



**NIIT TECHNOLOGIES B.V.
AMSTERDAM**

Annual Report 2013/2014
April 28, 2014

FOR IDENTIFICATION PURPOSES ONLY
BDO Audit & Assurance B.V.

date **28 APR 2014**

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INDEX

	Page
INTRODUCTION	
1 Audit report	2
2 General	2
3 Appropriated results	3
4 Financial position	4
5 Tax position	5
FINANCIAL REPORT	
1 Report of the Managing Directors	8
FINANCIAL STATEMENTS	
1 Balance sheet as per March 31, 2014	10
2 Profit and loss account 2013/2014	11
3 Notes to the Statements	12
4 Notes to the balance sheet as of March 31, 2014	15
5 Notes to the profit and loss account 2013/2014	19
OTHER INFORMATION	
1 Provisions of the articles of association regarding the appropriation of profits and losses	22
2 Appropriation of the profit for 2013/2014	22
3 Post balance sheet events	22

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INTRODUCTION

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Members of the Management Board of
NIIT Technologies B.V.
Gustav Mahlerplein 60-T
1082 MA AMSTERDAM

Reference

10432.00

Date

April 28, 2014

Dear Sirs,

We hereby present the report of the annual accounts for 2013/2014 of NIIT Technologies B.V., of which the balance sheet accumulates a total assets value of € 1,495,619 and the profit and loss account concludes to a result after taxes of € 146,578.

1 AUDIT REPORT

These annual accounts have been audited by BDO Audit & Assurance B.V. You will find the auditor's report following on chapter: 'Other information'.

2 GENERAL

2.1 Founding and activities

The company with limited liability NIIT Technologies B.V. has been formed on November 28, 1995 by NIIT Technologies Limited, established in England. The company's operations include IT-services.

2.2 Management

The Management Board include the following members:

- mr. Arvind Thakur (non-resident in the Netherlands);
- mr. Sunil Roshanlal Surya (non-resident in the Netherlands).

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date

28 APR 2014

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3 APPROPRIATED RESULTS

3.1 Development of income and expenses

The result before taxation for 2013/2014 amounts to € 184,000 compared to € 197,000 for 2012/2013. The result for both years can be summarized as follows:

	2013/2014		2012/2013	
	x € 1,000	%	x € 1,000	%
Net turnover	3,328	100.0	3,346	100.0
Cost of sales	1,074	32.2	1,214	36.2
Gross turnover result	2,254	67.8	2,132	63.8
Expenses				
Employee expenses	1,832	55.1	1,692	50.6
Depreciation	1	-	1	-
Other operating expenses	241	7.3	253	7.6
	2,074	62.4	1,946	58.2
Operating result	180	5.4	186	5.6
Financial income and expenses	4	0.1	11	0.3
Result from general operations before taxation	184	5.5	197	5.9

3.2 Net turnover and gross margin

The net turnover decreased by 0.5% to € 3,327,852.
The gross margin increased by 5.8% to € 2,254,506.

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4 FINANCIAL POSITION

The balance sheet can be summarized as follows:

	3/31/2014		3/31/2013	
	x € 1,000	x € 1,000	x € 1,000	x € 1,000
Long term funds available				
Equity capital		824		1,077
Long term investments				
Tangible fixed assets	1		2	
Financial fixed assets	71		70	
		72		72
Working capital		752		1,005
This amount is applied as follows:				
Receivables, prepayments and accrued income	921		763	
Cash and cash equivalents	503		686	
		1,424		1,449
Debit: Short-term debt		672		444
Working capital		752		1,005

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FINANCIAL REPORT

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date 28 APR 2014

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REPORT OF THE MANAGING DIRECTORS

In accordance with article 2:396 part 7 of the Dutch Civil Code no report of the Managing Directors for 2013/2014 has been prepared.

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- 8 -

date **28 APR 2014**

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FINANCIAL STATEMENTS

- Balance sheet as per March 31, 2014
- Profit & loss account from 2013/2014
- Notes to the Statements
- Notes to the balance sheet as of March 31, 2014
- Notes to the profit & loss account from 2013/2014

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date **28 APR 2014**

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BALANCE SHEET AS AT MARCH 31, 2014
(After appropriation of result)

	March 31, 2014		March 31, 2013	
	Euro	INR	Euro	INR
ASSETS				
Fixed Assets				
Tangible fixed assets				
Other fixed assets	1,321	109,284	2,110	146,871
Financial fixed Assets				
Investments in group companies	61,973	5,126,921	61,973	4,313,748
Other Receivables	8,330	689,127	8,330	579,825
	70,303	5,816,048	70,303	4,893,574
Current Assets				
Receivables, Prepayment and accrued income				
Trade receivables	899,849	74,442,978	733,797	51,077,334
Group and associated companies	464	38,386	2,217	154,318
Corporation Tax	2,256	186,635	24,743	1,722,284
Prepayment and accrued income	18,368	1,519,553	2,616	182,092
	920,937	76,187,552	763,373	53,136,028
Cash and cash equivalents				
	503,058	41,617,133	685,762	47,733,767
TOTAL	1,495,619	123,730,017	1,521,548	105,910,239

