other Term Loan in the Previous year of Rs. 466.20 Million [USD 10.50 Million ] in NIIT (USA) Inc., USA from ICICI Bank Limited, Bahrain was secured by :
  - a) First pari-passu charge over (or with respect to the company's assets located in the United States, a first priority perfected security interest in) all the present and future immovable and movable assets of NIIT (USA) Inc., USA
  - b) A corporate guarantee extended by NIIT Limited.
  - c) A Pledge of 14.49 Million Equity Shares of NIIT Technologies Limited held by Scantech Evaluation Services Limited in favour of ICICI Bank Limited, Bahrain, executed vide share pledge agreement dated October 27, 2009.  
During the year, the loan has been prepaid in full to the Lender and the associated charges/ securities (including corporate guarantee and pledge) have been released.
- (B) Other Term Loan in the Previous year of Rs. 666.00 Million [USD 15 Million] in NIIT (USA) Inc., USA from ICICI Bank UK PLC, UK was secured by :
  - a) A charge created by NIIT (USA) Inc., USA over present and future, assets including intellectual property ranking at par with already encumbered assets and those assets that are subject to a charge/ security interest under the Facility Agreement dated July 28, 2006 with ICICI Bank Limited and its affiliates
  - b) A corporate guarantee up to an amount of USD 16.50 Million extended by NIIT Limited for all the obligations of NIIT (USA) Inc., USA under this facility agreement.  
During the year, the loan has been prepaid in full to the Lender and the associated charges/ securities (including corporate guarantee and pledge) have been released.
- iv) Term Loan from others comprises loan from National Skill Development Corporation ("NSDC") and is secured by first charge on both present and future acquired assets comprising of movable fixed assets, book debts, receivables and the balance lying to the credit of designated bank accounts including without limitation all

movable plant and machinery, capital equipment, together with its accessories, computer hardware and software, digital content, learning material electronic spares and machine spares. The entire loan amount is also covered by a corporate guarantee from holding Company, NIIT Limited.

## 6.2 Terms of repayment

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

Redemption Date	Value to be redeemed (Rs. Million)
20th October 2015	166.67
20th October 2014	166.67
20th October 2013	166.66
	<u>500.00</u>

- (b) 11.25% Non Convertible Debentures to Indian Overseas Bank amounting to Rs. 500 Million are redeemable at par as follows:

Redemption Date	Value to be redeemed (Rs. Million)
17th March 2014	200.00
17th March 2013	200.00
17th March 2012 (Redeemed)	100.00
	<u>500.00</u>

- (ii) Term Loan from others is repayable in instalments over a period of 10 years including the initial moratorium period of 5 years and 4 months i.e. upto March 31, 2017. Loan is interest free for period upto March 31, 2015 and thereafter, interest rate of 7.5% p.a. is payable on the outstanding loan amount.

- (iii) Finance Lease Obligation is repayable in Equated Monthly Installments during the tenure of lease.

7 SHORT-TERM BORROWINGS	As at March 31, 2012 (Rs. Million)	As at March 31, 2011 (Rs. Million)
<b>A) SECURED</b>		
From Banks - Cash Credit	29.00	17.78
<b>Sub Total (A)</b>	<u>29.00</u>	<u>17.78</u>
<b>B) UNSECURED</b>		
Loans from Banks		
a) Working Capital Loan	-	278.63
b) Other Loans	-	600.00
<b>Sub Total (B)</b>	<u>-</u>	<u>878.63</u>
<b>Total (A+B)</b>	<u>29.00</u>	<u>896.41</u>

## 7.1 Details of Security given against Loans

- i) Cash Credit Limits are secured by hypothecation of stocks and book debts of NIIT Limited. The Group has utilised the cash credit (fund-based) limits to the extent of Rs.29.00 Million (Previous year Rs. 17.78 Million) as at year end.
- ii) Element K Corporation, a subsidiary, had utilized its line of credit from the Bank of the West, USA for Rs. 123.25 Million [USD 2.77 Million] at the year ended March 31, 2011. The line of credit was secured by way of a standby letter of credit issued by BNP Paribas, India, counter guaranteed by NIIT Limited. Upon sale of Element K Corporation during the current financial year, the facility ceased to exist and thereby the standby letter of credit issued by BNP Paribas, India, counter guaranteed by NIIT Limited, was since released.

(Rs. Million)

**8 TRADE PAYABLES**

	As at	
	March 31, 2012	March 31, 2011
	Current	
- Sundry Creditors	2,038.36	1,985.68
	<b>2,038.36</b>	<b>1,985.68</b>

(Rs. Million)

**9 OTHER LIABILITIES**

	As at			
	March 31, 2012	March 31, 2011	March 31, 2012	March 31, 2011
	Long-Term Liabilities		Current Liabilities	
Current Maturities of Long Term Borrowings (Note 6)	-	-	224.62	566.84
Interest accrued but not due on borrowings	-	-	13.88	23.59
Unpaid dividends *	-	-	6.98	6.18
Unclaimed fractional share payment	-	-	0.10	0.23
Security Deposits Payable	1.78	1.78	-	1.58
Deferred Revenue	5.95	81.65	57.87	1,358.40
Advances from Customers	133.18	66.89	356.74	708.55
Statutory Dues	-	-	98.35	180.88
Other Payables**	-	-	252.70	364.20
	<b>140.91</b>	<b>150.32</b>	<b>1,011.24</b>	<b>3,210.45</b>

\* There are no amounts due for payment to the Investor Protection Fund under section 205 C of the Companies Act, 1956 as at the year end.

\*\* includes capital creditors and payable to Employees

(Rs. Million)

**10 PROVISIONS**

	As at			
	March 31, 2012	March 31, 2011	March 31, 2012	March 31, 2011
	Long-Term		Short-Term	
Provision for employee benefits (Refer Note 27):				
-Provision for Gratuity	1.48	6.04	5.22	2.69
-Provision for Compensated Absences	5.93	42.85	109.08	109.63
Proposed Dividend	-	-	264.16	247.65
Provision for Corporate Dividend Tax	-	-	42.85	40.17
Provision for Indemnity	162.78	-	-	-
Provision for Current Tax	-	-	905.21	-
Less : Advance Tax	-	-	(626.79)	-
	<b>170.19</b>	<b>48.89</b>	<b>699.73</b>	<b>400.14</b>

March 31, 2012	March 31, 2011
(Rs. Million)	(Rs. Million)

**10.1 Movement in Provision for Indemnity (Refer Note 48) :**

Opening Balance	-	-
Additions	162.78	-
Balance at the year end	<b>162.78</b>	-

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended March 31, 2012**

Contd..

Description of Assets	GROSS BLOCK				DEPRECIATION AND AMORTISATION				NET BLOCK	
	As on 01.04.2011	Additions during the Year	Sales/ Adj. during the Year	Translation Adjustment increase/ (decrease)	As on 31.03.2012	Charge For the Year	Sales/ Adj. during the Year	Translation Adjustment increase/ (decrease)	As on 31.03.2012	As on 31.03.2011
<b>11 FIXED ASSETS</b>										
<b>Intangible</b>										
Land - Freehold (Refer footnote i below)	20.51	-	-	-	20.51	-	-	-	-	20.51
Building (Refer footnote ii below)	209.32	-	-	-	209.32	3.41	-	-	33.94	175.38
Plant & Equipments	2,030.24	388.24	325.74	24.15	2,116.89	319.95	285.55	19.21	1,294.13	789.72
- Owned	62.24	8.64	72.50	6.66	5.04	10.52	40.75	3.55	4.59	30.97
- Leased	206.40	42.33	10.59	0.51	238.65	35.55	9.48	0.40	143.90	88.97
Office Equipments	0.05	-	0.01	-	0.04	-	0.01	-	0.04	-
- Leased	406.39	242.47	66.64	1.40	583.62	73.43	59.54	1.33	301.74	119.87
Lease Hold Improvements	217.13	105.82	29.22	4.19	297.92	41.28	24.51	3.04	159.62	77.32
Furniture & Fixtures	5.40	2.38	-	-	3.02	0.19	2.31	-	2.64	0.64
- Owned	49.41	8.42	6.60	1.57	52.80	5.43	4.28	0.35	19.44	31.47
- Leased	3,207.09	795.92	513.68	38.48	3,527.81	489.76	426.43	27.88	1,960.04	1,538.26
Vehicles	3,025.79	386.68	203.72	(1.66)	3,207.09	418.86	86.03	(0.83)	1,868.83	1,338.26
<b>Sub Total (a)</b>										
<b>Previous year (b)</b>										
<b>Intangible (Educational Content/ Products)</b>										
Intellectual Property Rights	30.43	62.73	(0.03)	-	93.19	11.68	0.01	0.03	29.36	63.83
- Acquired	1,436.34	576.61	1,329.51	133.66	817.09	254.91	490.46	49.91	400.21	416.89
- Internally Generated (Refer footnote iii & v below)	119.65	-	-	-	119.65	23.76	-	-	54.22	65.43
Software	1,518.93	78.49	105.89	104.58	1,596.11	94.73	78.37	102.07	1,471.93	165.43
- Acquired	7.53	0.17	8.49	0.79	7.45	0.02	8.26	0.79	124.18	0.08
- Leased	16.14	14.68	2,556.37	243.76	41.77	2.26	-	-	13.87	4.53
Patents	2,339.70	-	-	13.94	109.60	1.50	-	-	1.50	40.27
Goodwill on Consolidation (Refer footnote iii below)	95.66	-	-	-	95.66	-	-	-	109.60	-
<b>Sub Total (c)</b>	5,564.38	732.68	4,000.23	496.73	2,793.56	388.86	577.10	166.74	2,080.69	712.87
<b>Previous year (d)</b>	5,111.79	515.57	5.32	(57.66)	5,644.38	435.47	0.24	(17.63)	2,102.19	3,462.19
<b>Total (a + c)</b>	8,771.47	1,528.60	4,513.91	535.21	6,321.37	878.62	1,003.53	194.62	4,040.73	4,800.45
<b>Previous year (b+d)</b>	8,137.58	902.25	209.04	(59.32)	8,771.47	854.33	86.27	(18.46)	3,971.02	4,800.45

**Capital work in progress**

2.63

72.36

173.27

521.93

**Footnotes :**

- Out of the total land as above, 25 acres of land amounting Rs. 6.52 Million at Taisal Behror, District Alwar is allotted for education purpose. This land cannot be transferred without the approval of the allotment authority.
- Gross Block of Building includes 10 shares of Rs. 50 / - each in the Guru Vidya Co-operative Housing Society Limited.
- Charge for the year includes provision for impairment of intangible assets of Rs. 2.70 Million and Goodwill on Consolidated of Rs. 1.50 Million included as exceptional item in Consolidated Statement of Profit and Loss.
- Net of provision for impairment of intangible asset under development of Rs. 4.51 Million which is included as exceptional item in Consolidated Statement of Profit and Loss.
- Refer Note 36 for cost incurred during the year on internally generated intangible assets.

