

NIIT TECHNOLOGIES B.V., NETHERLANDS

We hereby present the report of the annual accounts for 2014/2015 of NIIT Technologies B.V., of which the balance sheet accumulates a total assets value of 1,530,088 and the profit and loss account concludes to a result after taxes of € 153,182.

1. AUDIT REPORT

These annual accounts have been audited by BOO 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. Arunbir Singh Soin (non-resident in the Netherlands).

3. APPROPRIATED RESULTS

3.1 Development of income and expenses

The result before taxation for 2014/2015 amounts to 193,000 compared to 184,000 for 2013/2014. The result for both years can be summarized as follows:

	2014/2015			2013/2014		
	1,000	%	INR	1,000	%	INR
Net turnover	3,782	100.0	2,95,941	3,328	100.0	2,68,798
Cost of sales	1,111	29.4	86,980	1,074	32.2	86,697
Gross turnover result	2,671	70.6	2,08,962	2,254	67.8	1,82,102
Expenses						
Employee expenses	2,212	58.5	1,73,111	1,832	55.1	1,47,975
Depreciation	1		72	1		64
Other operating expenses	267	7.1	20,895	241	7.3	19,466
	2,480	65.6	1,94,026	2,074	62.4	1,67,546
Operating result	191	5.0	14,935	180	5.4	14,555
Financial income and expenses	2	0.1	139	4	0.1	333
Result from general operations before taxation	193	5.1	15,074	184	5.5	14,888

3.2. Net turnover and gross margin

The net turnover increased by 13.6% to €3,781,515 and INR 295,941,364.

The gross margin increased by 18.4% to € 2,670,096 and INR 208,961,713.

4 FINANCIAL POSITION

The balance sheet can be summarized as follows:

Long term funds available	3/31/2015			3/31/2014		
	x € 1,000	x € 1,000	INR	x € 1,000	x € 1,000	INR
Equity capital		977	65,426		824	68,168
Long term investments						
Tangible fixed assets	2		134	1		83
Financial fixed assets	76		5,089	71		5,874
		78	5,223		72	5,956
Working capital		899	60,203		752	62,212
This amount is applied as follows:						
Receivables, prepayments and accrued income	689		46,140	921		76,193
Cash and cash equivalents	763		51,095	503		41,612
		1,452	97,235		1,424	1,17,805
Debit: Short-term debt		553	37,032		672	55,593
Working capital		899	60,203		752	62,213

5 TAX POSITION

5.1 Taxable amount 2014/2015

	2014/2015	
	EUR	INR
Result before taxes	192,614	15,073,972
Tax differences:		
Non-deductible expenses	5,397	422,369
Investment allowance	-847	66,286
	4,550	488,655
Taxable amount 2014/2015	197,164	15,430,055

The calculated corporation tax

amounts: The corporation tax due amounts to:

	2014/2015	
	EUR	INR
Corporation tax 2014		
20.0% of 197.160 x 275/365	29,709	2,399,664
Corporation tax 2015		
20.0% of E 197,160 x 90/365	9,723	760,922
Corporation tax 2014/2015	39,432	3,085,948

The corporation tax to be received on the balance sheet date amounts to € 13,068. The analysis of this amount is as follows:

	EUR	INR
2014/2015		
Balance as per April 1	2,256	186,635
Corporation tax 2014/15	-39,432	-3,085,948
Currency transaction Reserve		<u>409,774</u>
	<u>37,176</u>	<u>2,489,539</u>
Received on Assessment 2013/14	2,256	1,86,635
Paid on provisional assessment 2014/15	-52,500	-4108650
Currency transaction Reserve		<u>557360</u>
	<u>50,244</u>	<u>3,364,313</u>
Balance as per March 31	-13,068	-875,116

5.2 Assessments

Final corporation tax assessments have been levied to the company until the fiscal year 2013/2014

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, led by NIIT Technologies Limited with Registered Office in New Delhi, India. 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

Depreciation rates

Asset

Other tangible fixed assets

Financial fixed assets

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

The MIT 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 MIT 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 cost 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.

