

NIIT Technologies Limited

(Registered Number: 2648481)

**Annual Report and Financial Statements
for the year ended 31 March 2015**

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

2nd Floor,
47 Mark Lane
London
EC3R 7QQ

NIIT Technologies Limited

Strategic report for the year ended 31 March 2015

The directors present their strategic report for the year ended 31 March 2015.

Principal activities

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, Software Testing, Enterprise Solutions including Package Implementation, Infrastructure Managed Services and System Integration to organisations based in the UK and rest of the world.

Business review

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

The UK business continues to operate in a very challenging and competitive business environment. The UK economy has shown encouraging signs of recovery during the year. Banks are being encouraged to lend further to small and medium sized businesses (SME) under the government's Funding for Lending (FLS) scheme. Businesses continue to strive to achieve a leaner cost structure. This has resulted in a drop in demand across the business spectrum and has also contributed to the fall in the turnover for the current year. In this environment, NIIT strives to aggressively grow its existing client portfolio and increase its business footprint. NIIT has gained a new client during the year. However, a major contribution of the UK revenue emanates from its existing clients in focused verticals. Travel & Transportation continues to be the major vertical for the UK followed by Media and Entertainment Technologies and Banking, Financial Services and Insurance. Infrastructure 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 profit on ordinary activities before taxation of £2,517,932 (2014: £3,790,024) for the year and turnover of £ 39,651,886 (2014: £42,185,007). Profit on ordinary activities before taxation is lower as compared to the previous year. This is primarily due to a drop in the turnover. Operating margins have also retracted as compared to the previous year. This is attributed to an increased cost of sales as a percentage over turnover when compared to the previous year.

The Company has net assets of £ 20,414,075 (2014: £17,945,027).

There were no dividends declared during the year (2014: £2,000,000).

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..

The external business environment is expected to remain challenging in the UK for 2015-16 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. Our focus will be on increasing the 'footprint' of our services in existing accounts and to leverage the shared services model in infrastructure managed services space.

NIIT Technologies Limited

Strategic report for the year ended 31 March 2015 (continued)

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. The Company has focused on enhancing client relationship through client partners in key customer accounts.

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. For more details, refer to the business review in this report.

On behalf of the board

Arvind Thakur
Director
30th June 2015

NIIT Technologies Limited

Directors' Report for the year ended 31 March 2015

The directors present their annual report and the audited financial statements of the Company for the year ended 31 March 2015.

Dividend from Subsidiaries

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

- NIIT Insurance Technologies Limited - £2,000,000 at the rate of £1.60 per share. (2014: £1,500,000 at the rate of £1.20 per share).
- NIIT Technologies BV, Netherlands - Nil. (2014: €400,000 (£342,000) at the rate of €1000 (£855) per share.)

Directors

The directors of the Company at 31 March 2015 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 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.

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.

NIIT Technologies Limited

Directors' Report for the year ended 31 March 2015 (continued)

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 £66,882 (2014: £Nil). There are no bad debts written off during the year (2014: £2,267).

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. Management continues its focus in this area.

Interest rate and cash flow risk

The Company's favourable liquidity situation did not warrant any significant borrowing in the current year. Policies in this regard will be in review regularly by the Directors.

Foreign currency exchange rate risk

The Management is aware of the volatility in the foreign currency fluctuations and will put in place measures to minimise the risks if this continues.

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 £599 (2014: £400). There were no political donations made during the year (2014: £Nil).

Statement of Directors' Responsibilities

The directors are responsible for preparing the Strategic report, 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.

NIIT Technologies Limited

Directors' Report for the year ended 31 March 2015 (continued)

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 4, 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.

Independent 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

Arvind Thakur
Director
30th June 2015

NIIT Technologies Limited

Independent Auditors' Report to the Members of NIIT Technologies Limited

Report on the financial statements

Our opinion

In our opinion the financial statements, defined below:

- give a true and fair view of the state of the company's affairs as at 31 March 2015 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.

This opinion is to be read in the context of what we say in the remainder of this report.

What we have audited

The financial statements, which are prepared by NIIT Technologies Limited, comprise:

- the balance sheet as at 31 March 2015;
- the profit and loss account for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

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).