(Rs. Million)

12 INVESTMENTS	As at			
	March 31, 2012	March 31, 2011	March 31, 2012	March 31, 2011
	Non-Current		Current	
<b>A. TRADE (QUOTED)</b>				
<b>In Associate</b>				
NIIT Technologies Limited				
- Capital Reserve	(415.86)	(415.86)	-	-
- Net Assets Value (Opening Value)	1,946.49	1,685.37	-	-
Less: Dividend Received	(108.70)	(101.45)	-	-
Share of Associate's net profit	479.29	445.71	-	-
Share/ (Adjustment) in Post Acquisition Reserves	48.69	(83.14)	-	-
<b>Sub Total (A)</b>	<b>1,949.91</b>	<b>1,530.63</b>	-	-
<b>B. NON TRADE [UNQUOTED]</b>				
In Mutual Fund, Debts and Money Market Securities				
Opening Investment	-	-	110.44	4.91
Add : Purchases	-	-	2,389.00	843.02
Less : Sales	-	-	(2,494.90)	(737.49)
[Fair market value as on March 31, 2012 Rs. 6.49 Million (Previous year Rs. 111.88 Million)]				
<b>Sub Total (B)</b>	-	-	<b>4.54</b>	<b>110.44</b>
<b>Total ( A + B)</b>	<b>1,949.91</b>	<b>1,530.63</b>	<b>4.54</b>	<b>110.44</b>

### 13 TAXATION

- (a) Upon finalisation of Income Tax return of the Company for the Assessment year 2011-12 an amount of Rs. 0.40 Million (Net) (Previous year Rs. 3.15 Million) has been charged during the year.
- (b) Detailed break up of Deferred Tax Assets/ Liabilities and reconciliation of current year deferred tax credit is as follows:

Geography :- India Deferred Tax Assets/ Liabilities	(Rs. Million)		
	As on 01.04.2011	Charged/ (Credited) to Consolidated Statement of Profit and Loss	As on 31.03.2012
<b>Deferred Tax Liabilities:</b>			
a) Tax impact of difference between carrying amount of fixed assets in the financial statements and as per the Income Tax calculation.			
<b>Total (A)</b>	<b>54.53</b>	<b>24.10</b>	<b>78.63</b>
<b>Deferred Tax Assets:</b>			
a) Tax impact of expenses charged in the Consolidated Statement of Profit and Loss but allowable as deductions in future years under income tax:			
-Provision for doubtful debts and advances	(40.04)	(98.45)	(138.49)
-Provision for Inventory	(2.16)	0.49	(1.67)
-Provision for Compensated Absences, Bonus, Gratuity and other timing differences	(27.56)	(1.98)	(29.54)
-Deferred Income on sale and lease back transaction	(3.90)	1.11	(2.79)
-Provision for Employee Reimbursements on claim basis	(7.93)	(0.75)	(8.68)
b) Others	-	(1.24)	(1.24)
<b>Total (B)</b>	<b>(81.59)</b>	<b>(100.82)</b>	<b>(182.41)</b>
<b>Net Deferred Tax Liabilities/ (Assets) (A+B)</b>	<b>(27.06)</b>	<b>(76.72)</b>	<b>(103.78)</b>

Add: - 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. Adjusted on account of sale of Element K Corporation.

	(1.64)	-	-
<b>Net Deferred Tax Liabilities/ (Assets)</b>	<b>(28.70)</b>	<b>(76.72)</b>	<b>(103.78)</b>
<i>Previous year</i>	<i>(0.60)</i>	<i>(28.10)</i>	<i>(28.70)</i>

### Geography :- USA

Deferred Tax Assets/ Liabilities	(Rs. Million)			
	As on 01.04.2011	Charged/ (Credited) to Consolidated Statement of Profit and Loss	Currency Translation Adjustment	As on 31.03.2012
<b>Deferred Tax Liabilities:</b>				
a) Tax impact of difference between carrying amount of fixed assets in the financial statements and as per the Income Tax calculation.	13.39	34.59	3.40	51.38
b) Impact of expenses prepaid in financial statements but allowed as deduction in current year	132.67	(145.92)	13.25	-
<b>Total (A)</b>	<b>146.06</b>	<b>(111.33)</b>	<b>16.65</b>	<b>51.38</b>
<b>Deferred Tax Assets:</b>				
a) Tax impact of expenses charged in the financial statements but allowable as deductions in future years under Income Tax:				
-Provision for doubtful debts and advances	(10.91)	12.00	(1.09)	-
-Provision for Compensated Absences, Bonus, Gratuity and other timing differences	(50.70)	55.27	(5.08)	(0.51)
-Difference in carrying amount of Goodwill	(12.61)	13.87	(1.26)	-
-Deferred Revenue	(113.09)	124.38	(11.29)	-
b) Carry forward unabsorbed losses/ depreciation	(238.48)	262.30	(23.82)	-
<b>Total (B)</b>	<b>(425.79)</b>	<b>467.82</b>	<b>(42.54)</b>	<b>(0.51)</b>
<b>Net Deferred Tax Liabilities/(Assets) (A+B)</b>	<b>(279.73)</b>	<b>356.49</b>	<b>(25.89)</b>	<b>50.87</b>
<i>Previous year</i>	<i>(283.39)</i>	<i>-</i>	<i>3.66</i>	<i>(279.73)</i>

## Geography :- China &amp; Others

	(Rs. Million)			
Deferred Tax Assets/ Liabilities	As on 01.04.2011	Charged/ (Credited) to Consolidated Statement of Profit and Loss	Currency Translation Adjustment	As on 31.03.2012
<b>Deferred Tax Liabilities:</b>				
Others	19.70	(10.68)	2.69	11.71
<b>Total (A)</b>	<u>19.70</u>	<u>(10.68)</u>	<u>2.69</u>	<u>11.71</u>
<b>Deferred Tax Assets:</b>				
Tax impact of expenses charged in the financial statements but allowable as deductions in future years under Income Tax:				
-Provision for doubtful debts and advances	(9.10)	(0.96)	(1.81)	(11.87)
-Provision for Compensated Absences, Bonus, Gratuity and other timing differences	(8.05)	(3.04)	(1.80)	(12.89)
-Provision for Inventory	-	(0.87)	(0.08)	(0.95)
-Deferred Revenue	(0.94)	1.03	(0.09)	-
<b>Total (B)</b>	<u>(18.09)</u>	<u>(3.84)</u>	<u>(3.78)</u>	<u>(25.71)</u>
<b>Net Deferred Tax Liabilities/(Assets) (A+B)</b>	<u>1.61</u>	<u>(14.52)</u>	<u>(1.09)</u>	<u>(14.00)</u>
<i>Previous year</i>	<i>(13.49)</i>	<i>15.65</i>	<i>(0.55)</i>	<i>1.61</i>

**Footnotes to Note 13 (b)above**

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



(Rs. Million)

**14 LOANS AND ADVANCES**

	As at			
	March 31, 2012	March 31, 2011	March 31, 2012	March 31, 2011
	Long-Term		Short-Term	
<b>i) Capital Advances</b>				
Unsecured, considered good	16.10	27.57	-	-
<b>(A)</b>	<b>16.10</b>	<b>27.57</b>	-	-
<b>ii) Security Deposits Receivable</b>				
Unsecured, considered good	317.21	318.31	82.50	51.43
Unsecured, considered doubtful	5.05	5.05	-	-
Less: Provision for doubtful Deposits	(5.05)	(5.05)	-	-
<b>(B)</b>	<b>317.21</b>	<b>318.31</b>	<b>82.50</b>	<b>51.43</b>
<b>iii) Advances recoverable in cash or in kind</b>				
Unsecured, considered good	15.96	37.30	438.14	725.92
Unsecured, considered doubtful	1.75	2.43	-	-
Less: Provision for doubtful advances	(1.75)	(2.43)	-	-
<b>(C)</b>	<b>15.96</b>	<b>37.30</b>	<b>438.14</b>	<b>725.92</b>
<b>iv) Other Advances</b>				
a) Advance payment of Fringe Benefit Tax	92.77	92.77	-	-
Less: Provision for Fringe Benefit Tax	(91.66)	(91.66)	-	-
	<b>1.11</b>	<b>1.11</b>	-	-
b) Advance Tax	1,229.05	910.21	-	31.80
Less : Provision for Tax	(1,014.98)	(745.79)	-	(9.74)
	<b>214.07</b>	<b>164.42</b>	-	<b>22.06</b>
c) MAT Credit entitlement				
- Opening Balance	37.79	1.75	-	-
- Reversal of MAT credit	-	(0.14)	-	-
- Addition during the year	45.60	36.18	-	-
	<b>83.39</b>	<b>37.79</b>	-	-
<b>(D)</b>	<b>298.57</b>	<b>203.32</b>	-	<b>22.06</b>
<b>Total (A+B+C+D)</b>	<b>647.84</b>	<b>586.50</b>	<b>520.64</b>	<b>799.41</b>

(Rs. Million)

**15 TRADE RECEIVABLES**

	As at			
	March 31, 2012	March 31, 2011	March 31, 2012	March 31, 2011
	Non-Current		Current	
<b>a) Outstanding for a period exceeding six months from the date they are due for payment</b>				
Unsecured, considered good	-	-	932.78	912.53
Unsecured, considered doubtful	1,149.57	690.45	-	-
Less: Provision for doubtful debts	(1,149.57)	(690.45)	-	-
	-	-	<b>932.78</b>	<b>912.53</b>
<b>b) Others</b>				
Unsecured, considered good	361.96	77.60	2,637.16	2,908.39
Unsecured, considered doubtful	-	15.28	-	-
Less: Provision for doubtful debts	-	(15.28)	-	-
	<b>361.96</b>	<b>77.60</b>	<b>2,637.16</b>	<b>2,908.39</b>
	<b>361.96</b>	<b>77.60</b>	<b>3,569.94</b>	<b>3,820.92</b>

(Rs. Million)

