

NIIT Technologies Limited

(Registered Number: 2648481)

**Annual Report and Financial Statements
for the year ended 31 March 2013**

NIIT Technologies Limited

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NIIT Technologies Limited

Directors and Advisors

Directors

Rajendra S Pawar
Arvind Thakur

Company secretary

Abogado Nominees Limited

Company number

2648481

Registered office

100 New Bridge Street
London
EC4V 6JA

Independent auditors

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
1 Embankment Place
London
WC2N 6RH

Bankers

Lloyds TSB
56 High Street
Marlow
SL7 1AJ

CitiBank NA
Global Subsidiaries Group Centre
Canary Wharf
London
E14 5LB

Business address

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47 Mark Lane
London
EC3R 7QQ

NIIT Technologies Limited

Directors' Report for the year ended 31 March 2013

The directors present their annual report and the audited financial statements of the Company for the year ended 31 March 2013.

Principal activities and review of the business

NIIT Technologies Limited, UK is a wholly owned subsidiary of NIIT Technologies Limited, India a global IT Software and Services Company. The Company provides services in Software Application Development and Maintenance, Enterprise Solutions including Package Implementation, Managed Services and System Integration to organisations based in the UK and rest of the world.

The revenue profile of NIIT Technologies Limited, UK is diversified across the main verticals of Travel and Transportation and Media and Entertainment Technologies.

The UK business continues to operate in some of the toughest business conditions experienced in recent times. Liquidity in the money markets continues to be a challenge and banks are being petitioned to increase their lending to the SME sector and to provide liquidity to business at reasonable rates. Businesses also face a drop in demand across the business spectrum. NIIT continues to aggressively grow its existing client portfolio and increase its business footprint. NIIT has also gained new clients and significant repeat business with the majority of the UK revenues being derived from existing clients in focused verticals. The growth of business from its existing customers has been the main contributor to the increased revenues in the current period. Travel & Transportation continues to be the major vertical for the UK followed by Media and Entertainment Technologies and Banking, Financial Services and Insurance. Managed Services business is seeing increased traction in the UK market with both the private sector and public sector exploring Outsourcing options to further rationalise their costs. NIIT is well geared to cater to this segment on the back of winning business in this segment from all our major current clients.

The results for the Company show a pre-tax profit of £2,538,482 (2012: £4,926,426) for the year and sales of £45,074,922 (2012: £32,164,876). Pre-tax profit is lower as compared to the previous year owing to a drop in the income from shares in group undertakings.

The Company has net assets of £16,429,765 (2012: £14,131,998).

The profit and loss account for the year is set out on page 8.

The directors do not recommend payment of a dividend (2012: Nil).

Future outlook

The strategy of NIIT Technologies Limited UK is to continue to build a strong differentiation in its offerings by remaining focused in the chosen verticals. Recent industry awards and recognition reinforce the strength of this strategy.

The external business environment is expected to remain challenging in the UK for 2013/14 as national, offshore and multinational organisations continue to invest and compete for business in the focused verticals. However, we remain confident that we will achieve a higher level of growth for the year. Another focus will be on increasing the 'footprint' of our services in existing accounts and to leverage the shared services model in managed services space.

Principal risks and uncertainties

The management of the business and the execution of the Company's strategy are subject to a number of risks. The key business risks and uncertainties affecting the Company are considered to relate to competition from national, offshore and multinational vendors as well as employee retention, and the strength of the UK economy. The Company also recognises the potential risk of a considerable portion of its revenue continuing to emanate from a few customers and is striving to expand its customer base to mitigate this.

NIIT Technologies Limited

Directors' Report for the year ended 31 March 2013 (continued)

Key performance indicators

Given the straightforward nature of the business, the Company's directors are of the opinion that analysis using key performance indicators is not necessary for an understanding of the development, performance or position of the business.