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

What an audit of financial statements involves

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). 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 (the "Annual Report") to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and 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)

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- 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.

We have no exceptions to report arising from this responsibility.

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Statement of Directors' Responsibilities set out on pages 2 and 3, 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 ISAs (UK & 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.

Kevin McGhee (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
30th June 2015

NIIT Technologies Limited

Profit And Loss account for the year ended 31 March 2015

	Note	2015		2014	
		£	INR	£	INR
Turnover	2	39,651,886	3,934,310,685	42,185,007	4,052,549,101
Cost of sales		<u>-35,199,011</u>	<u>-3,492,490,750</u>	<u>-35,597,975</u>	<u>-3,419,758,626</u>
Gross profit		4,452,875	441,819,935	6,587,032	632,790,475
Administrative expenses		-3,949,026	-391,827,395	-4,656,700	-447,351,008
Operating profit	3	503,849	49,992,540	1,930,332	185,439,467
Income from shares in group undertakings		2,000,000	198,442,550	1,842,000	176,953,756
Interest receivable and similar income	4	14,083	1,397,333	17,692	1,699,601
Profit on ordinary activities before taxation		2,517,932	249,832,423	3,790,024	364,092,825
Tax on profit on ordinary activities	8	-75,699	-7,510,951	-301,933	-29,005,526
Profit for the financial year	15	2,442,233	242,321,472	3,488,091	335,087,299

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 2015

	Note	2015		2014	
		£	INR	£	INR
Fixed assets					
Tangible assets	9	36,434	3,371,828	172,859	17,309,340
Investments	10	17,005,170	1,573,763,864	17,005,170	1,702,822,901
		17,041,604	1,577,135,692	17,178,029	1,720,132,241
Current assets					
Debtors	11	10,386,957	961,273,400	10,225,155	1,023,902,031
Cash at bank and in hand		3,519,571	325,722,922	2,097,538	210,038,226
Total assets		13,906,528	1,286,996,322	12,322,693	1,233,940,257
Creditors - amounts falling due within one year	12	-10,534,057	-974,886,946	-11,555,695	-1,157,136,452
Net current assets/(liabilities)		3,372,471	312,109,376	766,998	76,803,805
Total assets less current liabilities		20,414,075	1,889,245,068	17,945,027	1,796,936,046
Net assets		20,414,075	1,889,245,068	17,945,027	1,796,936,046
Capital and reserves					
Called-up share capital	13	3,276,427	303,220,868	3,276,427	328,086,984
Profit and loss account	14	17,005,065	1,573,754,147	14,531,535	1,455,123,976
Other reserves	15	132,583	12,270,053	137,065	13,725,086
Total shareholder's funds	17	20,414,075	1,889,245,068	17,945,027	1,796,936,046

The financial statements on pages 9 to 22 were approved by the board of directors on 30th June 2015 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 2015

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.

NIIT Technologies Limited

Notes to the Financial Statements for the year ended 31 March 2015 (continued)

1 Principal accounting policies (continued)

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.

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 £26,516 (2014: £27,413).

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.

NIIT Technologies Limited

Notes to the Financial Statements for the year ended 31 March 2015 (continued)

Principal accounting policies (continued)

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 Expenditure Credit

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

1 Going concern

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

2 Turnover

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

	By origin				By destination			
	2015 £	2014 £	2015 INR	2014 INR	2015 £	2014 £	2015 INR	2014 INR
Geographical area								
United Kingdom and Ireland	39,651,886	42,185,007	3,934,310,685	4,052,549,101	32,555,627	34,537,130	3,230,210,819	3,317,847,384
Rest of Europe	-	-	-	-	4,183,670	2,471,455	415,109,072	237,423,043
Rest of World	-	-	-	-	2,912,589	5,176,422	288,990,794	497,278,673
	39,651,886	42,185,007	3,934,310,685	4,052,549,101	39,651,886	42,185,007	3,934,310,685	4,052,549,101

NIIT Technologies Limited

Notes to the Financial Statements for the year ended 31 March 2015 (continued)