**16 MOVEMENT OF PROVISION FOR DOUBTFUL DEBTS**

	As at	
	March 31, 2012	March 31, 2011
Opening Provision	705.73	737.63
Add: Additional Provisions created	427.59	157.69
(Less): Provision written back	(0.46)	-
(Less): Bad Debts written off	(39.64)	(183.90)
Add/ (Less) : Currency Translation Adjustments	88.09	(5.69)
(Less): Decrease due to sale of subsidiary	(31.74)	-
<b>Closing Provision</b>	<b>1,149.57</b>	<b>705.73</b>

(Rs. Million)

**17 OTHER ASSETS**

	As at			
	March 31, 2012	March 31, 2011	March 31, 2012	March 31, 2011
	Non-Current		Current	
Non-Current Bank Balances (Note 19)	17.80	17.53	-	-
Unbilled revenue	315.66	379.03	487.17	560.20
Interest Receivable	2.06	0.75	1.83	1.19
Other Receivables	-	-	62.96	234.75
	<b>335.52</b>	<b>397.31</b>	<b>551.96</b>	<b>796.14</b>

	As at		(Rs. Million)
	March 31, 2012	March 31, 2011	
<b>18 INVENTORIES</b>			
<b>As at the end of the year</b>			
Raw Material	-	5.26	
Traded Goods			
a) Education and Training Material*			
- Manufactured	-	6.50	
- Others	114.05	138.94	
b) Software	4.77	2.62	
	<b>118.82</b>	<b>153.32</b>	
<b>As at the beginning of the year</b>			
Raw Material	5.26	5.46	
Traded Goods			
a) Education and Training Material			
- Manufactured	6.50	9.72	
- Others	138.94	104.13	
b) Software	2.62	6.61	
	<b>153.32</b>	<b>125.92</b>	
<b>(Increase)/ Decrease in Inventory</b>	<b>34.50</b>	<b>(27.40)</b>	

\* Net of provision for non-moving inventories of Rs.8.94 Million (Previous year Rs.7.93 Million) and inclusive of inventory in electronic form.

	As at				(Rs. Million)
	March 31, 2012	March 31, 2011	March 31, 2012	March 31, 2011	
	Non-Current		Current		
<b>19 CASH AND BANK BALANCES</b>					
<b>Cash and cash equivalents:</b>					
Balance with banks					
-Current Accounts	-	-	724.46	397.74	
[Includes Rs.6.56 Million (Previous year Rs. 7.17 Million) pertaining to amount earmarked for specific contract]					
-Exchange Earners' Foreign Currency Account	-	-	0.87	0.89	
-Bank deposits with original maturity of 3 months or less	-	-	95.00	-	
Cash on hand	-	-	13.25	12.94	
Cheques, drafts on hand	-	-	117.64	63.77	
<b>Sub-Total (A)</b>	<b>-</b>	<b>-</b>	<b>951.22</b>	<b>475.34</b>	
<b>Other bank balances:</b>					
Bank deposits*					
-With original maturity of more than 3 months and upto 12 months	-	-	39.12	26.77	
-With original maturity of more than 12 months	17.80	17.53	-	-	
Dividend Accounts	-	-	6.98	6.18	
* Pledged as Margin Money					
<b>Sub-Total (B)</b>	<b>17.80</b>	<b>17.53</b>	<b>46.10</b>	<b>32.95</b>	
<b>Total (A+B)</b>	<b>17.80</b>	<b>17.53</b>	<b>997.32</b>	<b>508.29</b>	
<b>Amount disclosed under "Other Non Current Assets" (Refer note 17)</b>	<b>(17.80)</b>	<b>(17.53)</b>	<b>-</b>	<b>-</b>	
<b>Total (A+B+C)</b>	<b>-</b>	<b>-</b>	<b>997.32</b>	<b>508.29</b>	

**20 CONTINGENT LIABILITIES**

a) **Claims against the Group not acknowledged as debts (including associate company) Rs. 12.77 Million (Previous year Rs.16.20 Million).**

**b) Guarantees:**

- i) Guarantees issued by bankers (including associate company) outstanding at the end of accounting year Rs. 505.89 Million (Previous year Rs. 51.96 Million).
- ii) Corporate Guarantee Nil (Previous year Rs. 155.40 Million) [USD 3.50 Million (Net of Loan outstanding USD 10.50 Million and payments made USD 29.50 Million)] given to ICICI Bank on behalf of NIIT (USA) Inc., USA
- iii) Corporate Guarantee Nil (Previous year Rs. 66.60 million) [USD 1.50 million (Net of loan outstanding USD 15 million)] given to ICICI Bank UK PLC, UK on behalf of NIIT (USA) Inc., USA.
- iv) Guarantees issued to bankers outstanding at the end of accounting year Rs. 112.73 Million (Previous year Rs. 203.86 Million) relating to associate company.
- v) Corporate Guarantees outstanding at the end of accounting year Rs.403.35 Million (Previous year Rs. 347.21 Million) relating to associate company.
- vi) Corporate Guarantee of Rs. 559.57 Million (USD 11 Million) has been issued by NIIT Limited during the current financial year to SkillSoft Corporation, USA & SkillSoft Ireland Limited to secure them against any Indemnification Obligations of NIIT Ventures Inc. and NIIT (USA) Inc., with respect to sale of certain assets of Element K Corporation and Stock sale of Element K Corporation by NIIT Ventures Inc.,USA.

**c) Other money for which the company is contingently liable**

- i) Letter of Credit issued by bank on behalf of the Company outstanding at the end of accounting year Nil (Previous year Rs. 24.17 million).
- ii) Andhra Pradesh works contract tax amounting to Rs. 101.96 Million (Previous year Rs. 91.83 Million). Management does not foresee any financial implication based on the advice of the legal consultant.
- iii) Service Tax demand amounting to Rs.42.84 Million (Previous year Rs. 10.48 Million) and amount of penalty i.e. Rs. 10.48 Million (Previous year Rs. 10.48 Million) raised by Commissioner of Service Tax, Delhi. Management does not foresee any financial implication based on the advice of the legal consultant.
- iv) Income Tax demand for Rs. 230.77 Million (Previous year Rs. 157.60 Million). Management does not foresee any financial implication based on the advice of the legal consultant.
- v) Service Tax liability on rental of immovable properties amounting to Rs. Nil (Previous year Rs. 12.07 Million).
- vi) Income tax demand of associate company of Rs. 87.26 Million (Previous year Rs. 41.59 Million).
- vii) Central Excise demand of associate company of Rs. 58.60 Million (Previous year Rs. 58.98 Million).

**21** The Group had received Show Cause Notices u/s 263 of the Income Tax Act, 1961, issued by the Commissioner of Income Tax for the Assessment years 1999-00 to 2005-06, who later issued Orders directing the Assessing Officer for re-assessment on certain items. The quantum of Income Tax demand, if any, has neither been quantified nor ascertained and thus, indeterminable at this stage. These orders have been challenged by the Group in the Income Tax Appellate Tribunal, which has directed the Income Tax department to produce all records related to assessment for perusal of the Tribunal. Against the order of the Tribunal, the Income Tax Department has preferred a writ petition in the High Court at Delhi. The matter is under adjudication in the High Court. Based on legal opinion obtained by the Group, the Group is confident that the matter as above shall be decided in its favour.

**22 CAPITAL AND OTHER COMMITMENTS**

- a) Estimated amount of contracts remaining to be executed on capital account (net of advances) not provided (including associate company) for Rs. 262.94 Million (Previous year Rs. 357.77 Million).
- b) For commitments related to lease arrangements, refer note 38.

- c) There are certain contracts with State Governments under which the Company is required to transfer ownership of the fixed assets and equipments under leasing arrangements at the written down value (which will be nil), at the end of the contract term.
- d) Commitment to support NIIT Institute of Information Technology to meet the shortfall, if any, in repayment of loan taken by it from a bank.
- e) The Company's initial investment of Rs. 79.49 Million in NIIT Yuva Jyoti Limited ("NYJL") can not be sold, pledged or otherwise encumbered wholly or in part for a period of four years. The Company is also required to continue to hold a minimum of 51% of the total paid-up equity share capital of NYJL during the term of the agreement with National Skill Development Corporation (NSDC).

## 23 PROPOSED DIVIDEND

	As at	
	March 31, 2012	March 31, 2011
The Final Dividend proposed for the year is as follows:-		
On equity Shares of Rs. 2/- each		
Amount of Dividend Proposed (Rs. Million)	264.16	247.65
Dividend per Equity Share	Rs. 1.60/- Per Share	Rs.1.50/- Per Share

(Rs. Million)

## 24 REVENUE FROM OPERATIONS

	Year ended	
	March 31, 2012	March 31, 2011
<b>Sale of Products :</b>		
Courseware Revenue	4,559.90	5,311.45
Subscription Revenue	984.62	1,504.53
Hardware & Accessories Revenue	787.96	224.34
<b>Sale of Services</b>	6,270.31	5,442.47
	<b>12,602.79</b>	<b>12,482.79</b>

(Rs. Million)

## 25 OTHER INCOME

	Year ended	
	March 31, 2012	March 31, 2011
Interest Income	15.19	54.05
Profit on sale of Current Investments (Net)	-	0.12
Dividend Income from Current Investments	10.86	1.17
Provision/ Other Liabilities written back	6.02	7.94
Gain on foreign currency translation and transaction (net)	26.59	-
Other non-operating income	17.25	20.35
	<b>75.91</b>	<b>83.63</b>

(Rs. Million)

## 26 EMPLOYEE BENEFITS EXPENSES\*

	Year ended	
	March 31, 2012	March 31, 2011
Salaries and Benefits	2,973.01	3,155.18
Contribution to Provident and Other Funds	124.52	113.06
Welfare and Other expenses	91.77	79.99
	<b>3,189.30</b>	<b>3,348.23</b>

\* Net of expenses amounting to Rs. 0.84 Million (Refer Note 49)

## 27 EMPLOYEE BENEFITS

### A) Defined Contribution Plans

The Group makes contribution towards Provident Fund (other than NIIT Limited and certain other domestic subsidiaries), Superannuation Fund and Pension Scheme to the defined contribution plans for eligible employees.

The Group has charged the following costs in Contribution to Retirement Benefit Funds in the Consolidated Statement of Profit and Loss:-

Particulars	(Rs. Million)	
	Year ended	
	March 31, 2012	March 31, 2011
Employers' Contribution to Provident Fund	4.17	9.71
Employers' Contribution to Superannuation Fund	13.11	11.66
Employers' Contribution to Employees Pension Scheme	48.42	35.47
Contribution to 401 (K) plans	9.27	9.48
<b>Total</b>	<b>74.97</b>	<b>66.32</b>

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

Particulars	(Rs. Million)	
	Year ended	
	March 31, 2012	March 31, 2011
Employers' Contribution to Superannuation Fund	2.16	2.01
Employers' Contribution to Employees Pension Scheme	Nil	0.01

### B) Defined Benefit Plans

#### I. Provident Fund

The Group makes contribution to the "NIIT LIMITED EMPLOYEES' PROVIDENT FUND TRUST" ("the Trust") [for NIIT Limited and certain other domestic subsidiaries], which is a defined benefit plan. The Group contributed Rs. 36.58 Million (Previous year Rs. 29.60 Million) including Rs. 1.99 Million (Previous year Rs. 1.85 Million) in respect of Key Managerial personnel during the year to the Trust.

