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Australia 3000
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Fax: +61 3 9607 8282

NIIT technologies
Trust us to find the way

Registered Office:
NIIT Technologies Limited
NIIT House
C-125 Okhla Phase-1
New Delhi 110020

ANNUAL REPORT 2006-07

NIIT technologies
Trust us to find the way

Value From Focus

Value From Focus

Just as software and computing have moved from one generation to the next with speed and efficiency, NIIT Technologies too has leapt up the growth curve by staying true to its underlying philosophy and far-sighted strategy. The demands of the industry may vary. Ground realities may change. Our underlying belief remains "Value from Focus."

Table of Contents

OUR VISION

VALUES, MOTIVES AND BELIEFS

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

•

NIIT IS PEOPLE

WE HAVE POSITIVE REGARD FOR EACH ONE OF US

•

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

•

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

•

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

•

NIIT IS QUALITY AND VALUE

EACH OF US WILL ENSURE THAT IN ANY ASSOCIATION WITH SOCIETY, SOCIETY BENEFITS SUBSTANTIALLY MORE THAN:
(A) WHAT SOCIETY GIVES TO US.
(B) WHAT SOCIETY WOULD GAIN FROM ANY OTHER SIMILAR ASSOCIATION

•

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

•

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

•

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

•

NIIT IS A MISSION

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

•

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

NIIT
technologies

Corporate Information

Board of Directors

Rajendra S Pawar
Chairman & Managing Director

Subroto Bhattacharya
Director

Arvind Thakur
Chief Executive Officer
& Joint Managing Director

Surendra Singh
Director

Vijay K Thadani
Director

Amit Sharma
Director

Company Secretary
Rakesh K Prusti

Group Chief Financial Officer
Ashok Arora

Chief Financial Officer
K T S Anand

Auditors
Price Waterhouse

Financial Institutions/Bankers
ICICI Bank Limited
Indian Overseas Bank
Standard Chartered Bank Limited
Citibank NA
Wachovia Bank of Georgia
Lloyds TSB Bank Plc
NatWest
ING

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Registrar & Share Transfer Agent
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Unit - NIIT Technologies Ltd.
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Fax : +91-11-42541967

NIIT Technologies Website
Corporate Website : www.niit-tech.com

In this Report, we have used terms that we use for NIIT Technologies staff. Staff members are NIITians, family members of staff are AffiNIITians.

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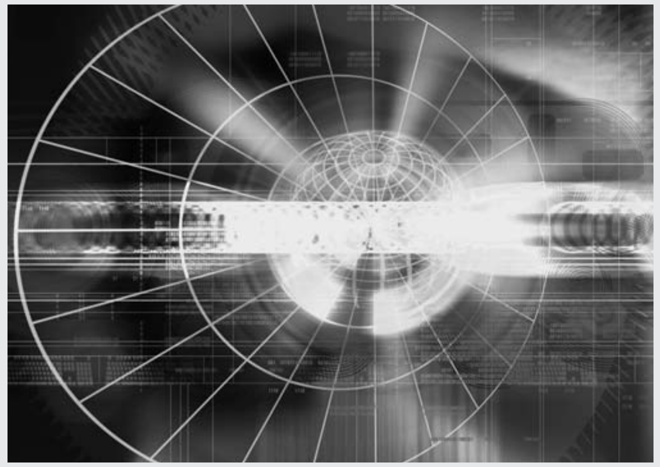

Focus makes us bigger than the sum of our parts

At NIIT Technologies the focus is on developing specific Industry verticals and within each vertical perfecting and building appropriate intellectual property. This focus on creating differentiation through specialisation has helped us position NIIT Technologies in a zone where we can leverage our strengths and grow our foot print across geographies

Corporate Profile

AN OVERVIEW

NIIT Technologies Limited is a global IT solutions organisation servicing customers in North America, Europe, Asia and Australia. It focuses on customers in the Banking, Financial Services & Insurance, Travel & Transportation and Retail & Manufacturing sectors, offering services in Application Development and Management, Enterprise Solutions and Business Process Outsourcing.

NIIT Technologies' subsidiaries, NIIT SmartServe Limited and NIIT GIS Limited, offer Business Process Outsourcing and GIS Solutions, respectively. Counted amongst the premier software exporting organisations in India, NIIT Technologies has built a significant customer base worldwide, including leading global enterprises.

On the quality front, the Company adheres to all global benchmarks and standards, having bagged the ISO 9001:2000 certification and the BS 7799 information security management accreditation. NIIT Technologies has been assessed at Level 5 of both SEI-CMMi and People-CMM frameworks. Its Thailand facility conforms to the international BS15000 IT management standard, making it the first company in the ASEAN region to be so assessed.

NIIT SmartServe conforms to the highest quality standards such as COPC and Six Sigma. The Company has been accredited with ISO:27000 certification for information security.

The Company's alliances with international IT giants including IBM, Microsoft, Oracle, SAP and Sun—which have enabled it to gain technology leadership and build expertise on all key hardware and software platforms—are proving beneficial for its global customer base.

CHOSEN VERTICALS

Banking and Financial Services: NIIT Technologies specialises in the areas of retail banking operations, mortgages, credit risks and operational data store, having worked with top banks and financial service companies across the world.

Insurance: NIIT Technologies has built expertise in the areas of life insurance, pensions, annuity, non-life insurance and re-insurance, working for top insurance companies across the world.

The Company acquired ROOM Solutions, a leading name in the Lloyd's market in the UK. The acquisition of the London headquartered, US$25 million Insurance major, strengthened NIIT Technologies' presence in the vertical by bringing in deep domain expertise in the commercial insurance space

Travel & Transportation: NIIT Technologies has vast domain expertise and experience in the travel and transportation sector, having executed diverse projects across different segments of the business. Its clients include some of the largest airlines, global leaders in the travel distribution industry, leading freight and logistics companies and sophisticated surface transport players.

Retail & Manufacturing: The Company specialises in providing diverse IT services to global specialty retail chains in the domains of customer facing e-business and self-service portals, in-store applications, back-end supply chain management and related analytics.

SERVICE OFFERINGS

Application Development and Management: NIIT Technologies provides application development services and solutions to meet the diverse requirements of globally dispersed customers in custom software development, business intelligence, migration and modernisation. NIIT Technologies helps customers manage their mission and time critical applications across the world by providing cost effective application management services over a wide range of technologies.

Testing: The Company specialises in functional and regression testing, system testing (load testing, volume testing and compatibility testing) and full lifecycle testing of complex software applications as part of its testing services.

Enterprise Solutions: The Enterprise Solutions range around SAP offerings. Aided by its experience in manufacturing domains, NIIT Technologies has created a framework called QuickStart, which enables rapid implementation of SAP in the microelectronics and semiconductor industries.

The Company also manages and maintains the operations and applications that have been deployed in the customers' managed services portfolio. Managed Services from NIIT Technologies help organisations by simplifying their IT operational and investment challenges by delivering IT infrastructure and applications as complete administered services.

Geographic Information Systems (GIS): NIIT GIS has been providing end-to-end GIS-based solutions to customers worldwide. NIIT GIS' offerings in this sphere range from software products, training, technical support, data conversion and application development to

complete geo-spatial image processing and consulting solutions.

NIIT GIS, which commenced operations in 1996 is a strategic alliance between ESRI Inc., USA and NIIT Technologies Ltd.