3 Operating profit

	2015		2014	
	£	INR	£	INR
Operating profit is stated after charging:				
Depreciation of tangible assets	151,445	15,026,566	86,551	8,314,617
Auditors' remuneration:				
- The audit of the Company pursuant to legislation	35,900	3,562,044	28,500	2,737,884
- Tax services	14,325	1,421,345	5,550	533,167
- Other services	12,650	1,255,149	9,830	944,330
Operating lease charges:				
- Plant and machinery	-	-	-	-
- Other	4,281	424,766	12,520	1,202,748
Exchange rate gain / (loss)	407,535	40,436,142	-334,555	-32,139,394

4 Interest receivable and similar income

	2015		2014	
	£	INR	£	INR
Bank interest and other interest income	14,083	1,397,333	17,692	1,699,601

5 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 (2014: Nil) under the defined contribution scheme. The Company has not made any contributions during the year (2014: Nil).

6 Dividends

	2015		2014	
	£	INR	£	INR
Equity – ordinary				
Interim paid: £Nil (2014: £0.6104 per £1 share)	Nil	-	2,000,000	192,132,200

The directors do not recommend payment of a final dividend (2014: Nil)

NIIT Technologies Limited

Notes to the Financial Statements for the year ended 31 March 2015 (continued)

7 Employee information

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

By activity	2015	2014
	Number	Number
Management	28	28
Consultancy	217	213
	245	241

Employment costs during the year were as follows:

	2015		2014	
	£	INR	£	INR
Wages and salaries	12,415,014	1,231,833,518	11,216,513	1,077,526,660
Social security costs	1,045,183	103,704,390	1,120,561	107,647,925
Other pension costs	194,227	19,271,451	124,825	11,991,451
Costs associated with share based payments (see note 16)	84,583	8,392,433	69,892	6,714,252
	13,739,007	1,363,201,792	12,531,791	1,203,880,287

8 Tax on profit on ordinary activities

	2015		2014	
	£	INR	£	INR
Current tax:				
UK corporation tax on profits of the year	88,560	8,787,036	373,952	35,924,110
Overseas tax	13,698	1,359,133	18,651	1,791,729
Adjustment in respect of prior year	-10,609	-1,052,639	-94,510	-9,079,207
Total current tax charge	91,649	9,093,531	298,093	28,636,632
Deferred tax:				
Origination and reversal of timing differences	-15,950	-1,582,579	3,840	368,894
Total deferred tax (credit)/charge	-15,950	-1,582,579	3,840	368,894
Tax on profit on ordinary activities	75,699	7,510,951	301,933	29,005,526

NIIT Technologies Limited

Notes to the Financial Statements for the year ended 31 March 2015 (continued)

8 Tax on profit on ordinary activities (continued)

The tax assessed for the year is lower (2014: lower) than the standard rate of corporation tax in the UK of 21% (2014: 23%). The differences are explained below:

	2015		2014	
	£	INR	£	INR
Profit on ordinary activities before tax	2,517,932	249,832,423	3,790,024	364,092,825
Profit on ordinary activities multiplied by standard rate in UK of corporation tax of 21% (2014: 23%)	528,766	52,464,837	871,706	83,741,396
Effects of:				
Expenses not included for tax purposes	-	-	-	-
Income not included for tax purposes	-458,271	-45,470,233	-505,326	-48,544,698
Accelerated capital allowance and other timing differences	18,065	1,792,432	7,572	727,413
DTR, overseas tax, tax credits on FII & irrecoverable ACT	13,698	1,359,133	18,651	1,791,729
Adjustment in respect of prior year	-10,609	-1,052,639	-94,510	-9,079,207
Current tax charge for the year	91,649	9,093,531	298,093	28,636,632

The deferred taxation asset of £49,820 (2014: £33,870) has been recognised and is disclosed within debtors (see note 12)

	2015		2014	
	Deferred tax asset recognized		Deferred tax asset recognized	
	£	INR	£	INR
Deferred tax asset comprises:				
Accelerated capital allowances	41,790	3,867,506	24,584	2,461,734
Short term timing differences	4,579	423,769	6,711	672,010
Pension provision	3,451	319,377	2,575	257,849
	49,820	4,610,652	33,870	3,391,593
As at 1 April 2014			33,870	3,391,593
Movement during the year			15,950	1,582,579
Currency translation reserve			-	(363,520.42)
As at 31 March 2015			49,820	4,610,652

NIIT Technologies Limited

Notes to the Financial Statements for the year ended 31 March 2015 (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 23% to 21% with effect from 1 April 2014. Accordingly, the company's profit for this accounting year is taxed at an effective rate of 3.01% (2014: 7.97%).