The Group has an obligation to make good the shortfall, if any, between the return from the investments of the Trust and the notified interest rate. The Group's obligation in this regard is actuarially determined and provided for if the circumstances indicate that the Trust may not be able to generate adequate returns to cover the interest rates notified by the Government.

The guidance on implementing AS 15 Employee Benefits (revised 2005), issued by Accounting Standards Board (ASB) of The Institute of Chartered Accountants of India, states that benefits involving employer established provident fund trust, which require interest shortfall to be compensated by the employer is required to be considered as Defined Benefits Plans. The Actuarial Society of India has issued the final guidance for measurement of Provident Fund liability during the year ended March 31, 2012 basis which the actuary has provided a valuation and based on the below mentioned assumptions, determined that there is no short fall as at March 31, 2012.

The details of fund and plan assets of the Trust as at March 31, 2012 (as provided by the actuary):

**(i) Change in Defined Benefit Obligation**

Particulars	As at March 31, 2012 (Rs. Million)
Present Value Defined Benefit Obligation as at the beginning of the year	-
Current service cost	0.63
Actuarial (gain)/ loss on Obligations	2.93
<b>Present Value Defined Benefit Obligations as at the end of the year</b>	<u><b>3.56</b></u>

**(ii) Change in Fair Value of Assets**

Particulars	As at March 31, 2012 (Rs. Million)
Fair value of Plan Assets as at the beginning of the year	16.35
Actuarial (loss)/ gain on Plan Assets	14.51
<b>Fair value of Plan Assets as at the end of the year</b>	<u><b>30.86</b></u>

**(iii) Estimated Net Asset/ Liability recognised in Balance Sheet as on March 31, 2012**

Particulars	As at March 31, 2012 (Rs. Million)
Present value of Defined Benefit Obligation	3.56
Fair Value of Plan Assets	30.86
Funded Status [Surplus/ (Deficit)]	27.30
<b>Net Asset/ (Liability) recognised in Balance Sheet</b>	<u><b>-</b></u>

**(iv) Assumptions used in accounting for provident Fund:-**

Discount Rate (Per Annum)	8.60%
Expected return on Plan Assets	8.60%
Expected guaranteed interest rate	8.60%

**II. Compensated Absences**

(Rs. Million)

Particulars	Year ended	
	March 31, 2012	March 31, 2011
<b>i) Change in Present value of Obligation:-</b>		
Present value of obligation as at the beginning of the year	152.48	143.24
Interest Cost	8.28	8.70
Past Service cost	-	-
Current service cost*	(6.67)	36.60
Benefits Paid	(5.07)	(10.86)
Actuarial (gain)/ loss on Obligations	(34.01)	(25.20)
<b>Present value of obligation as at the end of the year</b>	<u><b>115.01</b></u>	<u><b>152.48</b></u>

\*Current service cost is gross of recoveries/ (Net of Credits) from/ (to) entities other than subsidiaries Rs. (0.22) Million (Previous year Rs. (0.03) Million)

ii) Principal actuarial assumptions used in accounting for Compensated Absences:-

Particulars	Year ended	
	March 31, 2012	March 31, 2011
<b>For entities in USA :</b>		
Discount Rate (per annum)	1.00%	2.50%
Future Salary Increase	3.00%	3.00%
<b>For entities in Malaysia :</b>		
Discount Rate (per annum)	4.70%	4.70%
Future Salary Increase		
For First 5 Years	10.00%	10.00%
Thereafter	7.00%	7.00%
<b>For entities in China :</b>		
Discount Rate (per annum)	3.70%	3.90%
Future Salary Increase		
For First 5 Years	10.00%	10.00%
Thereafter	7.00%	7.00%
<b>For NIIT Antilles NV:</b>		
Discount Rate (per annum)	1.00%	3.00%
Future Salary Increase		
For First 5 Years	10.00%	10.00%
Thereafter	7.00%	7.00%
<b>For South Africa branch of NIIT Antilles NV:</b>		
Discount Rate (per annum)	8.90%	9.40%
Future Salary Increase		
For First 5 Years	10.00%	10.00%
Thereafter	7.00%	7.00%
<b>For Evolv Services Limited :</b>		
Discount Rate (per annum)	8.60%	8.00%
Future Salary Increase	5.50%	5.50%
<b>For Other Entities :</b>		
Discount Rate (per annum)	8.60%	8.00%
Future Salary Increase		
For First 5 Years	10.00%	10.00%
Thereafter	7.00%	7.00%



### III. Gratuity Fund

#### I. Funded

(Rs. Million)

Particulars	Year ended	
	March 31, 2012	March 31, 2011
<b>i) Change in Present value of Obligation:-</b>		
Present value of obligation as at beginning of the year	91.67	78.60
Interest cost	6.78	5.91
Current service cost	11.97	10.24
Benefits paid	(13.83)	(9.50)
Actuarial (gain)/ loss on obligations	2.67	6.42
<b>Present value of obligation as at the year end</b>	<b>99.26</b>	<b>91.67</b>
<b>ii) Change in Plan Assets:-</b>		
Fair value of Plan Assets as at the beginning of the year	90.22	77.11
Expected return on Plan Assets	8.34	7.53
Contributions	10.74	15.56
Benefits Paid	(13.83)	(9.50)
Actuarial (loss)/ gain on Plan Assets	(0.30)	(0.48)
<b>Fair value of Plan Assets as at the end of the year</b>	<b>95.17</b>	<b>90.22</b>

Actuary's estimates of contributions for the next financial year is Rs. 17.78 Million.

iii) Amount of Asset/ (Obligation) recognised in the Balance Sheet:-	Fair value of Plan Assets as at the end of the year	Present value of obligation as at the end of the year	(Assets)/ obligation recognised in Balance Sheet*
As at March 31, 2012	95.17	99.26	4.09
As at March 31, 2011	90.22	91.67	1.45
As at March 31, 2010	77.11	78.60	1.49
As at March 31, 2009	68.54	74.82	6.28
As at March 31, 2008	60.55	65.23	4.68

\* Net of Assets recognised in Balance Sheet Rs. 1.09 Million (Previous year Rs. 0.76 Million)

(Rs. Million)

Particulars	Year ended	
	March 31, 2012	March 31, 2011
<b>iv) Net Gratuity Cost recognised in Consolidated Statement of Profit and Loss :</b>		
Current service cost	11.97	10.24
Interest cost	6.78	5.91
Expected return on Plan Assets	(8.34)	(7.53)
Net Actuarial (gain)/ loss recognised during the year	2.97	6.89
<b>Expense recognised in Consolidated Statement of Profit and Loss *</b>	<b>13.38</b>	<b>15.51</b>
<b>Actual return on plan assets</b>	<b>8.03</b>	<b>7.06</b>

\*Includes recovery from entities other than subsidiaries amounting to Rs. Nil (Previous year Rs. 0.30 Million)

v) Assumptions used in accounting for gratuity plan:	Year ended	
	March 31, 2012	March 31, 2011
Discount Rate (Per Annum)	8.60%	8.00%
Future Salary Increase	5.00%	5.00%
Expected Rate of return on plan assets	9.40%	9.40%

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

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

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

## II. Non Funded

(Rs. Million)

Particulars	Year ended	
	March 31, 2012	March 31, 2011
<b>i) Change in Present value of Obligation:</b>		
Present value of obligation as at beginning of the year	6.53	6.19
Interest cost	0.32	0.43
Current service cost	(2.23)	1.48
Benefits paid	(2.06)	(1.59)
Actuarial (gain)/ loss on obligations	(1.04)	0.02
<b>Present value of obligation as at the year end</b>	<b>1.52</b>	<b>6.53</b>

#### ii) Net Gratuity cost recognised in Contribution to Retirement Benefit Funds in Consolidated Statement of Profit and Loss :

Current service cost	0.63	1.49
Interest cost	0.18	0.43
Net Actuarial (gain)/ loss recognised during the year	(1.23)	0.02
<b>Expense recognised in Consolidated Statement of Profit and Loss</b>	<b>(0.42)</b>	<b>1.94</b>

iii) Assumptions used in accounting for gratuity plan:-	Year ended	
	March 31, 2012	March 31, 2011
Discount Rate (Per Annum)	8.00%	8.00%
Future Salary Increase	5.00%	5.00%

Gratuity expenses recognised for funded and non-funded schemes in Consolidated Statement of Profit and Loss amounts to Rs. 12.97 Million (Previous year Rs. 17.14 Million). Gratuity liability recognised for funded and non-funded schemes as at year end amounts to Rs.12.31Million (Previous year Rs. 8.73 Million).

## 28 EMPLOYEES STOCK OPTION SCHEME

The Company has established NIIT Employee Stock Option Plan 2005 "ESOP 2005" and approved at the General Meeting of the Company held on May 18, 2005.

The plan has been set up so as to offer and grant, for the benefit of employees (excluding promoters) of the Group, who are eligible under "Securities Exchange Board of India (SEBI) (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999", options of the Company in aggregate up to 1,925,000 options under ESOP 2005, in one or more tranches, and on such terms and conditions as may be fixed or determined by the Board, in accordance with the provisions of law or guidelines issued by the relevant authorities in this regard.