Business Process Outsourcing: NIIT Technologies' subsidiary, NIIT SmartServe, a global business process management organisation, offers outsourcing solutions like managing back office operations, contact center and help desk solutions to clients from diverse verticals ranging from finance and insurance, media and entertainment to technology and education.

ALLIANCES

NIIT Technologies has developed strong alliances with leading global IT majors such as BEA, Computer Associates, IBM, Informatica, Metalogic, Microsoft, NetIQ, Oracle, SAP, SEEC and TIBCO, enabling it to develop core competencies on state-of-the-art software platforms and offer solutions in cutting-edge technologies to customers across the globe.

Awards and Achievements

- NIIT Technologies ranked among India's Top 20 IT Software and Service Exporters by the NASSCOM 2007 survey
- NIIT Technologies ranked in the DQ-IDC Best Employer Survey 2006 listing, based on findings of an industry-wide employee satisfaction study
- NIIT SmartServe ranked among the Global Outsourcing Top 100 companies by International Association of Outsourcing Professionals (IAOP) and featured among the Rising Stars of the BPO world
- NIIT SmartServe was named Top Outsourcer in three categories by leading Contact Center authority, Contactcenterworld.com
- NIIT Technologies' GIS subsidiary, NIIT GIS Limited won the coveted ESRI high achievement award for Asia Pacific for the third time since the company's inception in 1996. The award recognises NIIT GIS Limited's high commitment to customers and its record growth

The year gone by

2006-07 at a glance

The year 2006-07 was a period of significant activities for NIIT Technologies, one that was marked by high momentum and improvements in turnover and profitability. The Company grew well above the Indian IT-BPO industry average and continued to rank among the top 20 IT-BPO exporters in the country. Some of the key highlights of the year included the following:

Taking the M&A route

Inorganic growth, an important element of the growth strategy of NIIT Technologies, received fresh impetus during 2006-07, when the Company acquired ROOM Solutions, a leading name in the Lloyd's market in the UK.

The acquisition of a London headquartered, US$ 25 million Insurance major, strengthened NIIT Technologies' presence in the Insurance vertical by bringing in deep domain expertise in the Commercial Insurance space.

By the end of the financial year, the integration of ROOM Solutions was successfully completed. The acquisition was EPS accretive.

Building deep and enduring customer engagements

Year 2006-07 was important from the customer perspective, with the Company deepening its engagements with existing customers, scaling up projects and drawing repeat business. The Company cemented its relationship with old-time customer British Airways, by celebrating 10 years of partnership with the global giant.

The Company entered into a relationship with British Airways 10 years ago, when it made its foray into the Travel & Transportation vertical. Since then, NIIT Technologies has been strengthening this association by bringing to British Airways, best-of-breed solutions, greater value and high responsiveness.

NIIT GIS turns 10

2006-07 was the year that NIIT Technolgies' GIS subsidiary, NIIT GIS celebrated the completion of 10 years of leadership. NIIT GIS is a dedicated GIS and Photogrammetry products Company, which has remained the leader within the Indian market. The Company, which commenced operations in 1996 with its complete portfolio of GIS and Image Processing Solutions for users in India and the subcontinent, is a strategic alliance between ESRI Inc., USA and NIIT Technologies Limited.

California based ESRI Inc. is the world leader in GIS solutions. It produces and markets the famous ARC/INFO GIS package.

Making headway on BPO turf

The Company continued to make strides within the ITES-BPO domain, with its subsidiary, NIIT SmartServe, crossing significant milestones. NIIT SmartServe was featured in the Global Outsourcing Top 100 companies listing, compiled by the International Association of Outsourcing Professionals (IAOP), ranking 81 in the listing.

The Company also featured in the ranking of "Rising Stars of the BPO World." SmartServe was featured along with other industry players, such as Tech Mahindra, Satyam, ICICI OneSource and Progeon.

Of alliances and partnerships

The Company signed a Joint Venture with Ajilon Holding Europe BV - an Adecco Group Company. Adecco SA is a Fortune Global 500 company and the global leader in Human Resource services. The venture will deliver world-class application software development and maintenance solutions to Adecco's clients. The joint venture company is known as Adecco NIIT Technologies Pvt. Limited

NIIT Technologies and Adecco S.A. team at the Agreement signing ceremony

Strengthens presence in Singapore's e-Governance domain

The Company continued to expand its presence in the Singapore market and strengthen its association with the country's Government agencies. NIIT Technologies entered into a strategic partnership with Singapore's Defence Science and Technology Agency (DSTA) to develop and market an e-Government procurement solution.

From left, Kailash Agarwal – Head eGovernance Practice, NIIT Technologies, Arvind Thakur – CEO, NIIT Technologies and Carol Lo, Assistant Director, GeBIZ DSTA

As part of the initiative, the Company will support the eGovernance roll outs in Singapore. DSTA will outsource the development and maintenance support of its Government Electronic Business portal (GeBIZ). NIIT Technologies will also productise the application and market the solution to other Governments in South Asia, Middle East and Central Europe.

Offshore Partnership agreement in Germany

NIIT Technologies AG, the Company's German subsidiary signed an offshore partnership agreement with DB Systems GmbH, for the flexible provisioning of IT specialists. With this project, the Company is making available offshore services to the German market and positioning itself as a capable partner for the development of cost-optimising IT Solutions.

New Roles and Faces

During the year, the Company made some changes in its structure, adding to its pool of specialists and business managers. Key appointments, at the top level, saw the inclusion of the following:

- independent Business Unit Heads in the UK and the Continent to sharpen the Company's business focus in the entire European market
- a Global Vertical Head for the Travel & Transportation vertical to strengthen focus on this segment

Global showcase

The Company showcased its portfolio of offerings at CeBIT, the world's largest and most prestigious ICT fair, joining the ranks of over 6,100 exhibitors from 77 countries. NIIT Technologies presented its Global Sourcing platform, with a focus on dual shoring in the Outsourcing area of the exhibition. The Company also demonstrated its innovative security solutions, alongside its partner, F-Secure of Sweden, in the IT Security section.

Jochen Rummel and Julia Wesner from the Company's Europe team with Pramod Srivastava – Head of Continental Europe, NIIT Technologies (centre) at the CeBIT event

The Company received excellent response at CeBIT, leading to the opening of fresh business opportunities within the market.

NIIT Technologies participated in NASSCOM 2007, the Indian IT-BPO sector's premier global conference as the Platinum Sponsor. During the conclave, the Company strengthened its relations with global industry analysts.

NIIT Technologies' stall at NASSCOM 2007

Arvind Thakur – CEO, NIIT Technologies and Rajendra S Pawar – Chairman, NIIT Technologies addressing the media at NASSCOM 2007

Back to Basics

The Company hosted its first Global Sales Conference, a platform, that brought the entire sales team from across the globe together in India. The aim of the conference was to align the sales team with the Company's business goals and recraft the go-to-market strategies.