Dividend from Subsidiaries

During the financial year, the Company received an interim dividend from its subsidiaries as follows:

- NIIT Insurance Technologies Limited - £900,000 at the rate of £0.72 per share. (2012: £3,000,000 at the rate of £2.39 per share).
- NIIT Technologies BV, Netherlands - € Nil. (2012:€1,600,000 at the rate of €4,000 per share.)
- NIIT Technologies NV, Belgium - €Nil. (2012: €530 at the rate of €530 per share.)

Directors

The directors of the Company at 31 March 2013 and up until the date of signing of the financial statements all of whom have been directors for the year are listed below:

Rajendra S Pawar
Arvind Thakur

Employment of disabled persons

Applications that are received from disabled persons are always given full and equal consideration.

The Company is committed to employment policies, which follow the best practice, based on equal opportunities for all employees, irrespective of sex, race, colour, disability or marital status and offers appropriate training and a career development for disabled staff. If members of staff become disabled, the Company continues employment wherever possible and arranges retraining. The Company's policy on training, career development and promotion of disabled people is, as far as possible, identical to that for other employees.

The Company is also committed to providing employees with information on matters of concern to them on a regular basis, so that the view of the employees can be taken into account when making decisions that are likely to affect their interest. In addition, the Company encourages the involvement of employees by means of employee satisfaction surveys, focus group discussions and 360 degree feedback mechanism.

NIIT Technologies Limited

Directors' Report for the year ended 31 March 2013 (continued)

Financial risk management

The Company's operations expose it to limited financial risks that include price risk, credit risk, liquidity risk foreign currency exchange rate risk and interest rate cash flow risk.

Given the size of the Company, the directors have not delegated the responsibility of monitoring financial risk management to a sub-committee of the board. The Company's finance department implements policies set by the board of directors.

Price risk

Due to the nature of its business, the Company is not exposed to any major price risks. Due consideration is given for annual salary increases in line with the growth in business in terms of both price and volumes inter dependant on contract negotiations.

Credit risk

The majority of the Company's customer base is comprised of blue chip customers. During the financial year, the Company has provided for doubtful debts of £7,790 (2012: £Nil) and written off bad debts amounting to £Nil (2012: £Nil). Bad debt recoveries during the financial year were £Nil (2012: £6,436).

The Company has implemented policies that require appropriate credit checks on potential customers before sales are made.

Liquidity risk

Proactive receivables management results in a favourable working capital position. The management continues its focus in this area.

Interest rate and cash flow risk

During the current financial year, the Company has repaid in full the working capital loan of £5,000,000 from Citi Bank NA, UK.

Foreign exchange risk

The Company has minimum exposure to foreign currency fluctuations and therefore has not implemented any specific policies to control this risk.

Qualifying third party indemnity provisions

The Directors and Officers of the Company are covered by the Corporate Directors and Officers Liability insurance policy insurance. This is in force at the date of the balance sheet.

Political and charitable donations

The Company made charitable donations during the year to the tune of £Nil (2012: £500). There were no political donations made during the year (2012: Nil).

NIIT Technologies Limited

Directors' Report for the year ended 31 March 2013 (continued)

Statement of Directors' Responsibilities

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law, the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Disclosure of information to auditors

At the date of approving this report, each of the Company's directors, as set out on page 3, confirm the following:

- so far as each director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Auditors

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and a resolution concerning their re-appointment will be proposed at the Board Meeting.

On behalf of the board



Rajendra S Pawar

Director

17 May 2013

NIIT Technologies Limited

Independent Auditors' Report to the Members of NIIT Technologies Limited

We have audited the financial statements of NIIT Technologies Limited for the year ended 31 March 2013 which comprise the Profit and Loss Account, the Balance Sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Respective responsibilities of directors and auditors

As explained more fully in the Statement of Directors' Responsibilities set out on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report and financial statements to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies, we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2013 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

NIIT Technologies Limited

Independent Auditors' Report to the Members of NIIT Technologies Limited (continued)