EQUITY AND LIABILITIES	March 31, 2014		March 31, 2013	
	Euro	INR	Euro	INR
Shareholder's equity				
Issued Share Capital	18,151	1,501,601	18,151	1,263,435
General Reserve	805,872	66,668,421	1,059,294	73,734,172
			1,077,445	74,997,606
Current Liabilities				
Trade Creditors	405	33,505	15,251	1,061,575
Liabilities to group and associated companies	408,621	33,804,521	177,913	12,383,972
Other taxes and social insurance payable	146,844	12,148,154	143,693	10,002,024
Sundry payables, accruals and deferred income	115,726	9,573,815	107,246	7,465,062
			444,103	30,912,633
	1,495,619	123,730,017	1,521,548	105,910,239

PROFIT AND LOSS ACCOUNT FOR THE PERIOD 2013/2014

	2013/2014		2012/2013	
	Euro	INR	Euro	INR
Net turnover				
Cost of Sales	3,327,852	268,798,260	3,346,151	234,209,210
Gross Margin on turnover	1,073,346	86,696,625	1,214,944	85,038,325
			2,131,207	149,170,886
Expenses				
Wages and Salaries	1,554,333	125,547,051	1,452,044	101,633,811
Social Security Charges	169,895	13,722,810	160,199	11,212,907
Management Services	15,301	1,235,897	10,695	748,582
Other personnel expenses	92,929	7,506,089	68,720	4,809,961
Depreciation	789	63,729	951	66,564
Accommodation expenses	33,435	2,700,622	29,458	2,061,872
Office expenses	12,758	1,030,493	14,347	1,004,198
Selling expenses	76,123	6,148,630	126,579	8,859,722
General expenses	119,009	9,612,631	82,285	5,759,425
		167,567,952	1,945,278	136,157,043
Operating result		180,204	185,929	13,013,843
Interest and similar income	5,801	468,560	12,557	878,910
Interest and similar expenses	-1,683	-135,940	-1,854	-129,768
Financial income and expenses		332,620	10,703	749,142
		4,118		
Result from general operations before tax		184,322	196,632	13,762,985
Tax on result from operating activities		-37,744	-40,077	-2,805,134
Result after taxes		146,578	156,555	10,957,851

3 NOTES TO THE STATEMENTS

GENERAL

The annual accounts are drawn up in accordance with the statutory provisions of Title 9 Book 2 BW. The annual accounts are compiled in euro.

Assets and liabilities are generally valued at acquisition or manufacturing cost or the current value. If no specific basis of valuation is mentioned, the valuation is made at acquisition cost. References are included in the balance and the profit and loss account which refer to the explanatory statement.

Group structure

The company is a member of a group of companies of which NIIT Technologies Limited, India is the head of the group. The financial figures of the company are included in the consolidated financial statements of the head of the group.

Consolidation

As Article 407, sub 2, section 9 Book 2 of the Netherlands Civil Code applies, the company refrains from consolidation.

Estimates

It is the duty of the management, according to general accepted accounting principles, to make estimates and presuppositions which are determined for the presented financial figures. The real results can differ from these estimates.

Principles of currency conversion

Assets and liabilities in foreign currencies are converted into euro's at the exchange rate as per balance sheet date, except for forward rate transactions. In such cases, valuation is at the corresponding future exchange rate.

Profits and losses on exchange rates are stated in the profit and loss account. Foreign currency transactions during the year under review are converted at the expiration rate.

ACCOUNTING PRINCIPLES OF VALUATION OF ASSETS AND LIABILITIES

Tangible fixed assets

The tangible fixed assets are valued at the purchase price or the manufacturing costs minus the depreciations which are determined based on the estimated economic life, with any residual value taken into consideration. Depreciations are a fixed percentage of the purchase price or manufacturing costs.

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Financial fixed assets

Financial fixed assets in which no significant influence can be exerted are stated at purchase price.

The NIIT Group is a group with an international structure of which the ultimate parent company is located in India. The group companies have valued their subsidiaries at cost, as allowed by Indian Gaap, which is the applicable accounting standard for the NIIT Group. As Article 389, sub 9 section 9 Book 2 of The Netherlands Civil Code applies, the company does not have to value the subsidiary at net asset value as is common practice under Dutch Gaap. The 99,96% subsidiary NIIT Technologies N.V., Belgium is valued at cost.

Receivables and deferred assets

Receivables and deferred assets are valued at their nominal value, and where necessary, minus provisions for bad debts.

Cash and cash equivalents

The cash funds are valued at their nominal value.

Current liabilities

Current liabilities are valued at nominal value unless stated otherwise.

ACCOUNTING PRINCIPLES OF RESULT DETERMINATION

Net turnover

The net turnover refer to the amounts charged to third parties regarding providing of services, after deduction for discounts and value added tax in the year.

The revenue regarding providing service is processed in the profit and loss account in proportion to the service provided, if it's transaction can be considered reliable.

Cost of sales

The costs of sales are identified as the costs which can be directly related to the service rendered.

Depreciation

The depreciations on tangible fixed assets are calculated at fixed rates on the purchase price, on the basis of the expected economic life. Book profit and losses on sale of tangible fixed assets are included in the depreciation on tangible fixed assets.

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BDO Audit & Assurance B.V.

date 28 APR 2014

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Financial result

Interest profits and losses include interest profits and losses pertaining to the financial year under review from issued and outstanding loans.

Taxes

Corporation tax is calculated at the applicable rate on the result for the financial year, taking into account permanent differences between profit calculated according to the annual account and profit calculated for taxation purposes, and with which deferred tax assets (if applicable) are only valued insofar as their realisation is likely.

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