The Company's sales team at the Global Sales Conference

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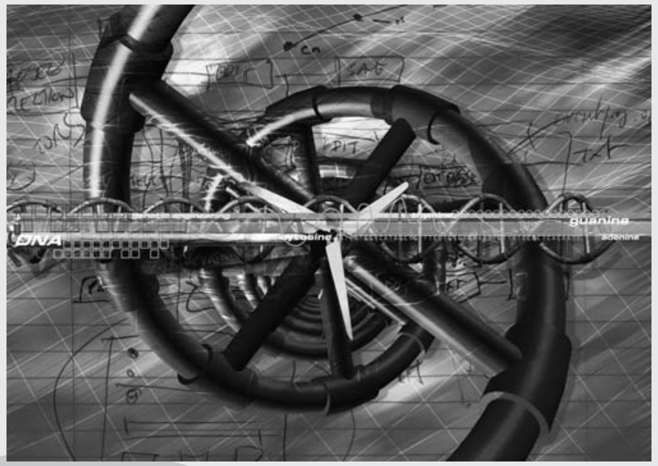

Fueling a growth spiral through Innovation

At NIIT Technologies Innovation helps us to quickly implement new functionality and re-align processes to seize opportunities as they arise across industry segments. Thus creating a competitive edge and providing the fuel to grow our service offerings portfolio

Directors' Report

Dear Shareholders,

The Board of Directors of your Company takes pleasure in presenting the Annual Report of NIIT Technologies Limited for the financial year ended March 31, 2007.

Financial Results

The highlights of the financial results for the financial year 2006-07 are as follows:

Rs. Mn

Particulars	FY 2006-07	FY 2005-06
Consolidated Revenues	8859	6075
Stand alone		
Income from operations	2972	2201
Other income	129	39
Total Income	3101	2240
Profit before depreciation and taxes	1356	814
Depreciation	218	205
Provision for tax and (deferred tax)	32	11
Profit after tax	1106	598
Earning per share (Basic) (in Rs.)	28.58	15.47

Review of Global Operations

Your Company and its subsidiaries' (Group's) total revenue grew by 46 percent from Rs. 6,075 Mn in the previous year to Rs. 8,859 Mn for the year 2006-07. The profit before taxes for the same period grew by 92 percent from Rs. 790 Mn to Rs. 1,516 Mn. The consolidated net profit after taxes for the year 2006-07 attributable to equity shareholders after minority interest stood at Rs. 1,292 Mn.

Your Group has completed a very satisfactory year showing excellent growth and profitability during the year and has added to its robust list of clients including a few large global corporations and endeavours to continue improvising its performance in businesses in all geographies, in the coming year.

Revenue profile of the Company is well diversified across the three main geographic areas with Europe contributing 50 percent to revenues, 32 percent from the Americas and the balance from Asia and Australia.

Outlook

Your Group continues to pursue its strategy to focus on its offerings in three chosen verticals - BFSI, transportation and retail services. Continuous innovation of newer service offerings, strong domain capabilities and inorganic initiatives to expand its market access shall be key to the growth of the Group in the coming years.

Your Company continues to scale up its infrastructure to support our long term strategy for growth, including a plan for setting up a SEZ in Greater Noida.

Inorganic Growth

To strengthen your Group's presence in the Insurance vertical, during the year under review, NIIT Technologies Limited, UK, a subsidiary of the Company, acquired a controlling stake in ROOM Solutions Limited, UK and as of March 31, 2007, holds 75 percent of the share capital of ROOM Solutions Limited. The integration of ROOM Solutions with your Company and the Group has been successful and strengthened the Group's presence in the UK insurance market.

During the year under review, your Company has signed up to set up a 50:50 joint venture with Ajilon Holding Europe BV (a subsidiary of Adecco SA, a Fortune Global 500 Company and the global leader in Human Resources services). Adecco NIIT Technologies Private Limited (JV Company) will focus on delivering world-class application software development and maintenance solutions to Adecco's clients around the world and provide the opportunity to service a new segment of customers. The initial JV capitalisation in respect of the Joint Venture was formalised on April 26, 2007.

Share Capital

During the year, 451,250 equity shares of the Company at Rs. 10/- each fully paid up were allotted under the Employee Stock Option Plan 2005 of the Company on exercise of stock options. As on March 31, 2007, the issued and paid up share capital of the Company was Rs. 391,005,300 (previous year: Rs. 386,492,800) comprising of 39,100,530 (previous year: 38,649,280) equity shares at Rs. 10/- each fully paid up.

Further, on May 01, 2007, 5,700 equity shares of the Company at Rs. 10/- each fully paid up were allotted under the Employee Stock Option Plan 2005 of the Company on exercise of stock options.

Considering the improved financial position of your Company, your Directors have recommended issue of bonus shares on the Company's equity shares in the ratio of 1:2 i.e. one additional equity share for every two equity shares held by the members on the record date to be fixed by the Board/its Committee, by way of capitalisation, to the extent required, of Share Premium Account and/or General Reserve Account of the Company, subject to the approval of the shareholders at the ensuing Annual General Meeting. Consequent to the proposal for issue of bonus shares, your Directors have also recommended increase in the authorised share capital from Rs. 45,00,00,000/- (Rupees Forty Five crore only) to Rs. 75,00,00,000/- (Rupees Seventy Five crore only) and consequential alteration in the Memorandum & Articles of Association of your Company, for approval at the ensuing Annual General Meeting.

Reserves

The Company has transferred an amount of Rs. 111 Mn to General Reserve (Rs. 60 Mn last year) and has transferred an amount of Rs. 24 Mn from the Debenture Redemption Reserve (last year Rs. 1.25 Mn were transferred to the Debenture Redemption Reserve).

Dividend

In view of the confidence in the future, the Board of Directors is pleased to recommend a dividend of Rs. 6.50/- per equity share of Rs.10/- each (previous year Rs. 6/- per equity share), subject to approval of the shareholders at the ensuing Annual General Meeting.

Particulars of Subsidiaries

As on March 31, 2007, your Company has subsidiaries in the United States of America, Japan, United Kingdom, Netherlands, Belgium, Germany, Switzerland, Austria, India, Singapore, Thailand and Australia.

As required under the Listing Agreement with the Stock Exchange(s) a Consolidated Financial Statement of the Company and all its subsidiaries has been prepared and attached. The Company has been granted exemption for the year ended March 31, 2007 by the Ministry of Company Affairs vide its letter No. 47/68/2007-CL-III dated March 05, 2007 from attaching the audited accounts of the subsidiaries to the Annual Accounts of your Company. In accordance with the terms of the aforesaid exemption letter, a statement containing brief financial details of the subsidiary companies for the year ended March 31, 2007 is included in the Annual Report. The Annual Accounts of the subsidiary companies and related detailed information will be made available to any member of the Company or subsidiary Company upon request and are also available for inspection by any member of the Company, during business hours, at the registered/corporate office of the Company and that of the subsidiary companies concerned.

Corporate Governance and Management Discussion and Analysis Statement

In order to enhance customer satisfaction and stakeholder value, the Company continues to benchmark its Corporate Governance practices with the best in the industry, in line with international norms.

The Company has complied with all the mandatory requirements regarding Corporate Governance as stipulated in Clause 49 of the Listing Agreement with the Stock Exchange(s). For the financial year ended March 31, 2007, the compliance report is included in the Corporate Governance Report. The Auditors' certificate on compliance of the conditions of Corporate Governance stipulated in clause 49 of the Listing Agreement with the Stock Exchange(s) forms a part of the Corporate Governance Report.

The Company's philosophy on Corporate Governance envisages the attainment of the highest levels of transparency, accountability and equity in all facets of its operations and in all interactions with its stakeholders including shareholders, NIITians, lenders and the regulatory authorities.