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Kevin McGhee

Kevin McGhee (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London

3 June 2013

NIIT Technologies Limited

Profit And Loss account for the year ended 31 March 2013

	Note	2013 £	2012 £
Turnover	2	45,074,922	32,164,876
Cost of sales		(39,021,939)	(26,953,354)
Gross profit		6,052,983	5,211,522
Administrative expenses		(4,321,233)	(4,596,446)
Operating profit	3	1,731,750	615,076
Income from shares in group undertakings		900,000	4,446,559
Interest receivable and similar income	4	2,091	2,339
Interest payable and similar charges	5	(95,359)	(137,548)
Profit on ordinary activities before taxation		2,538,482	4,926,426
Tax on profit on ordinary activities	8	(256,359)	(162,347)
Profit for the financial year	15	2,282,123	4,764,079

The Company's profits are derived entirely from continuing operations.

The Company has no recognised gains and losses other than those included in the results above, and therefore no separate statement of total recognised gains and losses has been presented.

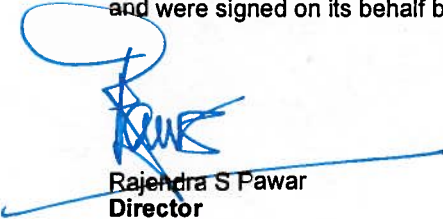
There is no material difference between the profit on ordinary activities before taxation and the profit for the years stated above and their historical cost equivalents.

NIIT Technologies Limited

Balance Sheet as at 31 March 2013

	Note	2013 £	2012 £
Fixed assets			
Tangible assets	9	249,557	137,690
Investments	10	16,963,796	16,968,177
		17,213,353	17,105,867
Current assets			
Debtors	11	10,405,515	9,703,907
Cash at bank and in hand		2,172,218	1,856,421
		12,577,733	11,560,328
Creditors - amounts falling due within one year	12	(13,361,321)	(9,534,197)
Net current (liabilities)/assets		(783,588)	2,026,131
Total assets less current liabilities		16,429,765	19,131,998
Creditors - amounts falling due after more than one year	13	-	(5,000,000)
Net assets		16,429,765	14,131,998
Capital and reserves			
Called-up share capital	14	3,276,427	3,276,427
Profit and loss account	15	13,000,561	10,678,307
Other reserves	16	152,777	177,264
Total shareholder's funds	18	16,429,765	14,131,998

The financial statements on pages 8 to 21 were approved by the board of directors on 17 May 2013 and were signed on its behalf by:



Rajendra S Pawar
Director

Registered Number: 2648481

NIIT Technologies Limited

Notes to the Financial Statements for the year ended 31 March 2013

1 Principal accounting policies

These financial statements have been prepared on the going concern basis under the historical cost convention and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom. The principal accounting policies, which have been applied consistently with the prior year, are set out below.

Consolidated financial statements

The Company is a wholly owned subsidiary of NIIT Technologies Limited, India and in accordance with the provisions of S401 of the Companies Act 2006, group financial statements have not been prepared. The financial statements of the Company and its subsidiary are included in the consolidated financial statements published by the parent Company NIIT Technologies Limited, India and are publicly available.

Turnover

In respect of long term fixed price software projects, revenue is recognised on a 'percentage of completion' basis at the balance sheet date, with 'percentage completion' being measured by the costs to date as a percentage of the estimated costs to completion. Any loss on a contract is recognised in full as soon as a loss is foreseen by reference to the estimated cost to completion.

In respect of agreements requiring provision of professional services, turnover is recognised over the year the service is provided as per the terms of the agreements.

Turnover represents the invoiced value of services supplied, net of value added tax and trade discounts.

Cash flows

The financial statements of the parent Company NIIT Technologies Limited, India include a consolidated cash flow statement and are publicly available. Consequently, in accordance with FRS 1 Cash Flow Statements (Revised 1996), the Company is exempt from preparing a cash flow statement.