In addition to the changes in rates of Corporation tax disclosed above, further changes to the UK Corporation tax rates have been announced. These include a further reduction to the main rate to reduce the rate to 20% from 1 April 2015. This change was substantively enacted on 2 July 2013 and therefore is included in these financial statements. The deferred tax asset has been re-measured using the enacted tax rates.

The Company has adopted the new R&D expenditure credit legislation introduced in 2013 that allows large companies to claim expenditure credits equal to 10% per cent of the qualifying research and development (R&D) expenditure. In the current financial year, the company has made a claim of £62,416 (2014: £132,543). The operating profit for the current financial year has been derived at giving effect to the same.

9

Tangible assets

Cost	Computer equipment		Office equipment		Total	
	£	INR	£	INR	£	INR
At 1 April 2014	360,901	36,139,038	97,987	9,811,987	458,888	45,951,025
Additions	15,071	1,495,364	0	0	15,071	1,495,364
Disposals	-2,666	-264,524	-285	-28,278	-2,951	-292,802
Currency Translation reserve		-2,821,826		-741,760		-3,563,586
At 31 March 2015	373,306	34,548,052	97,702	9,041,949	471,008	43,590,001
Accumulated depreciation						
At 1 April 2014	229,394	22,970,506	56,635	5,671,180	286,029	28,641,686
Charge for year	127,068	12,607,849	24,377	2,418,717	151,445	15,026,566
Disposals	-2,615	-259,464	-285	-28,278	-2,900	-287,742
Currency Translation reserve		-2,571,696		-590,642		-3,162,338
At 31 March 2015	353,847	32,747,195	80,727	7,470,977	434,574	40,218,172
Net book value at 31 March 2015	19,459	1,800,857	16,975	1,570,972	36,434	3,371,828
Net book value at 31 March 2014	131,507	13,168,532	41,352	4,140,807	172,859	17,309,340

NIIT Technologies Limited

Notes to the Financial Statements for the year ended 31 March 2015 (continued)

10 Investments

Cost	Shares in subsidiary undertakings	
	£	INR
At 1 April 2014	17,005,170	1,702,822,901
Currency Translation reserve		-129,059,037
Net book value at 31 March 2015	17,005,170	1,573,763,864
Net book value at 31 March 2014	17,005,170	1,702,822,901

Subsidiary undertakings:

Company name	Country of Incorporation	Principal activity	% Interest	Capital and reserves	Profit or (loss)
NIIT Technologies BV	Holland	Software services	100%	€ 977,204	€ 153,182
NIIT Technologies NV	Belgium	Software services	100%	€ 104,379	€ (55,045)
NIIT Insurance Technologies Ltd.	UK	Software services	100%	£3,770,910	£1,836,716
NIIT Technologies S.A.	Spain	Software services	100%	€ 3,100,207	€ 531,599
NIIT Technologies Brazil Ltda.	Brazil	Software services	99%	BRL 251,609	BRL125,046

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.

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Notes to the Financial Statements for the year ended 31 March 2015 (continued)

11 Debtors

	2015		2014	
	£	INR	£	INR
Trade debtors	9,676,689	895,540,796	8,737,504	874,935,206
Amounts owed by group undertakings	397,719	36,807,382	871,237	87,241,840
Other debtors	35,508	3,286,130	53,622	5,369,471
Deferred tax asset (see note 9)	49,820	4,610,652	33,870	3,391,593
Prepayments and accrued income	227,221	21,028,440	528,922	52,963,922
	10,386,957	961,273,400	10,225,155	1,023,902,031

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. There are no short term loans owed by group undertakings (2014: £0.626 million) included in the amounts owed by group undertakings.