As per the plan, each option is exercisable for one equity share of face value of Rs. 2/- each (Rs. 10/- each pre bonus and split) fully paid up on payment to the Company, for such shares, at a price to be determined in accordance with ESOP 2005. ESOP information is given for the number of shares after sub-division and Bonus issue

The summary of options granted is as follows:

Particulars	Grant III			Grant IV			Grant V			Grant VI		
	2011-12	2010-11	2011-12	2010-11	2011-12	2010-11	2011-12	2010-11	2011-12	2010-11	2011-12	2010-11
	5-Jun-07	5-Jun-07	28-Jul-08	28-Jul-08	26-Oct-09	26-Oct-09	26-Oct-09	26-Oct-09	26-Oct-11	26-Oct-11	26-Oct-11	26-Oct-09
Date of Grant	5-Jun-07	5-Jun-07	28-Jul-08	28-Jul-08	26-Oct-09	26-Oct-09	26-Oct-09	26-Oct-09	26-Oct-11	26-Oct-11	26-Oct-11	26-Oct-09
Date of Vesting	5-Jun-08	5-Jun-08	28-Jul-09	28-Jul-09	26-Oct-10	26-Oct-10	26-Oct-10	26-Oct-10	26-Oct-11	26-Oct-11	26-Oct-12	26-Oct-12
Live options at the beginning of the year (Nos.)	409,126	439,177	1,081,050	1,218,300	1,624,046	1,815,228	1,561,220	1,815,228	1,561,221	1,815,229	1,561,221	1,815,229
Granted during the year (Nos.)	-	-	-	-	-	-	-	-	-	-	-	-
Forfeited/ lapsed till vesting period (Nos.)	-	-	-	-	-	-	-	-	-	-	-	-
Options Vested (Nos)	-	-	-	-	-	137,682	159,234	254,008	244,719	254,008	244,719	254,008
Forfeited/ lapsed post vesting (Nos)	409,126	30,051	153,750	137,250	264,356	42,296	42,296	-	-	-	-	-
Options exercised (Nos)	-	-	-	-	-	-	-	-	-	-	-	-
Outstanding/ exercisable at the end of the year (Nos)	121,62	409,126	927,300	1,081,050	1,359,690	1,624,046	1,359,690	1,561,220	1,316,502	1,561,221	1,316,502	1,561,221
Exercise Price (Rs.)	-	-	66	118	484	939	938	1,304	1,304	1,304	1,304	1,670
Remaining Contractual Life (Days)	37.23	37.23	32.09	32.09	32.00	32.00	34.77	34.77	34.77	34.77	36.64	36.64
Fair value of the options based on Black and Scholes Model (Rs.)	-	-	-	-	-	-	-	-	-	-	-	-
<b>Intrinsic Value of the options granted (Rs.)</b>	-	-	-	-	-	-	-	-	-	-	-	-

Particulars	Grant VI			Grant VII		
	Yest 1	Yest 2	Yest 3	Yest 1	Yest 2	Yest 3
	2011-12	2010-11	2011-12	2010-11	2011-12	2010-11
Date of Grant	23-Jan-10	23-Jan-10	23-Jan-10	23-Jan-10	22-Oct-10	22-Oct-10
Date of Vesting	23-Jan-11	23-Jan-12	23-Jan-13	23-Jan-13	22-Oct-11	22-Oct-13
Live options at the beginning of the year (Nos.)	135,770	165,950	129,460	165,950	29,020	-
Granted during the year (Nos.)	-	-	-	129,460	165,950	29,020
Forfeited/ lapsed till vesting period (Nos.)	-	-	-	-	-	-
Options Vested (Nos)	30,180	27,160	36,490	32,080	36,490	52,020
Forfeited/ lapsed post vesting (Nos)	135,770	102,300	-	-	29,020	23,000
Options exercised (Nos)	-	-	-	-	-	-
Outstanding/ exercisable at the end of the year (Nos)	105,080	135,770	102,300	129,460	29,020	29,020
Exercise Price (Rs.)	69.20	69.20	69.20	69.20	67.65	67.65
Remaining Contractual Life (Days)	662	1,028	1,027	1,393	934	1,300
Fair value of the options based on Black and Scholes Model (Rs.)	30.47	30.47	32.91	34.74	28.35	32.00
<b>Intrinsic Value of the options granted (Rs.)</b>	-	-	-	-	-	-

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended March 31, 2012**

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

Particulars	Grant III			Grant IV			Grant V			Grant VI			Grant VII		
	2011-12	2010-11	2009-10	2011-12	2010-11	2009-10	2011-12	2010-11	2009-10	2011-12	2010-11	2009-10	2011-12	2010-11	2009-10
Market price considered	121.62	88.7	72.2	72.2	72.2	72.2	69.2	69.2	69.2	69.2	69.2	67.65	67.65	67.65	67.65
Exercise price	121.62	88.7	72.2	72.2	72.2	72.2	69.2	69.2	69.2	69.2	69.2	67.65	67.65	67.65	67.65
Dividend yield	2.79%	2.04%	1.76%	1.76%	1.76%	1.76%	1.76%	1.76%	1.76%	1.76%	1.76%	1.76%	1.76%	1.76%	1.76%
Volatility	45.47%	51.81%	71.63%	66.14%	61.68%	61.68%	71.56%	61.44%	61.44%	65.68%	61.44%	65.49%	63.40%	60.71%	60.71%
Average life of the options (in years)	2.5	2.5	2.5	3.5	4.5	4.5	2.5	2.5	2.5	3.5	4.5	2.5	3.5	4.5	4.5
Risk free rate	7.93%	9.24%	6.55%	6.92%	7.19%	7.19%	6.19%	6.51%	6.80%	7.36%	7.36%	7.56%	7.73%	7.73%	7.73%

(Rs. Million)

Other information regarding employee share based payment is as below:

Particulars	Grant III		Grant IV		Grant V		Grant VI		Grant VII	
	2011-12	2010-11	2011-12	2010-11	2011-12	2010-11	2011-12	2010-11	2011-12	2010-11
Additional expense had the Company recorded the ESOP Expense based on fair value of the options	-	-	-	-	29.62	13.47	27.14	16.08	19.07	19.07

(Rs. Million)

Particulars	Grant VI			Grant VII								
	2011-12	2010-11	2009-10	2011-12	2010-11	2009-10						
Additional expense had the Company recorded the ESOP Expense based on fair value of the options	-	3.37	1.37	2.13	1.13	1.50	0.46	0.36	0.46	0.20	0.33	0.15

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

**Element K Corporation**

(Rs. Million) NIIT Institute of Finance Banking and Insurance Training Limited ("NIFBIT")

(Rs. Million)

Particulars	Year ended 31.03.2011		
	Grant I	Grant II	Grant III
Expense amortised during the year on the basis of intrinsic value of the options	2.38	2.11	1.84
Additional Expense/ (Income) had the Company recorded the ESOP expense based on the fair value of the options	(0.51)	5.09	6.90
Closing value of liability for cash settled options	2.75	3.09	1.84
Expense arising from increase in intrinsic value of liability for cash settled options during the year	0.61	2.05	1.84

Particulars	Grant I					
	2011-12		2010-11		2010-11	
	Vest 1	Vest 2	Vest 3	Vest 1	Vest 2	Vest 3
Additional expense had the Company recorded the ESOP Expense based on fair value of the options	-	-	-	-	-	0.03

For impact on Basic and Diluted EPS, had fair value of the options been used for determining ESOP expense, refer Note 3.4 below

(Rs. Million)

**29 OTHER EXPENSES\***

	Year ended	
	March 31, 2012	March 31, 2011
Equipment Hiring	221.48	169.93
Royalties	696.71	1,303.98
Freight and Cartage	95.60	137.45
Rent (net of recoveries)	529.74	452.53
Rates and Taxes	14.71	17.64
Power & Fuel	115.40	117.23
Communication	131.73	117.92
Legal and Professional (Refer Note 30 below)	168.97	188.52
Traveling and Conveyance	462.92	372.13
Provision for Doubtful Debts	76.67	157.69
Provision for Doubtful Advances	1.52	0.20
Advances Written off	0.29	-
Insurance	24.83	26.11
Repairs and Maintenance		
- Plant and Machinery	64.66	95.60
- Buildings	7.51	13.47
- Others	63.61	56.60
Consumables	143.89	147.82
Loss on Sale of Fixed Assets (Net)	5.66	4.10
Loss on foreign currency translation and transaction (net)	-	12.59
Security and Administration Services	60.96	46.36
Miscellaneous Expenditure written off	-	0.09
Bank Charges	32.66	48.59
Marketing & Advertising Expenses	713.72	767.06
Sales Commission	126.56	243.42
Discounts & Rebates	112.95	107.88
Sundry Expenses	59.19	61.93
	<b>3,931.94</b>	<b>4,666.84</b>

\* Net of expenses amounting to Rs. 8.02 Million (Refer Note 49)

(Rs. Million)

**30 PAYMENT TO AUDITORS**

	Year ended	
	March 31, 2012	March 31, 2011
a) Payment to the Parent Company auditor:		
Audit fee	10.07	9.60
Tax Audit fees	0.61	0.70
Others	2.02	3.84
Reimbursement of expenses (including Service Tax)	1.80	2.59
	<b>14.50</b>	<b>16.73</b>

b) Payment to other auditors amounting to Rs. 5.95 Million (Previous year Rs. 4.95 Million).

(Rs. Million)

**31 FINANCE COSTS**

	Year ended	
	March 31, 2012	March 31, 2011
Interest Expense	234.42	316.89
Other Borrowing Costs	10.21	25.30
	<u>244.63</u>	<u>342.19</u>

(Rs. Million)

**32 EXCEPTIONAL ITEMS**

	Year ended	
	March 31, 2012	March 31, 2011
<b>Income:</b>		
Profit on sale of Subsidiary	2,094.18	214.23
<b>Expenses:</b>		
Provision for doubtful debts	(350.92)	-
Service Tax (including interest)	(35.63)	-
Provision for Impairment of intangibles	(8.71)	-
Donations	<u>(62.50)</u>	<u>(72.00)</u>
	<u>1,636.42</u>	<u>142.23</u>

- (i) Profit on sale of Subsidiary for the current year is net of costs incurred in connection with the sale (Refer note 48). For details of profit for sale of subsidiary in the previous year, refer Note 47.
- (ii) Provision for doubtful debts comprises provision made in respect of dues from government and other customers aggregating to Rs. 350.92 Million.
- (iii) Service tax on Rent represents amounts provided by the Group in respect of landlords who have not claimed service tax on rent on their immovable property given on lease. In view of the recent decisions of Honorable High Courts of Delhi, Mumbai & Chennai, these amounts have been provided for.
- (iv) For provision for impairment of intangibles, refer note 39.
- (v) During the year the Group has contributed an amount of Rs. 62.50 Million (Previous Year Rs. 72.00 Million) towards donations in the corpus of The NIIT Institute of Information Technology, a society registered under the Societies Registration Act, 1860 which is within the overall limits approved by the shareholders.
- 33** (a) During the current year, NIIT West Africa Limited was incorporated in Nigeria through NIIT Antilles NV by investing Rs. 3.38 Million (USD 0.07 Million). NIIT Antilles NV holds 100% of the shareholding of NIIT West Africa Limited. The new company was formed for enhancing operational efficiency and augmenting direct connect with the students and business partners in Nigeria.
- (b) During the current year, NIIT Yuva Jyoti Limited ("NYJL") was incorporated on May 25, 2011. Investment of Rs. 79.49 Million was made by the Company in the equity shares with face value of Rs. 10/- each. The Company holds 90% of the paid up capital with the balance being held by National Skill Development Corporation.