Tangible fixed assets and depreciation

The tangible fixed assets are stated at their purchase cost, together with any incidental expenses of acquisition less accumulated depreciation. Depreciation is calculated so as to write off the cost of tangible fixed assets, less their estimated residual values, on a straight-line basis over the expected useful economic lives of the assets concerned. The principal estimated lives used for this purpose are:

Computer equipment	3 to 5 years
Office equipment	3 to 10 years

Investments

Investments are stated at cost less any impairment in value. Management reviews the need for any impairment annually or when there is a specific event that may indicate the need for impairment.

Pensions

The Company operates a defined contribution pension scheme. Assets of the scheme are held separately from those of the Company in an independently administered fund. The amount charged against profits represents the contributions payable to the scheme in respect of the accounting year.

NIIT Technologies Limited

Notes to the Financial Statements for the year ended 31 March 2013 (continued)

1 Principal accounting policies (continued)

Deferred taxation

Deferred tax is provided, except as noted below, on timing differences that have arisen but not reversed by the balance sheet date, where the timing differences result in an obligation to pay more tax, or a right to pay less tax, in the future. Timing differences arise because of differences between the treatment of certain items for accounting and taxation purposes.

Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. During the year, the Company has not recognised a deferred tax asset arising on FRS 20 share based payments of £35,138 (2012 £42,544) and the associated National Insurance of £Nil (2012 £10,785).

Deferred tax is measured at the average tax rates that are expected to apply in the periods when the timing differences are expected to reverse, based on tax rates and law enacted or substantively enacted at the balance sheet date. Deferred tax assets and liabilities are not discounted.

Foreign currency

Transactions denominated in foreign currencies are translated into sterling at the exchange rate prevailing on the first working day of the month. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date. Exchange gains and losses are taken to the profit and loss account in the year in which they arise.

Operating leases

Rentals payable under operating leases are charged to the profit and loss account on a straight line basis over the terms of the leases.

Share based payments

The parent Company, NIIT Technologies Limited, India, has introduced an employee stock option plan. Certain employees of the Company are awarded options over the shares of the ultimate parent.

In accordance with FRS 20, the fair value of these options using the Black-Scholes model is recognised as an expense, with a corresponding increase in other reserves. The total amount to be expensed over the vesting period is determined by reference to the fair market value of the options granted. At each balance sheet date, the entity revises its estimates of the number of options that are expected to vest and recognises the impact of the revision to original estimates, if any, in the profit and loss account, with a corresponding adjustment to equity.

In the event that options are granted with an exercise price lower than the prevailing market price at grant date, and when NIIT Technologies Limited, India makes a recharge to the Company in respect of share options granted to the Company's employees, these inter-company charges are offset in other reserves against the relevant capital contribution.

Research and Development tax benefit

The Company has claimed research and development tax credits as per the guidelines prescribed by HMRC. Management is confident that the claims will be successful.

Going concern

The financial statements have been prepared on a going concern basis.

NIIT Technologies Limited

Notes to the Financial Statements for the year ended 31 March 2013 (continued)

2 Segmental reporting

The Company is in the business of providing IT software services only. The analysis of turnover by geographical segment is shown below.

Geographical area	2013	By origin 2012	2013	By destination 2012
	£	£	£	£
United Kingdom and Ireland	45,074,922	32,164,876	39,513,646	26,681,373
Rest of Europe	-	-	1,326,952	1,165,962
Rest of World	-	-	4,234,324	4,317,541
	45,074,922	32,164,876	45,074,922	32,164,876

3 Operating profit

Operating profit is stated after charging:	2013 £	2012 £
Depreciation of tangible assets	90,259	71,244
Auditors' remuneration:		
- The audit of the Company pursuant to legislation	35,630	34,528
- Tax services	13,620	14,150
- Other services	1,150	8,300
Operating lease charges:		
- Plant and machinery	1,271	3,776
- Other	20,389	79,627
Exchange rate loss	9,745	112,438