The report on Corporate Governance is attached as also a Management Discussion and Analysis statement.

Directors

As per the provisions of the Companies Act, 1956 and Articles 67, 68 and 69 of the Articles of Association of the Company, Mr. Amit Sharma and Mr. Vijay Kumar Thadani, Directors of the Company, retire by rotation at the forthcoming Annual General Meeting and being eligible, offer themselves for reappointment.

Mr Rajendra S Pawar, Chairman & Executive Director and Mr Arvind Thakur, Chief Executive Officer and Whole-time Director were appointed by the members of the Company at the 12th Annual General Meeting of the Company held on July 29, 2004 and their terms expire on June 12, 2007. However, the Board in its meeting held on May 23, 2007 has approved the appointment of Mr. Rajendra S Pawar as Managing Director (designated as Chairman & Managing Director) and Mr. Arvind Thakur as Joint Managing Director (designated as Chief Executive Officer & Joint Managing Director) w.e.f. June 01, 2007, details of which are available in the accompanied notice of the Annual General Meeting, subject to the approval of the members of the Company at the ensuing Annual General Meeting.

Directors' Responsibility Statement

As required under Section 217 (2AA) of the Companies Act, 1956, your Board of Directors of the Company hereby states and confirms:

a) That in preparation of Annual Accounts for the financial year, applicable Accounting Standards have been followed along with the proper explanations relating to material departures;

b) That they have selected the accounting policies described in the notes to accounts, which have been consistently applied, except where otherwise stated and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as on March 31, 2007 and of the profit or loss of the Company for that year;

c) That they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and

d) That the Annual Accounts have been prepared on the historical cost convention as a going concern basis and on accrual basis

Information relating to Conservation of Energy, Technology Absorption, Research and Development, Exports and Foreign Exchange Earnings and Outgo and other information forming part of the Directors' Report in terms of Section 217(1)(e) of the Companies Act, 1956, and Rules made there-under.

- Conservation of Energy

The operations of the Company involve low energy consumption. However, adequate measures, wherever possible, have been initiated to conserve energy. The Company is continuously evaluating new technologies and invests in them to make its infrastructure more energy efficient.

- Technology Absorption

In today's world, perpetually evolving technologies and increasing competition define the global market space. In order to maintain its position of leadership, the Company has continuously and successfully developed innovative methods for absorbing, adapting and effectively deploying new technologies.

- Research & Development

During the year, the Company continued its research in software engineering. These efforts have resulted in innovative products in software engineering to support both maintenance and development projects. Expenditure on research and development is not significant in relation to the nature and size of operations of the Company.

- Export and Foreign Exchange Earnings and Outgo

The details of foreign exchange earnings and outgo are mentioned in Note Nos.11 to 13 contained in the Notes to Accounts (Schedule No.18) forming part of the Balance Sheet as at March 31, 2007 and Profit and Loss Account for the year ended on that date.

Public Deposits

The Company has not accepted any fixed deposits and, as such, no amount of principal or interest was outstanding on the date of the Balance Sheet.

Human Resources and Employee Stock Option Scheme

Human Resource functions and initiatives of the Company are driven by a strong set of values and policies. Your Company has maintained a competitive, healthy and harmonious work environment at all levels. We have taken new initiatives to strengthen the Company's recruitment process, values and vision programmes, leadership and performance management.

The statement of employees pursuant to Section 217(2A) of the Companies Act, 1956, read with Companies (Particulars of Employees) Rules, 1975 is appended as Annexure A hereto and forms an integral part of this report.

Details of options granted under ESOP 2005 are annexed to this Report in accordance with SEBI (Employee Stock Option Scheme & Employee Stock Purchase Scheme) Guidelines, 1999 and any modifications thereto as Annexure-B

Auditors

M/s. Price Waterhouse, Chartered Accountants, the Auditors of the Company, retire at the conclusion of the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment.

Auditors' Report

The report of the Auditors' on the Annual Accounts of your Company forms part of the Annual Report and is self explanatory.

Acknowledgement

Your Directors take this opportunity to thank all investors, business partners, clients, technology partners, vendors, financial institutions/banks, regulatory and governmental authorities, media and stock exchanges for their continued support during the year. Your Directors, place on record their appreciation of the contribution made by NIITians at all levels, for their commendable teamwork, dedicated and wholehearted efforts, without which your Company's consistent growth would not have been possible.

For and on behalf of the Board

Place : New Delhi
Dated : June 05, 2007

Rajendra S Pawar
Chairman

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NIIT technologies

ANNEXURE-A

Statement pursuant to Section 217(2A) of the Companies Act, 1956 for the financial year April 1, 2006 to March 31, 2007

Name	Age (Years)	Qualification	Experi-ence (Years)	Designation	Gross Remune-ration (in Rs.)	Date of Joining	Previous Employment / Position Held
Anil Batra	39	BE	18	General Manager	2,489,946	1-Apr-03	NIIT Limited, Senior Project Manager
Arvind Mehrotra	45	MBE	23	Senior Vice President-SSB, APAC & India	3,364,389	1-Apr-03	NIIT Limited, General Manager
Arvind Thakur	52	BE, MBA	29	Chief Executive Officer & Whole time Director	13,993,048	12-Jun-04	NIIT Limited, Whole-time Director
Ashok Kumar Arora	52	B.Com	31	Group Chief Financial Officer	3,223,209	1-Apr-03	NIIT Limited, Chief Financial Officer
Bhaskar Chavali	48	BE, ME	25	Senior Vice President	3,869,999	1-Apr-03	NIIT Limited, Vice President
Kawaljit Singh	46	CA	23	Financial Controller - Corp.Centre	3,712,945	1-Apr-03	NIIT Limited, Financial Controller
Khagendra Nath Jana	51	B.E., M.Tech	21	Delivery Manager	3,151,956	1-Apr-03	NIIT Limited, Divisional Manager
Kul Taran Singh Anand	48	M.Com, FCA	25	Chief Financial Officer	4,678,329	4-Apr-03	TCNS, Ltd., Vice President (Finance & Manufacturing) and SBU Head
Piyush Srivastava	51	M.A.	27	Group Vice President - Commercial	2,704,904	1-Apr-03	NIIT Limited, President - Commercial
Rajendra Singh Pawar	56	B.Tech.	35	Chairman & Executive Director	10,045,081	12-Jun-04	NIIT Limited, Chairman & Managing Director*
Rosita Rabindra	46	B.Sc., MSW	24	Executive Vice President - Human Resources	3,481,745	1-Apr-03	NIIT Limited, Sr. Vice President - Human Resources
Satish Kumar Syal	57	B.E., M.Tech	33	Sr. Vice President - Managed Services	3,604,909	1-Apr-03	NIIT Limited, Chief Information Officer
Tarun Malik	44	BE, MBA	20	Vice President	2,447,790	1-Apr-03	NIIT Limited, General Manager
Vijay Ghei	48	BE	26	Vice President	2,480,413	1-Apr-03	NIIT Limited, General Manager
Vijay Kumar	55	BE, MBA	30	Group Executive Vice President-M&A	2,766,248	1-Apr-03	NIIT Limited, Sr. Vice President