### 34 EARNINGS PER SHARE:

	Year ended	
	March 31, 2012	March 31, 2011
Profit attributable to Equity Shareholders (Rs. Million) (A)	1,101.60	921.80
Weighted average number of Equity Shares outstanding during the year (Nos.) – (B)	165,095,597	165,095,597
Add : Effect of Potential Dilutive Shares (being Stock options) (Nos.)	-	-
Weighted average shares outstanding considered for determining Diluted Earnings per Share (Nos.) - (C)	165,095,597	165,095,597
Nominal Value of Equity Shares (Rs.)	2/-	2/-
Basic Earnings per Share (Rs.) (A/ B)	6.67	5.58
Diluted Earnings per Share (Rs.) (A/ C)	6.67	5.58
<b>EARNINGS PER SHARE [had fair value method been employed for accounting for Employee Stock Options (Refer Note 28)]</b>		
Profit attributable to Equity Shareholders (Rs. Million)-(D)	1,068.30	826.75
Basic Earnings per Share (Rs.) (D/ B)	6.47	5.01
Diluted Earnings per Share (Rs.) (D/ C)	6.47	5.01

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

#### a) Related parties with whom the Group has transacted:

##### Associate Companies

1. NIIT Technologies Limited
2. NIIT Technologies Inc., USA
3. NIIT Technologies Pte Limited, Singapore
4. NIIT GIS Limited
5. NIIT Technologies Limited, UK
6. NIIT Smart Serve Limited, UK
7. NIIT Technologies Pty Limited
8. NIIT Insurance Technologies Ltd UK
9. NIIT Smart Serve Limited, India
10. NIIT Technologies BV
11. NIIT Healthcare Technologies Inc.
12. NIIT Media Technologies LLC, UK

##### Key Managerial Personnel

1. Rajendra S Pawar (Chairman and Managing Director)
2. Vijay K Thadani (Chief Executive Officer and Whole-time Director)
3. P Rajendran (Chief Operating Officer and Whole-time Director)

##### Relatives of Key Managerial Personnel

1. Renuka Thadani (Wife of Vijay K Thadani)
2. Veena Oberoi (Sister of Vijay K Thadani)

##### Parties in which the Key Managerial Personnel of the Group are interested

1. NIIT Institute of Information Technology
2. NIIT Education Society
3. Pace Industries Private Limited
4. NIIT Network Services Limited

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

(Rs. Million)

Nature of Transactions	Associates	Key Managerial Personnel	Relatives of Key Managerial Personnel	Parties in which Key Managerial Personnel of the Company are interested	Total
Purchase of goods (Footnote i)	0.38 (-)	- (-)	- (-)	0.80 (0.03)	1.18 (0.03)
Sale of Goods (Footnote ii)	3.09 (1.89)	- (-)	- (-)	1.36 (2.87)	4.45 (4.76)
Rendering of services to (Footnote iii)	8.30 (35.34)	- (-)	- (-)	4.46 (0.10)	12.76 (35.44)
Receiving of services from (Footnote iv)	96.08 (90.97)	- (-)	- (-)	0.29 (-)	96.37 (90.97)
Purchase of fixed assets (Footnote v)	0.05 (0.55)	- (-)	- (-)	5.51 (-)	5.56 (0.55)
Sale of Fixed Assets (Footnote vi)	1.03 (0.06)	- (-)	- (-)	- (4.19)	1.03 (4.25)
Recovery of expenses from (Footnote vii)	44.28 (34.50)	- (-)	- (-)	14.38 (9.35)	58.66 (43.85)
Recovery of expenses by (Footnote viii)	12.72 (13.68)	- (-)	- (-)	- (-)	12.72 (13.68)
Loans Given (Footnote ix)	- (-)	- (-)	- (-)	15.00 (20.00)	15.00 (20.00)
Loans Given Received Back (Footnote x)	- (-)	- (-)	- (-)	15.00 (463.80)	15.00 (463.80)
Interest Income (Footnote xi)	- (-)	- (-)	- (-)	0.47 (49.69)	0.47 (49.69)
Dividend Income (Footnote xii)	108.70 (101.45)	- (-)	- (-)	- (-)	108.70 (101.45)
Remuneration (Footnote xiii)	- (-)	68.62 (37.20)	- (-)	- (-)	68.62 (37.20)
Other expenses (Footnote xiv)	- (-)	- (-)	1.65 (1.15)	63.16 (71.93)	64.81 (73.08)
Other Income (Footnote xv)	- (-)	- (-)	- (-)	- (0.87)	- (0.87)
Loan Received (Footnote xvi)	- (161.22)	- (-)	- (-)	- (-)	- (161.22)
Loan Received paid back (Footnote xvii)	- (161.22)	- (-)	- (-)	- (-)	- (161.22)
Interest Expense (Footnote xviii)	- (1.26)	- (-)	- (-)	- (-)	- (1.26)



**Footnotes:-**

Previous year figures are given in parenthesis.

**i) Includes Purchase of Goods from:**

NIIT Institute of Information Technology Rs. 0.80 Million (Previous year Rs. 0.03 Million)

NIIT GIS Limited Rs. 0.38 Million (Previous year Rs.Nil)

**ii) Includes Sale of Goods to:**

NIIT Institute of Information Technology Rs.1.36 Million (Previous year Rs. 2.87 Million)

NIIT Technologies Limited Rs. 3.07 Million (Previous year Rs. 1.89 Million)

NIIT GIS Limited Rs. 0.02 Million (Previous year Rs.Nil)

**iii) Includes Rendering of Services to:**

NIIT Technologies Limited Rs. 5.39 Million (Previous year Rs. 27.17 Million)

NIIT Technologies Pte Limited, Singapore Rs. 2.13 Million (Previous year Rs. 2.80 Million)

NIIT Institute of Information Technology Rs. 4.46 Million (Previous year Rs. 0.10 Million)

NIIT Smart Serve Limited, India Rs. Nil (Previous year Rs. 0.02 Million )

NIIT Technologies Limited, UK Rs. 0.78 Million (Previous year Rs. 5.35 Million)

**iv) Includes Receiving of Services from:**

NIIT Smart Serve Limited, UK Rs. Nil (Previous year Rs. 52.31 Million)

NIIT Smart Serve Limited, India Rs. 71.90 Million (Previous year Rs. 20.55 Million)

NIIT Technologies Pty Limited Rs. 11.08 Million (Previous year Rs. 6.17 Million)

NIIT Technologies Pte Limited, Singapore Rs.6.31 Million (Previous year Rs. 3.87 Million)

NIIT GIS Limited Rs. 1.17 Million (Previous year Rs. 0.04 Million)

NIIT Technologies Inc., USA Rs. 1.02 Million (Previous year Rs. 0.06 Million)

NIIT Technologies Limited Rs. 0.45 Million (Previous year Rs. 7.09 Million)

NIIT Network Services Limited Rs. 0.29 Million (Previous year Rs. Nil)

NIIT Technologies BV Rs. 4.15 Million (Previous year Rs. Nil)

**v) Includes Purchase of Fixed Assets from:**

NIIT Technologies Limited Rs. Nil (Previous year Rs. 0.06 Million)

NIIT Technologies Pte Limited, Singapore Rs.0.05 Million (Previous year Rs. Nil)

NIIT Institute of Information Technology Rs. 5.51 Million (Previous year Rs. Nil)

**vi) Includes Sale of Fixed Assets to:**

NIIT Institute of Information Technology Rs. Nil (Previous year Rs. 4.19 Million)

NIIT Technologies Limited Rs. 1.03 Million (Previous year Rs. 0.06 Million)

**vii) Includes Recovery of Expenses from:**

NIIT Technologies Limited Rs. 28.91 Million (Previous year Rs. 10.83 Million)

NIIT GIS Limited Rs. 2.01 Million (Previous year Rs. 1.81 Million)

NIIT Institute of Information Technology Rs. 14.38 Million (Previous year Rs. 9.35 Million)

NIIT Technologies Inc., USA Rs. 5.60 Million (Previous year Rs. 21.13 Million)

NIIT Smart Serve Limited, India Rs. 0.26 Million (Previous year Rs. 0.07 Million)

NIIT Technologies Limited, UK Rs. 4.95 Million (Previous year Rs. Nil)

NIIT Healthcare Technologies Inc. Rs. 0.14 Million (Previous year Rs. Nil)

NIIT MediaTechnologies LLC, UK Rs. 2.41 Million (Previous year Rs. Nil)

**viii) Includes Recovery of Expenses by:**

NIIT Technologies Limited Rs. 10.43 Million (Previous year Rs. 9.39 Million)  
NIIT Technologies Limited, UK Rs. Nil (Previous year Rs. 3.84 Million)  
NIIT Technologies Inc., USA Rs. 0.23 Million (Previous year Rs. 0.04 Million)  
NIIT Technologies Pty Limited Rs. 2.00 Million (Previous year Rs. Nil)  
NIIT Technologies Pte Limited, Singapore Rs. 0.06 Million (Previous year Rs. Nil)

**ix) Loans Given relates to:**

NIIT Institute of Information Technology Rs. 15 Million (Previous year Rs. 20 Million)

**x) Loans Given Received Back relates to:**

NIIT Education Society Rs. Nil (Previous year Rs. 3.50 Million)  
NIIT Institute of Information Technology Rs. 15.00 Million (Previous year Rs. 460.30 Million)

**xi) Interest Income from:**

NIIT Education Society Rs. Nil (Previous year Rs. 0.06 Million)  
NIIT Institute of Information Technology Rs. 0.47 Million (Previous year Rs. 49.63 Million)

**xii) Includes Dividend Income from:**

NIIT Technologies Limited, India Rs. 108.70 Million (Previous year Rs. 101.45 Million)

**xiii) Remuneration Paid to :**

Rajendra S Pawar Rs. 15.16 Million (Previous year Rs. 10.04 Million)  
Vijay K Thadani Rs. 30.80 Million (Previous year Rs. 16.32 Million)  
P Rajendran Rs. 22.66 Million (Previous year Rs. 10.84 Million)

**xiv) Other Expenses includes**

Renuka Thadani Rs. 0.99 Million (Previous year Rs. 0.72 Million)  
Veena Oberoi Rs. 0.66 Million (Previous year Rs. 0.43 Million)  
Pace Industries Private Limited Rs. 0.66 Million (Previous year Rs. 0.43 Million)  
Donations to NIIT Institute of Information Technology Rs. 62.50 Million (Previous year Rs. 71.50 Million)