4 Interest receivable and similar income

	2013 £	2012 £
Bank interest and other interest income	2,091	2,339

5 Interest payable and similar charges

	2013 £	2012 £
On loans from group companies	-	22,608
On term loans	95,359	114,940
	95,359	137,548

NIIT Technologies Limited

Notes to the Financial Statements for the year ended 31 March 2013 (continued)

6 Directors' emoluments

The emoluments and any options granted in respect of share schemes of Rajendra S Pawar and Arvind Thakur were paid by other group companies, and they are deemed to be wholly attributable to the services of those companies. Accordingly, their emoluments are not disclosed in these financial statements.

There are no retirement benefits accruing to directors (2012: Nil) under the defined contribution scheme. The Company has not made any contributions during the year (2012: Nil).

7 Employee information

The average monthly number of persons (including executive directors) employed by the Company during the year was:

By activity	2013 Number	2012 Number
Management	22	22
Consultancy	259	200
	<hr/>	<hr/>
	281	222

Employment costs during the year were as follows:

	2013 £	2012 £
Wages and salaries	12,329,715	9,982,398
Social security costs	1,049,167	942,199
Other pension costs	98,760	83,570
Costs associated with share based payments (see note 17)	55,497	62,152
	<hr/>	<hr/>
	13,533,139	11,070,319

NIIT Technologies Limited

Notes to the Financial Statements for the year ended 31 March 2013 (continued)

8 Tax on profit on ordinary activities

	2013 £	2012 £
Current tax:		
UK corporation tax on profits of the year	383,848	144,700
Adjustment in respect of prior year	(124,402)	(3,146)
Total current tax charge	259,446	141,554
Deferred tax:		
Origination and reversal of timing differences	(3,087)	20,793
Total deferred tax (credit)/charge	(3,087)	20,793
Tax on profit on ordinary activities	256,359	162,347

The tax assessed for the year is lower (2012: lower) than the standard rate of corporation tax in the UK of 24% (2012: 26%). The differences are explained below:

	2013 £	2012 £
Profit on ordinary activities before tax	2,538,482	4,926,426
Profit on ordinary activities multiplied by standard rate in UK of corporation tax of 24% (2012: 26%)	609,235	1,280,871
Effects of:		
Expenses not deductible for tax purposes	8,322	39,376
Income not included for tax purposes	(216,000)	(1,165,280)
Accelerated capital allowance and other timing differences	(17,709)	(10,267)
Adjustment in respect of prior year	(124,402)	(3,146)
Current tax charge for the year	259,446	141,554

The deferred taxation asset of £37,710 (2012: £34,623) has been recognised and is disclosed within debtors (see note 11)

	2013 Deferred tax asset recognized £	2012 Deferred tax asset recognized £
Deferred tax asset comprises:		
Accelerated capital allowances	25,718	21,490
Short term timing differences	9,640	10,619
Pension provision	2,352	2,514
	37,710	34,623
As at 1 April 2012		34,623
Movement during the year		3,087
As at 31 March 2013		37,710

NIIT Technologies Limited

Notes to the Financial Statements for the year ended 31 March 2013 (continued)

8 Tax on profit on ordinary activities (continued)

Based on current capital investment plans, the Company expects to continue to be able to claim capital allowances in excess of depreciation in future years at a similar level to the current year.

The directors consider that it is more likely than not that there will be sufficient taxable profits in the future such as to realise the deferred tax asset, and therefore the asset has been recognised in these financial statements.

The standard rate of Corporation Tax in the UK changed from 26% to 24% with effect from 1 April 2012. Accordingly, the company's profit for this accounting period is taxed at an effective rate of 10.10% (2012 3.30%) and will be taxed at 23% in the future.

In his budget of March 2013, the Chancellor of the Exchequer provided for a reduction of corporation tax from 24% to 23% with effect from April 2013. The proposed reductions in the main rate of corporation tax to 21% by 1 April 2014 are expected to be enacted separately each year. The overall effect of the further changes from 24% to 21%, if these applied to the deferred tax balance at the balance sheet date, would reduce the deferred tax assets by £3,279.