12 Creditors - amounts falling due within one year

	2015		2014	
	£	INR	£	INR
Trade creditors	54,128	5,009,341	137,437	13,762,336
Amounts owed to group undertakings	7,716,447	714,127,847	8,484,163	849,566,753
Corporation tax	88,561	8,195,984	373,952	37,445,908
Other taxation and social security	1,413,088	130,775,925	1,328,146	132,994,697
Other creditors	9,048	837,358	11,936	1,195,219
Accruals and deferred income	1,252,785	115,940,491	1,220,061	122,171,540
	10,534,057	974,886,946	11,555,695	1,157,136,452

Trade balances included in amounts owed to group undertakings for the current and previous year are unsecured and interest free.

13 Called up share capital

	2015		2014	
	£	INR	£	INR
Authorised				
7,000,000 (2014: 7,000,000) ordinary shares of £1 each	7,000,000	647,823,400	7,000,000	700,949,200
Allotted and fully paid				
3,276,427 (2014: 3,276,427) ordinary shares of £1 each	3,276,427	303,220,868	3,276,427	328,086,984

NIIT Technologies Limited

Notes to the Financial Statements for the year ended 31 March 2015 (continued)

14 Profit and loss account

	£	INR
At 1 April 2014	14,531,535	1,455,123,976
Profit for the financial year	2,442,233	242,321,472
Transfer from other reserves	31,297	3,105,328
Currency Translation reserve		-126,796,630
At 31 March 2015	17,005,065	1,573,754,147

15 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.

	£	INR
At 1 April 2014	137,065	13,725,086
Share-base capital reserve for the year (see note 17)	26,815	2,660,618
Transferred to Profit and loss account	-31,297	-3,105,328
Currency Translation reserve		-1,010,323
At 31 March 2015	132,583	12,270,053

16 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 15 October 2014. 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:

NIIT Technologies Limited

Notes to the Financial Statements for the year ended 31 March 2015 (continued)

Grant date	Share price at grant date (Rs)	Exercise price (Rs)	Nos.of empes	Shares under option	Vesting year(s)	Expected volatility	Option life (years)	Expected life (years)	Risk free rate	Expected dividends expressed as a dividend yield *	Fair value per option (Rs)
15-Oct-14	393.70	393.70	1	21000	1	35.17%	4	2.5	8.46%	3.82%	95.22
					2	35.98%	5	3.5	8.47%	3.82%	112.19
					3	35.38%	6	4.5	8.48%	3.82%	122.43
15-Oct-14	393.70	10.00	1	15000	1	35.17%	4	2.5	8.46%	3.82%	349.75
					2	35.98%	5	3.5	8.47%	3.82%	336.97
					3	35.38%	6	4.5	8.48%	3.82%	324.67
02-Sep-13	294.80	282.00	1	100,000	1	34.72%	4	2.5	9.27%	3.91%	77.67
					2	34.13%	5	3.5	9.00%	3.91%	86.98
					3	39.11%	6	4.5	8.82%	3.91%	102.44
					4	44.99%	7	5.5	8.71%	3.91%	117.68
					5	49.78%	8	6.5	8.66%	3.91%	129.38
02-Sep-13	294.80	10.00	1	35,000	1	34.72%	4	2.5	9.27%	3.91%	259.42
					2	34.13%	5	3.5	9.00%	3.91%	249.8
					3	39.11%	6	4.5	8.82%	3.91%	240.5
					4	44.99%	7	5.5	8.71%	3.91%	231.55
					5	49.78%	8	6.5	8.66%	3.91%	222.95

* Expected dividends expressed as a dividend yield

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Notes to the Financial Statements for the year ended 31 March 2015 (continued)

16 Share based payments (continued)

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

Grant date	Live options	Vesting year(s)	Options exercisable
15-Oct-14	21,000	1	7,000
		2	7,000
		3	7,000
15-Oct-14	15,000	1	5,000
		2	5,000
		3	5,000
02-Sep-13	100,000	1	20,000
		2	20,000
		3	20,000
		4	20,000
		5	20,000
02-Sep-13	35,000	1	7,000
		2	7,000
		3	7,000
		4	7,000
		5	7,000