**xv) Other Income includes:**

NIIT Institute of Information Technology Rs. Nil (Previous year Rs. 0.87 Million)

**xvi) Includes Loans Received from:**

NIIT Insurance Technologies Ltd, UK Rs. Nil (Previous year Rs. 70.16 Million)  
NIIT Technologies Inc., USA Rs. Nil (Previous year Rs. 91.05 Million)

**xvii) Includes Loans Received repaid to:**

NIIT Technologies Inc., USA Rs. Nil (Previous year Rs. 91.06 Million)  
NIIT Insurance Technologies Ltd, UK Rs. Nil (Previous year Rs. 70.16 Million)

**xviii) Includes Interest Paid to:**

NIIT Technologies Inc., USA Rs. Nil (Previous year Rs. 0.71 Million)  
NIIT Insurance Technologies Ltd, UK Rs. Nil (Previous year Rs. 0.55 Million)

## c) Balance as on March 31, 2012

(Rs. Million)

Nature of Transactions	Associates	Key Managerial Personnel	Relatives of Key Managerial Personnel	Parties in which Key Managerial Personnel of the Company are interested	Total
Receivable	12.33 (24.63)	- (-)	- (-)	16.33 (12.71)	28.66 (37.34)
Payable	4.17 (21.52)	28.90 (-)	- (-)	3.69 (1.77)	36.76 (23.29)

36 The Group is internally developing new software tools, platforms and content/ courseware. The investments would further expand the business of the Group in existing and new markets, enhance capabilities of its products and software and offer more technology based learning products/ solutions to the customers in future. The Group is confident of its ability to generate future economic benefits out of the above mentioned assets. The costs incurred towards the development is as follows:

(Rs. Million)

Description	Year ended	
	March 31, 2012	March 31, 2011
Salary and Other employee benefits	157.51	363.10
Professional & Outsourcing Expenses	48.00	171.89
Rent	15.98	26.10
Other Expenses	9.94	21.32
<b>Total</b>	<b>231.43</b>	<b>582.41</b>

### 37 SEGMENT INFORMATION

#### Primary Segment Information – Business Segment

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

#### Secondary Segment Information – Geographical

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

(Rs. Million)

Particulars	Revenue from customers by location of customers	Carrying amount of segment assets by location of the assets	Additions to fixed assets
India	6,656.23 (6,097.61)	9,121.27 (8,217.16)	1,200.56 (506.25)
America	4,604.50 (5,451.16)	1,805.36 (5,800.31)	307.61 (390.64)
Europe	513.59 (296.70)	254.51 (164.64)	0.30 (0.19)
Rest of the World	828.47 (637.32)	400.76 (300.01)	20.13 (5.17)
<b>Total</b>	<b>12,602.79</b> <b>(12,482.79)</b>	<b>11,581.90</b> <b>(14,482.12)</b>	<b>1,528.60</b> <b>(902.25)</b>

Previous year figures are given in parenthesis.

### 38 LEASES:

#### a) Operating Leases:

Total of future Minimum Lease Payments under non-cancelable leases outstanding at the Balance Sheet date:

Particulars	(Rs. Million)	
	As at	
	March 31, 2012	March 31, 2011
Not later than 1 year	127.11	209.75
Later than 1 year but not later than 5 years	311.80	694.05
Later than 5 years	-	95.39

Aggregate payments during the year under operating leases in respect of equipments, vehicles and premises for office and employees accommodation amounting to Rs. 684.41 Million (Previous year Rs. 543.28 Million).

Total of future minimum sublease receipts (in respect of premises) expected to be received under non-cancelable subleases at the closing of the Balance Sheet amount to Rs. 23.23 Million (Previous year Rs. 25.38 Million). Sub lease receipts recognised in the Consolidated Statement of Profit and Loss for the year amounted to Rs. 6.04 Million (Previous year Rs. 5.90 Million). The sublease has been netted off against the respective lease rental expenses in the Consolidated Statement of Profit and Loss.

#### 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	(Rs. Million)	
	As at	
	March 31, 2012	March 31, 2011
<b>Not later than 1 year</b>		
Minimum lease payments	32.70	43.05
Finance charges	8.08	12.01
Present value of lease payments	24.62	31.04
<b>Later than 1 year but not later than 5 years</b>		
Minimum lease payments	61.35	115.79
Finance charges	7.67	16.95
Present value of lease payments	53.68	98.84
<b>Total</b>		
Minimum lease payments	94.05	158.84
Finance charges	15.75	28.96
Present value of lease payments	78.30	129.88

- 39 The net worth of Hole-in-the-wall Education Limited ("HiWEL") was fully eroded in the year ended on March 31, 2007. On the basis of business projections available with HiWEL, the accounts have been prepared on a going concern basis keeping in view of contracts and plans which would enable HiWEL to generate sufficient funds to carry out its operations. In view of this, the financial position of the HiWEL is expected to improve in the ensuing financial year. However, the Company has impaired its intangibles aggregating to Rs. 8.71 Million (including Goodwill on Consolidation of Rs. 1.50 Million) on the basis of prudence and disclosed as an exceptional item in the Consolidated Statement of Profit and Loss.

- 40 The Net worth of NIIT Institute of Finance Banking and Insurance Training Limited (“NIFBIT”) stood eroded as at beginning of the financial year 2010-11. NIFBIT reported a net Profit before tax of Rs. 33.34 Million for the year ended March 31, 2012 as against net loss of Rs. 12.26 Million for the corresponding previous year. The Company witnessed an increase in student registrations and consequently increase in revenues along with improvement in cash flows during the year. Based on its projected financial performance and cash flows, the net worth position of the Company is expected to further improve in the ensuing financial year. In view of the above, the financial statements of NIFBIT have been prepared on a going concern basis and these have been included in these consolidated financial statements.
- 41 The net worth of NIIT Institute of Process Excellence Limited (“NIPE”) has substantially eroded as at March 31, 2011. NIPE reported a net Profit before tax of Rs. 3.10 Million for the year ended March 31, 2012 as against net loss of Rs. 63.36 Million for the corresponding previous year. The Company witnessed an increase in revenues along with improvement in cash flows during the year. Based on its projected financial performance and cash flows, the net worth position of the Company is expected to further improve in the ensuing financial year. During the year, the Company has further invested a sum of Rs. 30 Million (Previous year Rs. 15 Million) in NIPE. In view of the above the financial statements of NIPE have been prepared on a going concern basis and these have been included in these consolidated financial statements.
- 42 Pursuant to the sale of main business of NIIT Online Learning Limited (‘NOLL’) to the Company, NOLL has not yet undertaken any further business activity. The management of NOLL is not contemplating liquidation and is evaluating business options though at present there is no concrete plan, but have represented that they shall take up suitable business at an opportune time. The assets and liabilities of NOLL are stated at realisable value and thus no further adjustments to the same are considered necessary.
- 43 The Company had acquired control in Evolv Services Limited (“Evolv”) as on January 15, 2008 and was also issued 359,780 warrants, each warrant entitles to acquire one share of Evolv Services Limited at an exercise price of Rs. 50.55 per share aggregating to Rs. 18.18 Million. During the previous year, Company had exercised these warrants to acquire equal number of shares in the share capital of Evolv. This had resulted into a further increase in proportion of shareholding to 61.15%. During the year, the Company has acquired remaining shareholding of 38.85% in Evolv Services Limited for a total consideration of Rs. 20.63 Million.
- 44 The Company’s wholly owned domestic subsidiary, Scantech Evaluation Services Limited, has declared dividend amounting to Rs. 91.17 Million (Previous year Rs. 83.24 Million) during the year. In terms of provisions of sub-section 1A of Section 115O of the Income Tax Act 1961, liability for dividend distribution tax of Rs. 42.85 Million is net of the dividend distribution tax paid by the subsidiary company amounting to Rs. 14.79 Million (Previous year Rs. 13.50 Million).
- 45 In consideration of National Skill Development Corporation (“NSDC”) supporting the skill development activities and initiatives of NIIT Yuva Jyoti Limited (“NYJL”), inter-alia, by way of tangible and intangible support, NYJL has entered into a revenue sharing agreement with NSDC. In terms of this agreement, NYJL has agreed to share certain percentage of its operating revenue with NSDC over a period of 5 years beginning April 1, 2017. This revenue sharing is subject to timely disbursement and reimbursements and intangible supports to be provided by the NSDC and may be revised downwards in case of any change in the business plan.
- 46 During the financial year 2008-09, Chongqing NIIT Education Consulting Limited, China, had received government grants amounting to Rs. 7.46 Million (CNY 1 Million) and NIIT Wuxi Service Outsourcing Training School had received government grants amounting to Rs. 1.54 Million (CNY 0.21 Million) from Chongqing Fiscal Bureau for incentive of NIIT Chongqing’s establishment and from Wuxi National Hi-tech Industrial Development Area Administration Committee respectively to encourage and support NIIT Wuxi’s development. The grant money was invested for the intended purpose, hence the proportionate amount of Rs. 1.56 Million (Previous year 1.37 Million) has been credited to other income.

47 The Company disposed off its entire holding of 10,950,000 fully paid up Equity Shares of Rs. 10/- each in its wholly owned subsidiary NEO Multimedia Limited (Formerly known as NIIT Multimedia Limited) for a net consideration of Rs. 317.58 Million (net of expenses) on March 30, 2011. Accordingly, NEO Multimedia Limited ceased to be a subsidiary of the Company. The amount of Rs. 214.23 Million determined as below was recognised as Profit on sale of subsidiary in the Consolidated Statement of Profit and Loss for the year ended March 31, 2011:

Particulars	(Rs. Million)
Cash & Bank	0.05
Fixed Assets	91.43
Capital Advances	15.94
Miscellaneous Expenses	0.82
<b>Total Assets</b>	<b><u>108.24</u></b>
Current Liabilities	4.89
<b>Total Liabilities</b>	<b><u>4.89</u></b>
Net Assets	103.35
Consideration (net of expenses)	317.58
<b>Net profit on sale of subsidiary</b>	<b><u>214.23</u></b>

48 a) During the year, the Group sold the assets and investment in Element K Corporation ("EK"), a wholly owned subsidiary for an aggregate consideration of USD 109.65 Million (Rs. 5,381.76 Million). The net profit on the sale has been determined as below:

	(Rs. Million)
<b>Gross consideration (Post working capital adjustments) *</b>	<b>5,381.76</b>
<b>Less:-</b>	
Carrying value of assets (net of liabilities)	(88.94)
Goodwill on consolidation	<u>(2,480.86)</u>
<b>Profit before costs incurred in connection with sale</b>	<b><u>2,811.96</u></b>
Costs incurred in connection with sale **	<u>(717.78)</u>
<b>Net profit before tax on sale</b>	<b><u>2,094.18</u></b>

\* The adjustment between the estimated working capital and final working capital as of the closing date settled subsequent to the balance sheet date.