During the current tax year, the Company has made its first research and development tax credit claim of £52,104 and £94,425 for the years 2011 and 2012 respectively. The tax charge to the profit and loss account for the current financial year has been computed giving effect to the same.

9 Tangible assets

	Computer equipment £	Office equipment £	Total £
Cost			
At 1 April 2012	183,590	98,055	281,645
Additions	202,126	-	202,126
Disposals	(22,422)	(68)	(22,490)
At 31 March 2013	363,294	97,987	461,281
Accumulated depreciation			
At 1 April 2012	136,241	7,714	143,955
Charge for year	65,762	24,497	90,259
Disposals	(22,422)	(68)	(22,490)
At 31 March 2013	179,581	32,143	211,724
Net book value at 31 March 2013	183,713	65,844	249,557
Net book value at 31 March 2012	47,349	90,341	137,690

NIIT Technologies Limited

Notes to the Financial Statements for the year ended 31 March 2013 (continued)

10 Investments

	Shares in subsidiary undertakings £
Cost	
At 1 April 2012	16,968,177
Capitalisation adjustment	(4,381)
Net book value at 31 March 2013	16,963,796
Net book value at 31 March 2012	16,968,177

Subsidiary undertakings:

Company name	Country of Incorporation	Principal activity	% Interest	Capital and reserves	Profit or (loss)
NIIT Technologies BV	Holland	Software services	100%	€ 1,077,446	€ 156,556
NIIT Technologies NV	Belgium	Software services	100%	€ 291,770	€ 12,262
NIIT Insurance Technologies Ltd.	UK	Software services	100%	£3,407,654	£1,078,647
NIIT Technologies S.A. (Formerly Proyecta Sistemas De Informacion S.A.),	Spain	Software services	100%	€2,284,221	€ 376,725

All investments are reviewed by the Management for impairment at the end of the year. Any decline in the value of the said investment is recognised and charged to the profit and loss account. The directors believe that the carrying value of the investments is supported by their respective projected future cash flows.

11 Debtors

	2013 £	2012 £
Trade debtors	9,946,668	7,841,761
Amounts owed by group undertakings	11,609	99,952
Other debtors	10,656	1,117,371
Deferred tax asset (see note 8)	37,710	34,623
Prepayments and accrued income	398,872	610,200
	10,405,515	9,703,907

Amounts owed by group undertakings for the current and previous financial year represent trade balances which are unsecured, non interest bearing and have no fixed term of repayment.

NIIT Technologies Limited

Notes to the Financial Statements for the year ended 31 March 2013 (continued)

12 Creditors - amounts falling due within one year

	2013	2012
	£	£
Trade creditors	825,351	1,097,122
Amounts owed to group undertakings	8,453,001	5,192,016
Corporation tax	404,027	144,581
Other taxation and social security	2,111,128	1,661,740
Other creditors	-	14,777
Accruals and deferred income	1,567,814	1,423,961
	<u>13,361,321</u>	<u>9,534,197</u>

Trade balances included in amounts owed to group undertakings for the current and previous year are unsecured and interest free. There are no short term loans due to group companies for the current year. (2012 Nil)

13 Creditors - amounts falling due after more than one year

	2013	2012
	£	£
Citi Bank NA, UK	-	5,000,000

The short term credit facility from CitiBank, UK availed in 2012 was repaid in full during the current financial year.