Employed for part of the year

Name	Age (Years)	Qualification	Exper-ience (Years)	Designation	Gross Remunera-tion (in Rs.)	Date of Joining	Previous Employment/ Position Held
Amit Khandelwal**	39	BE, MS	13	Practice Leader - Transportation	677,931	12-May-04	PROS Revenue Management Inc., Houston USA, Director-Product Management Travel & Transportation
Arvind Madhav Gangal+	50	BE, B.Tech	27	General Manager	2,216,614	8-May-06	SIEMENS Informations Systems Ltd.-DGM
Jyoti Kumar ***	52	BE,B.Tech, MBA	28	Vice President	1,284,924	1-Apr-03	NIIT Limited, General Manager
Kalyani Sekhar**	42	BA	21	Practice Leader	657,539	1-Apr-03	NIIT Limited, Practice Leader
N.K. Mehta**	56	MSC, BE, PHD	26	Vice President	1,178,104	18-Aug-04	XANSA (India) Ltd., International Delivery Director

Name	Age (Years)	Qualification	Experience (Years)	Designation	Gross Remuneration (in Rs.)	Date of Joining	Previous Employment/ Position Held
Pramod Srivastava+***	49	MA	28	Senior Vice President	1,462,256	3-Jul-06	Cognizant Director
Umamaheshwaran Shastry+	40	MBA	20	Vice President	354,313	26-Feb-07	Mercator Dubai - Manager, IT, Sales & Accounts

* Continuing as Chairman and Managing Director
** Resigned during the year
+ Joined during the year
*** Ceased to be an employee of the company, during the year

Notes:

1. The Gross remuneration shown above comprises salary, allowances, incentives & monetary vaule of perquisites as per Income Tax Rules and Company's contribution to Provident Fund and Superannuation Fund.
2. The above does not include provision for gratuity and provision for leave encashment and benefits from stock options, if applicable.
3. None of the above mentioned employees are related to any of the Directors of the Company.
4. The nature of employment is contractual in all the above cases.

ANNEXURE-B

Disclosure under SEBI (Employee Stock Option Scheme & Employee Stock Purchase Scheme) Guidelines, 1999

(a) options granted	During the financial year 2005-06 Grant I : 660,750 Grant II: 70,600 Total : 731,350 (No fresh options were granted during the financial year 2006-07 therefore all the information below are in relation to options granted during the year 2005-06)
(b) the pricing formula	At a price not less than the then existing face value of the share of the Company. Grant Price / Market Price / Discount Grant I : Rs. 115.00 / Rs. 149.50 / 23% of Market Price Grant II : Rs. 150.85 / Rs. 150.85 / No
(c) options vested	Grant I : 555,250 Grant II : 16,000 Total : 571,250
(d) options exercised	Grant I : 435,250 Grant II : 16,000 Total : 451,250
(e) the total number of shares arising as a result of exercise of option	451,250
(f) options lapsed	As on March 31, 2007 Grant I : 118,700 Grant II : 54,600 Total : 173,300
(g) variation of terms of options	None
(h) money realised by exercise of options	Grant I : Rs. 50,053,750 Grant II : Rs. 2,413,600 Total : Rs. 52,467,350

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(i) total number of options in force	106,800
(j) employee wise details of options granted to	
(i) senior managerial personnel	A summary# of options granted to senior managerial personnel* during the financial year 2005-06 are as under: No. of employees covered: 9 (Nine) No. of options granted to such personnel: 165,100 (One Lakh Sixty Five Thousand One Hundred only) *includes employees who are one level below the Board of Directors or CEO working in executive capacity. # Only summary given due to sensitive nature of information, details of which can be obtained from the Registered office by the members of the Company, upon request.
(ii) any other employee who receives a grant in any one year of option amounting to 5% or more of option granted during that year.	Nil
(iii) identified employees who were granted option, during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant	Nil
(k) diluted Earnings Per Share (EPS) pursuant to issue of shares on exercise of option calculated in accordance with Accounting Standard(AS) 20 'Earnings Per Share'	Rs. 28.35 (previous year: Rs. 15.42)
(l) where the Company has calculated the employee compensation cost using the intrinsic value of the stock options, the difference between the employee compensation cost so computed and the employee compensation cost that shall have been recognised if it had used the fair value of the options, shall be disclosed. The impact of this difference on profits and on EPS of the Company shall also be disclosed	Please refer to Notes Nos. 21 and 25 contained in the Notes to Accounts (Schedule No.18) forming part of the Balance Sheet as on March 31, 2007 and Profit and Loss Account for the year ended on that date.
(m) weighted-average exercise prices and weighted-average fair values of options shall be disclosed separately for options whose exercise price either equals or exceeds or is less than the market price of the stock	Grant I / Grant II Weighted Avg. Exercise price: Rs. 115.00 / Rs. 150.85 Weighted Avg. Fair Value: Rs. 59.20 / Rs. 41.18
(n) a description of the method and significant assumptions used during the year to estimate the fair values of options, including the following weighted-average information	
(i) risk-free interest rate	7%
(ii) expected life	2.5 years
(iii) expected volatility	10%
(iv) expected dividends, and	The shares to be issued under stock options shall rank *pari-passu*, including the right to receive dividend. Expected dividend payouts to be paid during the life of the option reduce the value of a call option by creating drop in market price of the stock. Adjustments for known dividend payouts over the life of the option are made to the formulae under Black Scholes method. However, in the present case, 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 payouts have not been incorporated in the valuation analysis.
(v) the price of the underlying share in market at the time of option grant	For Grant I the market price was Rs. 149.50 For Grant II the market price was Rs. 150.85

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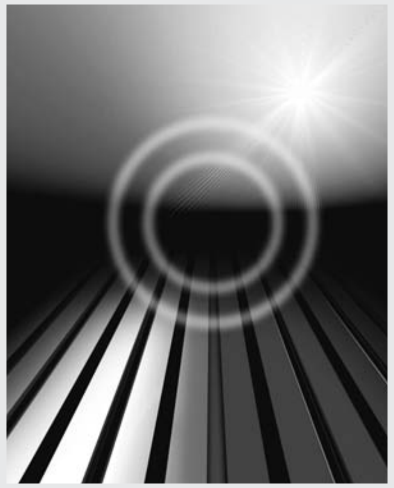


Inorganic Initiatives take us to the next level of achievement

Corporates demand that IT infrastructure not only support today's requirements, but evolve with market conditions. With our well-defined inorganic program in place we have accelerated the process of achieving critical mass and appropriately strengthened domain expertise and market access. At NIIT Technologies we will continue to initiate equity relationships to achieve our growth targets

Management Discussion and Analysis

OVERVIEW

The year 2006-07 saw the Indian IT-BPO industry maintain its growth momentum and sustain its global competitiveness. The Outsourcing market, which continued to expand unabatedly, saw India hold on to its position as a key player, despite growing competition from emerging offshoring destinations such as the Philippines, Brazil and China.

The country's readily available skilled, English speaking professionals, operational excellence, conducive regulatory climate and cost advantage enabled Indian IT services and BPO organisations to scale their existing engagements, enter into new, long-term contracts and gravitate towards more complex, higher-value services.

The 2006 revenue figures indicated that the IT-BPO sector (including the domestic and export segments) grew at an estimated 28 percent during 2006-07, with the total revenue aggregate for the industry expected to cross US$ 47.8 billion. The industry, directly generated employment for over 1.6 Mn professionals, accounting for 5.4 percent of the country's GDP.