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 realization is likely.

4 NOTES TO THE BALANCE SHEET AS OF MARCH 31, 2015

ASSETS

FIXED ASSETS

1. Tangible fixed assets

	Other tangible fixed assets	
	EUR	INR
Book value as of April 1, 2014		
Purchase price	4,865	402,473
Cumulative depreciation and impairment	-3,544	293,189
	1,321	109,284
Movement		
Investments	3,024	236,658
Depreciation disposal	-3,623	-283,536
Accumulated depreciation desinvestments	2,721	212,946
Depreciation	-1,015	-79,434
	1,107	86,634
Book value as of March 31, 2015		
Purchase price	4,266	285,678
Cumulative depreciation and impairment	-1,838	123,084
	2,428	162,594

Depreciation rates

Other tangible fixed assets

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2. Financial fixed assets

Investments in group companies NIIT Technologies N.V., Belgium	3/31/2015	3/31/2014
	61,973	61,973

Represents a 99,96% participation in NIIT Technologies N.V., established in Brussels, Belgium. The NUT 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. The net asset value of the participation in NIIT Technologies N.V., Belgium as at March 31, 2015 amounts to € 104.337.

	EUR	INR	EUR	INR
Other receivables				
Security deposits	13,490	903,375	8,330	689,127
CURRENT ASSETS				
3. Receivables, prepayments and accrued income				
Trade receivables				
Trade debtors	665,424	44,560,983	899,849	7,444
Group and associated companies				
NIIT Technologies GmbH, Germany	636	42,591	464	38,386
MIT Airline Technologies GmbH, Germany	183	12,255	-	-
	819	54,845	464	38,386
Prepayments and accrued income				
Prepaid expenses	2,872	192,327	7,296	603,586
Rent	5,281	353,649	-	-
Advances employees	430	28,796	9,742	805,939
Various	1,560	104,467	1,330	110,029
	10,143	679,239	18,368	1,519,553

4. Cash and cash equivalents	3/31/2015		3/31/2014	
	EUR	INR	EUR	INR
Rabobank, EUR	20,210	1,353,389	35,095	2,903,350
Rabobank, Call Account EUR	742,533	49,724,688	467,198	38,650,496
Cash	-	-	765	63,287
	762,743	51,078,077	503,058	41,617,133

EQUITY AND LIABILITIES

Shareholder's equity

5. Issued share capital			
Subscribed and paid up 400 ordinary shares ad valorem	4		
Each	-	18,151	18,151
The statutory share capital amounts to € 90,756.00.			

The shares of NUT Technologies B.V. have been issued to MIT Technologies Limited, established in England.

	2014/2015		2013/2014	
	EUR	INR	EUR	INR
General reserve				
Balance as per April 1	805,872	66,668,421	1,059,294	73,734,172
Appropriation of the net result	<u>153,182</u>	<u>11,988,023</u>	<u>146,578</u>	<u>11,839,442</u>
	959,054	78,656,444	1,205,872	85,573,614
Interim dividend paid	-	-	<u>-400,000</u>	<u>13,403,727</u>
				53,264,694
Currency transaction Reserve		<u>14,432,146</u>		<u>13,403,727</u>
Balance as per March 31	<u>959,054</u>	<u>64,224,298</u>	<u>805,872</u>	<u>66,668,421</u>