Maturity of creditors

	2013	2012
	£	£
In more than one year, but not more than two years	-	5,000,000

14 Called - up share capital

	2013	2012
	£	£
Authorised		
7,000,000 (2011: 7,000,000) ordinary shares of £1 each	<u>7,000,000</u>	<u>7,000,000</u>
Allotted and fully paid		
3,276,427 (2011: 3,276,427) ordinary shares of £1 each	<u>3,276,427</u>	<u>3,276,427</u>

15 Profit and loss account

	£
At 1 April 2012	10,678,307
Profit for the financial year	2,282,123
Transfer from other reserves	40,131
At 31 March 2013	<u>13,000,561</u>

NIIT Technologies Limited

Notes to the Financial Statements for the year ended 31 March 2013 (continued)

16 Other reserves

The ultimate parent Company, NIIT Technologies Limited, India, operates an equity-settled, share-based compensation plan. Certain employees of the Company are awarded options over the shares in the ultimate parent. The fair value of the employee services received using the Black-Scholes option pricing model in exchange for these grants of options is recognised as an expense, with a corresponding increase in Other Reserves.

During the year, the Company recognises the impact of the revision in the options vested and remaining to be exercised in the profit and loss account, with a corresponding adjustment to Other Reserves.

	£
At 1 April 2012	177,264
Share-based capital reserve for the year (see note 17)	15,644
Transferred to Profit and loss account	(40,131)
At 31 March 2013	152,777

17 Share based payments

NIIT Technologies Limited, India, which is the 100% Holding Company of NIIT Technologies Limited, operates an Employee Stock Option Plan (ESOP 2005). The remuneration committee of the holding Company can grant options over shares in the holding Company to employees of the group. Options are granted with a fixed exercise price. Awards under the ESOP are generally reserved for employees at senior management level and above. In the current year, the holding Company has issued grants on 3 May 2012. Grants for which options are still outstanding are represented in the table below. Exercise of an option is subject to continued employment. The fair market value of the shares was valued using the Black-Scholes option-pricing model. The fair value per option granted and the assumptions used in the calculation are as follows:

Grant date	03/05/2012		17/10/2011			18/10/2010		19/10/2009	
Share price at grant date	Rs. 256.50		Rs. 211.40			Rs. 223.75		Rs. 127.20	
Exercise price	Rs. 256.50		Rs. 10.00			Rs. 223.75		Rs. 127.20	
Number of employees	1		1			1		51	
Shares under option	15,000		40,000			38,000		129,000	
Vesting year(s)	1	2	1	2	3	1	2	1	2
Expected volatility	36.38%	43.54%	42.39%	48.54%	55.11%	51.67%	58.87%	66.17%	64.78%
Option life (years)	4	5	4	5	6	4	5	4	5
Expected life (years)	2.5	3.5	2.5	3.5	4.5	2.5	3.5	2.5	3.5
Risk free rate	8.27%	8.33%	8.60%	8.65%	8.70%	7.31%	7.61%	6.83%	7.01%
Expected dividends expressed as a dividend yield *	4.10%	4.10%	3.11%	3.11%	3.11%	3.08%	3.08%	3.12%	3.12%
Fair value per option (Rs)	62.09	81.77	187.53	182.23	177.08	73.28	93.31	50.24	56.16

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Notes to the Financial Statements for the year ended 31 March 2013 (continued)

17 Share based payments (continued)

* Expected dividends expressed as a dividend yield

The schedule of live options exercisable is given in the table below:

Grant date	03/05/2012		17/10/2011			18/10/2010		19/10/2009	
Live options	15,000		40,000			38,000		129,000	
Vesting year(s)	1	2	1	2	3	1	2	1	2
Options exercisable	7,500	7,500	13,000	13,000	14,000	19,000	19,000	42,750	52,750

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

The expected volatility for the options granted during the current financial year is considered as 36.38% and 43.54% for options with vesting periods of 1 and 2 years and is based on historical volatility in the share price movement of the ultimate holding Company. The expected life is the average of the minimum and maximum life of the options. The risk free rate of return has been assumed at 8.27% and 8.33% for options with vesting periods of 1 and 2 years respectively based on long-term Indian government securities. A reconciliation of option movements over the year to 31 March 2013 is shown below:

	2013		2012	
	Number	Weighted average exercise price INR Rs	Number	Weighted average exercise price INR Rs
Outstanding at 1 April	230,900	120.80	268,761	140.24
Granted	15,000	256.50	40,000	10.00
Lapsed	(3,000)	127.20	(47,261)	139.87
Exercised	(54,400)	118.76	(30,600)	117.25
Outstanding at 31 March	188,500	132.08	230,900	120.80
Exercisable at 31 March	188,500	132.08	230,900	120.80

Range of Exercise Price	Weighted average exercise	Number of shares	Weighted average remaining life	
			Expected	Contractual
Rs 127.20	Rs 127.20	99,500	1.00	1.00
Rs 223.75	Rs 223.75	38,000	2.00	2.00
Rs 10.00	Rs 10.00	40,000	3.50	3.50
Rs 256.50	Rs 256.50	15,000	4.50	4.50

During the current financial year, 54,400 (2012 30,600) options were exercised. The weighted average share price for options exercised during the year is Rs.118.76 (2012 Rs.117.25). The net charge for the year relating to employee share based payment plans was £55,497 (2012: £62,152), all of which related to equity share based payment transactions.

NIIT Technologies Limited

Notes to the Financial Statements for the year ended 31 March 2013 (continued)

18 Reconciliation of movements in equity shareholder's funds

	2013 £	2012 £
Profit for the financial year	2,282,123	4,764,079
Net addition to equity shareholder's funds	2,282,123	4,764,079
Other reserves	15,644	62,152
Opening equity shareholder's funds	14,131,998	9,305,767
Closing equity shareholder's funds	16,429,765	14,131,998

19 Financial commitments

At 31 March 2013 the Company had annual commitments under non-cancellable operating leases expiring as follows:

	2013		2012	
	Land and buildings £	Other £	Land and Buildings £	Other £
Within one year	16,942	-	154,272	1,168
Within two to five years	4,900	-	152,640	-
	21,842	-	306,912	1,168

20 Related party transactions

The Company has taken advantage of the exemption in paragraph 2 of FRS 8 "Related Party Disclosures" from the requirement to disclose transactions with group companies on the grounds that it is a wholly owned subsidiary and consolidated financial statements are prepared by the ultimate parent Company, NIIT Technologies Limited, India. The consolidated financial statements published by the parent Company are publicly available.

During the year, the group undertook the following transactions with one related party – NIIT Limited, UK which through a fellow subsidiary owns 24.06% (2012: 24.30%) of the share capital of NIIT Technologies Limited (India).

NIIT Technologies Limited rendered support and administrative services to NIIT Limited, UK during the year totalling £54,384 (2012: £65,117). A year-end balance owed by NIIT Limited, UK is held within debtors amounting to £10,097 (2012: £7,342).

NIIT Limited, UK rendered services to NIIT Technologies Limited, UK during the year totalling £Nil (2012:£8,463). A year-end balance owed to NIIT Limited, UK is held within trade creditors amounting to £Nil (2012: £10,156).

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Notes to the Financial Statements for the year ended 31 March 2013 (continued)

21 Pensions

The Company operates a defined contribution pension scheme. The charge for the year represents contributions payable by the Company to the fund and amounted to £ 98,760 (2012: £83,570) paid into defined contribution pension schemes. There is an accrual at the year-end for £ 10,227 (2012: £10,477).

22 Ultimate parent company

The ultimate parent Company and controlling party is NIIT Technologies Limited, (India), a Company registered in India, which is the parent undertaking of the smallest and largest group to consolidate these financial statements. NIIT Technologies Limited, India holds 100% of the issued ordinary share capital of NIIT Technologies Limited, UK.

NIIT Technologies Limited, India prepares group financial statements and copies can be obtained from 8 Balaji Estate, first Floor, Guru Ravidas Marg, Kalkaji, New Delhi – 110019, India. Full consolidated financials can also be obtained for NIIT Technologies Limited, India, from that Company's website at the following address, <http://www.niit-tech.com/investors/financial-reports>