\*\* Include expenses on account of employee stock option payments Rs. 260.20 Million and legal & professional expenses, performance linked incentives, salaries & benefits, provisions for indemnity [as stated in note (c) below] and other related costs aggregating to Rs. 457.58 Million in connection with the sale.

b) The group has included in these consolidated financial statements provision for income tax aggregating to Rs. 838.36 Million (USD 17.2 Mn) pertaining to its subsidiaries in USA which includes tax pertaining to profit on sale of EK. This provision has been made in these consolidated financial statements on the basis of views of two independent expert counsel, on a conservative basis.

The Group is carrying on a ongoing detailed exercise for finalising the tax return and the ultimate tax expense will be determined on the basis of joint review of the tax computation along with the buyer of the subsidiary as per the terms of the sale agreement.

c) Provisions & Contingencies {Refer Note 10 & 20 (b) (vi) above}

As a part of the Agreement, NIIT USA Inc., Subsidiary of NIIT Limited, has indemnified the buyer or its representatives up to a maximum amount of Rs. 559.57 Million [USD 11 Million] on any claims arising in excess of Rs. 55.96 Million [USD 1.1 million] However, such indemnity is not limited in respect of certain fundamental representations as per the sale agreement.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended March 31, 2012

The Company has estimated an amount of Rs. 162.78 Million [USD 3.2 Million] as at March 31, 2012 in respect of liabilities which could possibly arise on account of the indemnity provisions and these have been included under costs incurred in connection with sale above. The ultimate outcome is not determinate as at the balance sheet date.

d) The consolidated financial results for the year ended March 31, 2012 include the results of the operations of EK for the period upto October 14, 2011. Accordingly, figures for the current year are not comparable to those for the corresponding Previous year.

- 49 The Group has entered into a Market Development Assistance (MDA) Agreement with NSDC, whereby NSDC has agreed to provide assistance for the specified purpose of Market Development in the focus sectors. MDA shall be disbursed in installments over a period of 4 years and 4 months upto March 31, 2016. The Group has received first installment of Rs. 10 Million from the NSDC during the year, out of which Rs. 8.86 Million has been incurred by the Group upto March 31, 2012. The balance unspent amount of Rs. 1.14 Million is included in Other Payables under the head Other Current Liabilities.
- 50 The financial statements for the year ended March 31, 2011 had been prepared as per the then applicable, pre-revised Schedule VI to the Companies Act, 1956. Consequent to the notification of Revised Schedule VI under the Companies Act, 1956, the consolidated financial statements for the year ended March 31, 2012 are prepared as per Revised Schedule VI. Accordingly, the Previous year figures have also been reclassified to conform to this year's classification. The adoption of Revised Schedule VI for Previous year figures does not impact recognition and measurement principles followed for preparation of consolidated financial statements.

Signatures to the Notes ' 1 ' to ' 50 ' above

For and on behalf of the Board

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

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

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

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

**Ashok Arora**  
Group Chief Financial Officer

**Rohit Kumar Gupta**  
Chief Financial Officer

**Rajesh Arora**  
Company Secretary

Place : New Delhi  
Date : May 9, 2012

**Financial Summary of Subsidiary Companies as at March 31, 2012**

(Pursuant to General Circular No. 2/2011 dated February 8, 2011 issued by Ministry of Corporate Affairs)

Name of the Subsidiary Company**	Currency*	Share Capital	Reserves (Refer Note 2 below)	Total Assets	Total Liabilities	Details of Investment (Except in case of Investment in Subsidiary)	Turnover (Refer Note 5 below)	Profit/ (Loss) before Taxation	Provision for Tax/ Deferred tax charge/ (credit)	Profit After Tax	Dividend Proposed / Paid
NIIT China Learning Limited	INR	4.39	0.96	5.41	0.06	3.84 (Refer note 3 below)	-	(0.29)	-	(0.29)	-
Hole-in-the-Wall Education Limited	INR	66.00	(104.54)	40.63	79.17	-	29.91	(8.19)	-	(8.19)	-
Scitech Evolution Services Limited	INR	99.10	62.31	267.61	106.19	98.20 (Refer note 4 below)	-	121.34	3.67	117.47	91.17
NIIT Institute of Finance Banking and Insurance Training Limited	INR	101.13	(136.80)	79.40	115.08	-	398.48	33.34	-	33.34	-
NIIT (USA) Inc., USA	USD	1,136.13	105.76	1,972.92	681.03	-	1,841.07	2,560.37	839.68	1,720.68	1,277.38
NIIT Ventures Inc., USA***	USD	0.00	9.90	43.96	34.06	-	-	2,957.59	-	2,957.59	2,683.63
PT NIIT Indonesia, Indonesia	IDR	7.56	(6.65)	0.91	-	-	-	-	-	-	-
NIIT Amflits NV, Netherlands Amflits	USD	1,644.13	(928.78)	1,325.63	610.28	-	688.84	7.63	3.21	4.41	-
NIIT Malaysia Sdn Bhd, Malaysia	MYR	71.10	(64.11)	37.46	0.47	-	1.86	(23.95)	-	(23.95)	-
NIIT GC Limited, Mauritius	USD	971.8	(81.77)	63.25	47.83	-	-	(1.58)	-	(1.58)	-
NIIT China (Shanghai) Limited, Shanghai	CNY	10.25	110.08	280.34	160.01	-	278.17	39.02	7.33	31.69	-
NIIT Wu Service Outsourcing Training School	CNY	4.50	64.50	95.23	26.22	-	144.34	19.82	3.78	16.04	-
NIIT Limited, U.K.	GBP	12.65	23.12	267.27	231.50	-	467.14	9.66	3.73	5.93	-
Evo's Services Limited	INR	14.75	27.92	85.87	43.20	-	107.24	30.20	-	30.20	-
NIIT Institute of Process Excellence Limited	INR	220.00	(169.87)	81.63	31.50	-	129.00	3.10	-	3.10	-
Chongqing NIIT Education Consulting Limited	CNY	3.68	10.10	38.03	24.25	-	83.83	9.69	1.45	8.24	9.56
Wuxi NIIT Information Technology Consulting Limited	CNY	5.73	(0.63)	6.88	1.78	-	-	(0.04)	-	(0.04)	-
Chengzhou NIIT Information Technology Consulting Limited	CNY	3.43	(6.99)	0.99	4.55	-	11.94	(5.27)	0.17	(5.43)	-
Su Zhou NIIT Information Technology Consulting Limited	CNY	3.44	(5.08)	5.40	7.04	-	11.91	(1.55)	0.04	(1.59)	-
NIIT Yura Japan Limited	INR	88.32	(80.10)	158.93	100.71	-	1.22	(80.10)	-	(80.10)	-
NIIT West Africa Limited	NGN	3.32	(1.31)	5.82	3.80	-	2.95	(1.81)	-	(1.81)	-

\* Local currency of the respective entity in which financials are made.

\*\* Excluding Element K Corporation and its subsidiaries

\*\*\* Share Capital INR 4661

Notes: 1. Amount in foreign currency in the Financial Statements of the subsidiaries mentioned above have been converted in Indian Rupee equivalent as per the generally accepted accounting principles in India.

2. Reserves include Currency Translation Reserve.

3. Amount represents investment in Mutual Funds.

4. Amount represents investment in NIIT Technologies Limited Rs. 97.50 Million and Rs. 0.70 Million in Mutual Funds.

5. Turnover does not include Other Income.

Indian rupee equivalents of the foreign currencies mentioned in the above table as on March 31, 2012 is as follows:

1 EUR = 0.0051 INR      1 CNY = 8.0784 INR

1 MYR = 16.4133 INR      1 USD = 50.8700 INR

1 GBP = 81.4553 INR      1 NGN = 0.3307 INR



  
**NIIT****NIIT Limited**

Regd. Office : B-234, Okhla Ind. Area, Phase-I, New Delhi 110020

**PROXY FORM****29<sup>th</sup> Annual General Meeting - July 2, 2012**

Folio No. \_\_\_\_\_ DP ID No. \_\_\_\_\_ Client ID No. \_\_\_\_\_  
I/We \_\_\_\_\_ of \_\_\_\_\_ in the district  
of \_\_\_\_\_ being a member/members of NIIT Limited, hereby appoint  
\_\_\_\_\_ of \_\_\_\_\_ in the district of  
\_\_\_\_\_ or failing him/her \_\_\_\_\_  
of \_\_\_\_\_ in the district of \_\_\_\_\_ as my/our Proxy  
to vote for me/us on my/our behalf at the Annual General Meeting of the Company to be held at 10.00 A.M.  
at Mapple Exotica, Khasra No.123, Chattarpur Mandir Road, Satbari, New Delhi 110 074, on Monday, the  
2<sup>nd</sup> day of July, 2012. Signed on this \_\_\_\_ day of \_\_\_\_ 2012

Affix Revenue Stamp here
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Signature of Proxy

Signature of Member(s)

*Note : This Form, in order to be effective, should be duly stamped, signed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.*

  
**NIIT****NIIT Limited**

Regd. Office : B-234, Okhla Ind. Area, Phase-I, New Delhi 110020

**ATTENDANCE SHEET****29<sup>th</sup> Annual General Meeting - July 2, 2012**

(This attendance sheet duly filled in, to be handed over at the meeting)

Folio No. \_\_\_\_\_ DP ID No. \_\_\_\_\_ Client ID No. \_\_\_\_\_  
Name of the attending member (in Block Letters) \_\_\_\_\_  
Name of Proxy(s) (in Block Letters) (to be filled in, if a proxy attends instead of the member) \_\_\_\_\_  
\_\_\_\_\_  
No. of Shares held \_\_\_\_\_

I hereby record my presence at the Annual General Meeting being held at 10.00 A.M., at Mapple Exotica,  
Khasra No.123, Chattarpur Mandir Road, Satbari, New Delhi 110 074, on Monday, the 2<sup>nd</sup> day of July, 2012

Member's/Proxy's Signature  
(to be signed at the time of handing over this sheet)

*Note: 1. Please bring this form with you to the Annual General Meeting  
2. The Registration Counter shall open at 9.00 A.M.*

**Please note that no Gift/Gift Coupons will be distributed at AGM venue**