Apart from strong exports, the domestic market also picked up. While the traditional turfs such as North America and Europe continued to lead in terms of revenue contributions, Indian IT-BPO companies also forayed into emerging markets such as the APAC, Africa, Latin America, among others.

Industry watchers estimate that the Indian IT-BPO industry is on track to achieve revenue targets set before it by the NASSCOM-McKinsey Study of 2002 and touch around US$ 60 billion in terms of exports by 2010.

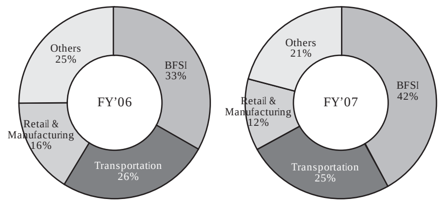
NIIT TECHNOLOGIES (CONSOLIDATED)

Strategy of Value from Focus

It's been three years since NIIT Technologies was spun off from NIIT Limited and the differentiating factors that have helped us grow are clearly visible. The Company's focus on specific vertical industry segments has evolved over the years and the revenue share from these segments has grown. BFSI being the largest vertical, has accounted for 42 percent of the revenues, Travel and Transport for 25 percent and Retail and Manufacturing for 12 percent. In all, 79 percent of the Company's revenues are derived from these areas of focus.

The consistent, all-round growth in revenues and profitability in all the four quarters of the financial year 2006-07, is a result of NIIT Technologies' single-minded focus on building strengths in the chosen verticals.

Verticals Mix



Within BFSI, the Company brought in sharper focus in the Insurance sector, which now contributes around 27 percent towards overall revenues. Acquiring a UK-based specialist insurance solutions provider, ROOM Solutions Limited, facilitated this performance. ROOM Solutions has now been successfully integrated into the organisation.

Business Innovation

In addition to scaling the business in the traditional ADM (Application Development and Maintenance) solutions space, the Company has forayed into a new business segment, Infrastructure Management and Managed Services. This is in an area that's slated to be the next wave in offshoring. Having made the relevant investments and acquired good customers in this emerging market, the Company is preparing to ride the crest of this wave.

Inorganic Initiatives

During the year, your Company has signed up to set up a 50:50 joint venture with Ajilon Holding Europe BV, (a subsidiary of Adecco SA, a Fortune Global 500 Company and a global leader in Human Resources services) which will focus on delivering world-class application software development and maintenance solutions to Adecco's clients around the world and provide the opportunity to service a new segment of customers.

People Resources

As of March 31, 2007, the staff strength of NIIT Technologies stood at 4,448, of which 829 were in the BPO segment. At the year end the Company has an offshore development capacity of over 300,000 square feet. To propel growth, the Company almost doubled its capacity from last year's levels in the Kolkata region. Plans for the campus in Greater Noida have been unveiled and expected to achieve fruition in the near future.

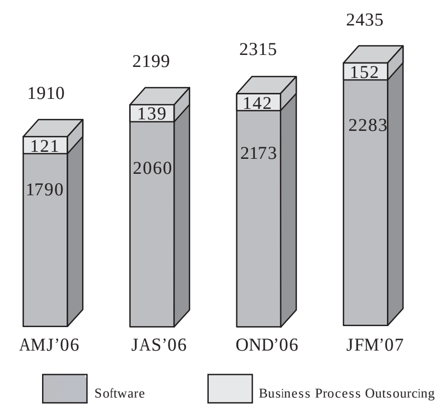
Financial Highlights

The consolidated financials take into account the financials of NIIT Technologies Limited and its subsidiaries, including

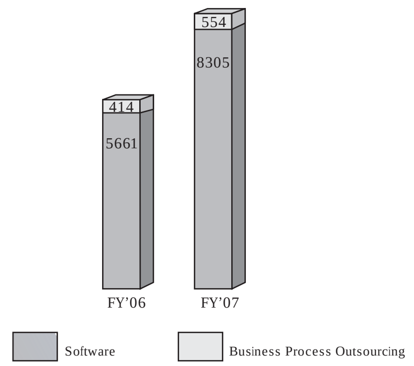
subsequent level companies, after eliminating inter-company transactions.

NIIT Technologies and its subsidiaries posted a consolidated income of Rs. 9,007 Mn for the financial year ending March 31, 2007. The year saw revenues touch Rs. 8,859 Mn, up from Rs. 6,075 Mn in the previous year, resulting in an annual growth of 46 percent.

Revenue Profile



Year on Year Growth



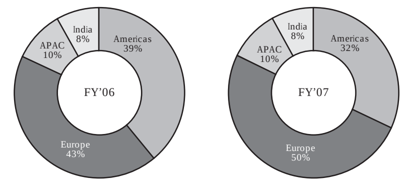
All figures in Rs. Mn

	AMJ '06	JAS '06	OND '06	JFM '07	FY '07
Software	1790	2060	2173	2283	8305
Business Process Outsourcing	121	139	142	152	554
NIIT Technologies	1910	2199	2315	2435	8859

Geographic Mix

Europe accounted for around 50 percent of revenues, up from 43 percent last year, a performance driven by the acquisition of ROOM Solutions in Europe. The revenue share of the Americas stood at 32 percent, while Asia and Australia contributed the balance 18 percent towards total revenue.

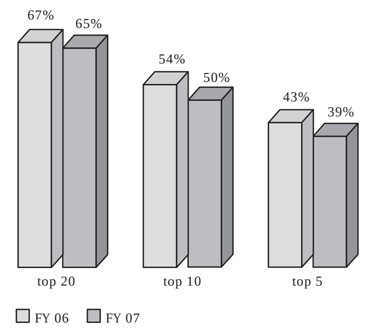
Geographic Mix



Client Profile

The top five clients contributed 39 percent of the revenues, a growth figure of 34 percent over the year. The top 10 clients contributed 50 percent of revenues, while 65 percent of the revenues were generated from the top 20 customers. The Company continued to bag fresh orders at a regular pace, and notched up a total intake of US$ 209 Mn for the year. 89 percent of NIIT Technologies' revenues derived from repeat business. The Company's Mn dollar clients jumped from 25 to 38 during 2006-07.

Client Mix



Business Process Outsourcing Solutions–NIIT SmartServe

In the BPO space, the company saw a growth of 34 percent in revenues to Rs. 554 Mn in FY '07. With a headcount of 829 people and continued focus on improved cost structures and better margins in the business, the company broke even during the year.

Audited Consolidated Profitability

All figures in Rs. Mn

	FY 2007	FY 2006	FY 2005
Revenue	8859	6075	5432
Expenses	7056	4920	4463
Operating Profit	1803	1156	969
Operating Profit margin	20%	19%	18%
PBT	1516	790	634
PAT	1292	663	585

An expense analysis of the Company shows that while personnel constituted the highest element of cost at 54 percent of revenues, development and bought-out materials constituted 10 percent and administrative and marketing, 16 percent. Depreciation and amortisation accounted for five percent, leaving a PBT margin of 17 percent for the year.