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

The expected volatility for the options granted during the current financial year is considered as shown in the table on the preceding page and is based on

NIIT Technologies Limited

Notes to the Financial Statements for the year ended 31 March 2015 (continued)

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 for the options granted during the year is as shown in the table on the preceding page based on long-term Indian government securities. A reconciliation of option movements over the year to 31 March 2015 is shown below:

	Number	2015 Weighted average exercise price INR Rs	Number	2014 Weighted average exercise price INR Rs
Outstanding at 1 April	266,875	173.28	188,500	132.08
Granted	36,000	222.83	135,000	211.48
Lapsed	(25,500)	203.26	(11,750)	127.20
Exercised	(106,375)	117.62	(44,875)	127.20
Outstanding at 31 March	171,000	173.28	266,875	173.28
Exercisable at 31 March	266,875	173.28	266,875	173.28

Range of Exercise Price	Weighted average exercise	Number of shares	Weighted average remaining life	
			Expected	Contractual
Rs 393.70	Rs 393.70	21,000	3.5	7
Rs 10.00	Rs 10.00	15,000	3.5	7
Rs 282.00	Rs 282.00	100,000	4	8
Rs 10.00	Rs 10.00	35,000	4	8

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Notes to the Financial Statements for the year ended 31 March 2015 (continued)

During the current financial year 106,375 (2014: 44,875) options were exercised. The weighted average share price for options exercised during the year is Rs.117.62 (2014: Rs.127.20). The net charge for the year relating to employee share based payment plans was £84,583 (2014: £69,892), all of which related to equity share based payment transactions.

17 Reconciliation of movements in shareholders' funds

	2015		2014	
	£	INR	£	INR
Profit for the financial year	2,442,233	242,321,472	3,488,091	335,087,299
Dividends paid during the year	-	-	-2,000,000	-192,132,200
Share based payments	26,815	2,660,618	27,171	2,610,212
Net change to shareholders' funds	2,469,048	244,982,091	1,515,262	145,565,311
Opening shareholders' funds	17,945,027	1,796,936,046	16,429,765	1,356,163,735
Currency Translation reserve		92,309,022		440,772,310
Closing shareholders' funds	20,414,075	1,889,245,068	17,945,027	1,796,936,046

18 Contingent liabilities and financial commitments

Bank guarantees totalling \$83,004 (£55,947) have been issued by Lloyds Bank in favour of Turkish Airlines Inc., to fulfil the obligations of the Company under the 'Platform Based Services' contract.

The Company has also given an irrevocable unconditional Parental guarantee to ING Belgium N.V./S.A. covering the solvency and obligations of NIIT Technologies N.V., Belgium under the agreement with ING Belgium.

Capital commitments relating to procurement of Plant & Machinery remaining to be executed and not provided for at the date of the financial statements is Nil (2014: £4,052).

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Notes to the Financial Statements for the year ended 31 March 2015 (continued)

19 Contingent liabilities and financial commitments (continued)

At 31 March 2014 the Company had annual commitments under non-cancellable operating leases expiring as follows:

	2015				2014			
	Land and buildings	Other	Land and buildings	Other	Land and buildings	Other	Land and buildings	Other
	£	£	INR	INR	£	£	INR	INR
Within one year	189	-	17,491	-	173	-	17,323	-
Within two to five years	-	-	-	-	-	-	-	-
	189	-	17,491	-	173	-	17,323	-

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 below stated related party transactions with NIIT Limited, UK and NIIT Inc., USA, which through a fellow subsidiary owns 23.74% (2014: 23.88%) 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 £54,313 (2014: £47,277). A year-end balance owed by NIIT Limited, UK is held within debtors amounting to £5,314 (2014: £4,411).

NIIT Inc., USA rendered services to NIIT Technologies Limited, UK during the year totalling £9,846 (2014: £106,903). The year-end balance owed to NIIT Inc., USA is held within trade creditors amounting to £9,846 (2014: £Nil).

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 £194,227 (2014: £124,825) paid into defined contribution pension schemes. There is an accrual at the year-end for £17,255 (2014: £12,891).

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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>