The retained part of the result for 2014/2015 amounts to 153,182

6. Current liabilities

	3/31/2015		3/31/2014	
	EUR	INR	EUR	INR
Liabilities to group and associated companies				
NIIT Technologies Limited, India	272,514	18,249,254	404,030	33,424,715
NIIT Technologies Limited, UK	6,109	409,097	3,091	255,713
NIIT Technologies N.V., Belgium	7,137	477,939	-	-
NIIT Technologies Inc., US	-	-	1,500	124,093
	285,760	19,136,290	408,621	33,804,521
Other taxes and social insurance payable				
Value added tax payable	92,731	6,142,886	93,590	7,742,542
Wage tax payable	48,944	3,277,599	53,254	4,405,613
	140,675	9,420,484	146,844	12,148,154
Sundry payables, accruals and deferred income				
Vacation accruals	30,160	2,019,704	32,872	2,719,445
Other outstanding expenses	82,306	5,511,728	80,705	6,676,588
Others	2,160	144,647	2,149	177,783
	114,626	7,676,079	115,726	9,573,815

OFF BALANCE SHEET COMMITMENTS Long term liabilities

Lease liabilities accommodation

The company has lease liabilities for the accommodation until 31. March 2017. Standard fee: € 30.960 per year.

5 NOTES TO THE PROFIT AND LOSS ACCOUNT 2014/2015

7. Net turnover

The net sales have increased in 2014/2015 comparing with 2013/2014 by 13.6% .

Employee expenses

Wages and salaries

	2014/2015		2013/2014	
8. Gross wages and salaries	1,864,877	145,945,274	1,554,333	125,547,051
<i>Social security charges</i>				
Employees' insurances	128,987	10,094,523	93,199	7,527,898
Premiums medical insurance	88,714	6,942,758	76,696	6,194,912
	217,701	17,037,280	169,895	13,722,810
<i>Management services</i>				
Management services	25,158	1,968,865	15,031	1,214,088
<i>Other personnel costs</i>				
Travel expenses	56,686	4,436,246	59,689	4,821,218
Seminar and conference expenses	4,323	338,318	6,617	534,470
Relocation expenses	19,875	1,555,418	23,092	1,865,194
Recruitment	20,933	1,638,217	1,269	102,500
Staff training	1,932	151,198	911	73,584
Work permit fee	161	12,600	1,351	109,123
	103,910	8,131,997	92,929	7,506,089
Staff				
The average number of employees in 2014/2015 was :				
29 (2013/2014:				
Depreciation				
Tangible fixed assets	1,015	79,434	789	63,729
Book result	-96	7,513	-	-
	919	71,921	789	63,729
Other operating expenses				
<i>Accommodation expenses</i>				
Office and building rent	36,706	2,872,612	33,435	2,700,622

S. No.	PARTICULARS	31-Mar-15		31-Mar-14	
		EUR	INR	EUR	INR
14	Office Expenses				
	Telephone Charges	18,388	1,439,045	9,146	738,743
	Other Office Expenses	7,557	591,411	3,612	291,750
		25,945	2,030,456	12,758	1,030,493
15	Selling Expenses				
	Promotional and Advertising	33,421	2,615,527	66,463	5,368,369
	Liabilities to group and associated companies	11,686	914,546	9,660	780,260
		45,107	3,530,074	76,123	6,148,630
16	General Expenses				
	Audit Fees	17,975	1,406,724	18,350	1,482,172
	Professional Services	144,504	11,308,883	99,279	8,018,993
	Insurance	1,488	116,451	1,405	113,485
	Other General Expenses	(35)	(2,739)	(25)	(2,019)
		163,932	12,829,318	119,009	9,612,631
17	Financial Income & expenses				
	Interest Income-Deposits & others	6,326	495,073	5,801	468,560
		6,326	495,073	124,810	10,081,191
18	Interest And Similer expenses				
	Bank and other financials charges	(1,382)	(108,155)	(1,031)	(83,276)
	Exchnage Diffrences	(3,171)	(248,162)	(650)	(52,502)
		(4,553)	(356,318)	(1,681)	(135,778)
19	Tax on result on Operating Activities				
	Interest Income-Deposits & others	(39,432)	(3,085,948)	(37,744)	(3,048,670)
		(39,432)	(3,085,948)	(39,425)	(3,184,448)