Audited Consolidated Balance Sheet

All figures in Rs. Mn

Particulars as on	March 31, 2007		March 31, 2006	
Sources of Funds				
Share Capital	391		386	
ESOP Outstanding	4		14	
Reserves and Surplus	3308		2310	
Net Worth		3703		2710
Minority Interest		149		63
Loan funds		793		420
Total		4645		3193
Application of Funds				
Fixed Assets				
Gross Block	3770		2700	
Depreciation	2277		1781	
Net Block		1493		919
Capital Work in Progress		37		30
Investment		1444		649
Deferred Tax Asset		80		46
Net Current Assets		1591		1549
Total		4645		3193

Share Capital

The paid-up equity share capital of the Company stands at Rs. 391 Mn, constituting 39,100,530 equity shares of Rs. 10/- each.

Employee Stock Option Plan

The Company launched its Employee Stock Option Plan (ESOP 2005) with an objective to attract, retain and reward employees and motivate them to contribute to the growth and profitability of the Company.

ESOP 2005 was established in accordance with the approval granted by the shareholders, through a special resolution passed on May 18, 2005. It will continue to be in force until the date on which all of the options available for issuance as per the approval granted by the shareholders have been vested and exercised.

The details of the grants are as under:

	Grant I	Grant II
Live options at the beginning of the year	609,850	70,600
Options lapsed before vesting	54,600	54,600
Options vested	555,250	16,000
Options exercised	435,250	16,000
Vested options lapsed	13,200	-
Live vested options at the end of the year	106,800	-
Grant Price per option	Rs. 115.00	Rs. 150.85
Closing market price on the day prior to Grant	Rs. 149.50	Rs. 150.85

Loan Funds

The 6.5 percent Non-Convertible Debentures (Separately tradable and redeemable principal parts), redeemable over a five-year period, reflect the borrowed amount of Rs. 500 Mn, privately placed in May 2003. Part redemption of Rs. 150 Mn for the said debentures was done in May 2006. Out of the total NCD of Rs. 250 Mn as of March 31, 2007, Rs.100 Mn is due for payment within one year.

Minority Interest

The minority shareholding includes the interest of third parties in one of the Company's subsidiaries, NIIT GIS Limited and ROOM Solutions Limited (as minority shareholders), provision for which has been made based on the profits of the respective subsidiaries.

Fixed Assets

During the year, capital investments of Rs. 970 Mn were made for project-related capital assets and capacity enhancement. Goodwill created on account of acquisition of ROOM Solutions was Rs. 592 Mn.

Investments

Investments of Rs. 1,444 Mn reflect the sum invested in Debt and Money Market Mutual Funds schemes.

Net Current Assets

The elements of net current assets are as follows:

- Trade Receivables: Debtor days stand at 77 on a total sundry debtors position of Rs. 1,860 Mn
- Cash and Bank: Cash and Bank balance as on March 31, 2007 is Rs. 944 Mn. Considering the mutual fund investments, the total cash and cash equivalents are at Rs. 2,388 Mn
- Other Current Assets: This primarily includes unbilled revenues and interest receivable
- Loans and Advances: This includes advances, pre-paid expenses, security deposits made by the Company in the normal course of business and advance taxes
- Current Liabilities and Provisions: This represents sundry creditors (including capital creditors), advances from customers, unearned revenues, security deposits, provisions for leave encashment & gratuity, dividend and other liabilities

Related Party Transactions

Related party transactions are defined as transactions of the Company with the Promoters, Directors or the Management, their subsidiaries or other related parties who may have a potential conflict of interests with the Company at large. All transactions covered under related party transactions were regularly ratified and/or approved by the Board, the guiding principles being arm's length, fairness and transparency. The details of related party transactions are given in the Notes to Accounts section.

NIIT TECHNOLOGIES LTD: STAND ALONE

Revenue from Operations

The revenues from operations for the year stand at Rs. 2,972 Mn, up 35 percent year-on-year.

Other Income

The other income earned by the Company includes capital gains and dividend income on the mutual fund investments, recoveries made from subsidiaries for common services and asset usage charges recovered from the Group Company. The Company reported Rs.129 Mn of other income in FY07.

Revenue Recognition Policy

The significant accounting policies and practices followed by NIIT Technologies Limited are disclosed in Note 1 of Schedule "18" (Notes to Accounts) for the year.

Impact of Foreign Currency

All figures in Rs. Mn

	FY2007	FY2006
Earning in Foreign Currency	2683	2117
Revenue Expenditure in Foreign Currency	81	82
Net Revenue Earning in Foreign Currency	2602	2035
Capital Expenditure in Foreign Currency	30	26
Net Foreign Currency Earnings	2572	2009

Expenditure

Personnel

The personnel cost was Rs.1,168 Mn, 39 percent of the revenue line, as compared with last year's numbers at 42 percent of revenues.

Development, Production and Execution

This cost constituted 3 percent of revenues. It includes the cost of products purchased for resale.

Other Expenditure

Other expenditure including administration, marketing spend, travel and communication costs were at 16 percent of revenues compared to 20 percent last year.

Depreciation

The Company's depreciation charge was Rs. 218 Mn, 7 percent of revenues.

Dividend

The Board of Directors of the Company has recommended a dividend of Rs. 6.5 per Equity Share of Rs. 10 each, compared to Rs. 6 per Equity Share last year.

Bonus

The Board of Directors has recommended a bonus of one Equity Share for every two Equity Shares held by the members on the record date to be fixed by the Board or its committee, subject to the approval of the shareholders.

Balance Sheet

Fixed Assets

During the year, the Company added Rs. 241 Mn to its gross block of assets for project related capital expenditure and capacity enhancement.

Investments

All figures in Rs. Mn

	FY 2007	FY 2006
Investment in subsidiaries	1132	881
Mutual funds	835	203
Total	1967	1084

Current Assets, Loans and Advances

Trade Receivables

Sundry debtors amount to Rs.1,022 Mn (net of provision for doubtful debts amounting to Rs.36 Mn) as of March 31, 2007. Of the total receivables, Rs.1,020 Mn worth of debts are outstanding for less than six months while Rs. 2 Mn are outstanding for over six months.

Cash and Bank

All figures in Rs. Mn

	FY 2007	FY 2006
Fixed deposits	10	181
Cash in hand & balances with Banks	53	85
Total	63	266

The above excludes Rs. 835 Mn invested in the money market mutual fund schemes, which have been considered in investments (Rs. 203 Mn last year).

Other Current Assets

This includes unbilled revenue of Rs. 9 Mn and interest receivable of Rs. 5 Mn.

Loans and Advances

The loans and advances stand at Rs. 313 Mn at the end of the year. The outstanding amount represent loan to subsidiaries, loan to NIITians Welfare Trust, pre-paid expenses and other constituents in the normal course of business. These also include advances to suppliers, advance tax (net of provision), rent advances and security deposits given for premises.

Capital Structure

The share capital of the Company stands at Rs. 391 Mn.

Reserves

The reserves and surplus of the Company are as follows:

All figures in Rs. Mn

	FY 2007
Capital redemption reserve	17
Share premium	77
Debenture redemption reserve	55
General reserves	901
Profit and loss account	1526
Total	2575

Loan Funds

Break up of the secured debt of Rs. 267 Mn as of year-end is:

- Rs. 250 Mn of privately placed 6.5 percent non-convertible debentures (STRPP) raised by the Company in May 2003. These debentures are repayable in annual installments till 2008
- The balance Rs.17 Mn pertains to vehicle-financing arrangements undertaken by the Company for its employees

RECOGNITIONS

- NIIT Technologies ranked among India's Top 20 IT Software and Service Exporters by the NASSCOM 2007 survey
- NIIT Technologies ranked in the DQ-IDC Best Employer Survey 2006 listing, based on findings of an industry-wide employee satisfaction study
- NIIT SmartServe ranked among the Global Outsourcing Top 100 companies by International Association of Outsourcing Professionals (IAOP) and featured among the Rising Stars of the BPO world
- NIIT SmartServe was named Top Outsourcer in three categories by leading Contact Center authority, Contactcenterworld.com
- NIIT Technologies' GIS subsidiary, NIIT GIS Limited won the coveted ESRI high achievement award for Asia Pacific for the third time since the company's inception in 1996. The award recognises NIIT GIS Limited's high commitment to customers and its record growth

OPPORTUNITIES, THREATS, RISK AND CONCERNS, RISK MITIGATION

NASSCOM reports suggest that the worldwide technology related spends are forecast to reach US$ 2.1 trillion by 2010, growing at a CAGR of more than 7 percent over 2006-2010. Growth in global sourcing is expected to outpace growth in total spends, with up to US$ 110-120 billion of the total amount spent on software and services in 2010, likely to be sourced from worldwide centres through the global delivery model.

Though macro indicators hint at a possible slowdown across the major developed economies in the ensuing year, the global technology outlook reflects continued optimism. Over the next four-to-five years, growth rates in IT related spends is expected to outpace GDP growth across the world. The outlook for Indian IT-BPO remains bright, and the Indian sector is well on track to achieve its aspired target of US $ 60 billion in export revenues by 2010. Key factors underlying this optimism include the growing impact of technology-led innovation, leading the increasing demand for global sourcing and the gradually evolving socio-political attitudes.

The value proposition of the Indian IT-BPO industry is largely supported by its abundant talent that is expected to support diverse operations, cost advantage, emphasis on quality, information security and rapid growth in key business infrastructure.

The sector may also face its share of challenges. Clearly, global sourcing is a "win-win" proposition; as has been emphatically demonstrated in the significant gains achieved by developed, as well as developing countries that have participated in the growth of ICT-related trade. However, equitable and inclusive sharing of these gains remains a challenge and the international debate on "offshore-outsourcing" needs to evolve significantly from clashing unilateral views (i.e., value creation vs. job-loss) to a deeper appreciation of its imperatives and benefits.

The IT-ITES Industry thrives under a dynamically changing and highly competitive business environment. Your Company too faces several business risks, of which some prominent ones are discussed hereunder alongside the risk mitigation approach followed by the Company:

Concentration risks: Your Company has taken significant steps to ensure that it does not become too dependent on a few clients or any particular geography. Europe and the United States contributed 50 percent and 32 percent revenues respectively, during the year 2006-07, with the balance contribution coming from the Asian region.

However, considerable efforts are being made to generate business from new geographies and clients. Your Company is also increasing its focus on all regions and has signed a Joint Venture with Ajilon Holding Europe B.V. (an Adecco Group Company) to tap into the global business potential.

M&A execution risks: Your Company has chosen organic and inorganic routes to grow exponentially in future years. During the course, the Company may be exposed to risks such as, increase in cost on account of staffing/advisory fees, due diligence lapses and practical challenges in integration.

Your Company follows a strategic approach in pursuance of its M & A activities and many of the risks are mitigated by restricting the choice of target companies by applying certain rigorous selection criteria as also by proper resourcing of the integration efforts. The Company also uses a team of experts in carrying out the due diligence, thereby reducing the risk of lapses.

Investment portfolio related risks: In order to deal with surplus cash, your Company, as a policy, does not prefer to invest in high risk assets such as equities and low liquidity assets like real estate. The primary area of risk for the Company's market exposures are related to the interest rate risk on its investment securities. To mitigate interest rate risk, all surplus funds are invested in appropriate avenues upon a review by the investment committee. All investment decisions are driven by certain guiding principles like, safety of investments, liquidity and returns.

Employee-related risks

Attrition: Human Resource functions and initiatives of your Company are driven by a strong set of values and policies. Your Company has maintained a competitive, healthy and harmonious work environment at all levels. Your Company has taken new initiatives to strengthen its recruitment processes, values and vision programmes, leadership and performance management programmes to retain the best talent.

Constraints in availability of skilled resources: Your Company offers competitive salary constantly benchmarked to the market, world class infrastructure, excellent work culture, high class training and career development and long term growth prospects, to remain an employer of choice. Your Company is also ranked among the Top 20 Best Employers in a Dataquest–IDC Best Employer Survey. Your Company's development centers are in cities which have good availability of skilled manpower.

Competition-related risk: Indian IT services market remains a very competitive space. The Company is facing competition from large Indian IT vendors and global vendors who are increasing their India presence by setting up offshore delivery centres.

Your Company follows global standards of development, including an ISO 9001:2000 certification, assessment at Level 5 of both SEI-CMMi and People-CMM frameworks and BS 7799 information security management certification. Operations of your Company's subsidiary in Thailand are assessed at the international BS15000 IT management standards. NIIT SmartServe is BS 7799 and COPC compliant.

Your Company/Subsidiaries are managed by locally recruited professionals and talents across all geographies. They have established strong interactions with various analyst firms worldwide through participation in IT conferences and industry specific events attended by CIO's and executives of major corporations. Sales & marketing and delivery infrastructure of your Company is world-class. This helps your Company to maintain its competitive edge over other players.

Exchange rate risk: The functional currencies for the Company and its subsidiaries' operations are the respective currencies of the countries in which they operate. Substantial portion of your Company's revenues is derived from foreign exchange; any fluctuation in this could have an impact on the Company's performance. Your Company actively books foreign exchange forward covers/derivative options to hedge against foreign currency fluctuations related to its bills receivables and anticipated realisations from projected revenues.

Geo-political risks: The ability of Indian IT/BPO services companies to secure offshore projects from client organisations abroad is often subject to threat perceptions as regards the Indian subcontinent. Current civil situations in neighboring countries of India may have negative implications for the operations of the Company. To mitigate these risks and to ensure continued delivery of services to clients irrespective of any geo-political disturbances, the Company has been taking appropriate measures in respect of disaster recovery and business continuity in different locations.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

Your Company has an adequate system for internal control covering all financial and operating functions commensurating with the Company's size and business. These ensure that its assets and interests are carefully protected. The systems and processes are continually reviewed for its effectiveness and augmented by documented policies and procedures. A strong internal audit programme under the leadership of its dedicated Internal Audit team that ensures adequate processes, systems and internal controls are implemented strictly. Your Company has implemented one of the leading ERP solutions in its global operations in order to integrate various facets of business operations which has enabled the Company to control, monitor and review its worldwide operations online and has strengthened the ability of internal controls to function effectively. The Audit Committee, which is a sub committee of your Board of Directors, reviews adherence to internal control systems, internal audit reports and implementation of suggestions. This Committee reviews all quarterly and yearly financial results of the Company and conveys to the Board its recommendation for consideration of such results and their approval.

ADDITIONAL DISCLOSURES

The Company in the context of this report means NIIT Technologies Limited and/or its subsidiary(ies).

Certain statements made in this report relating to the Company's objectives, projections, outlook, estimates, etc. may constitute 'forward looking statements' within the meaning of applicable laws and regulations. Actual results may differ from such estimates or projections etc., whether expressed or implied. Several factors including but not limited to climatic conditions and economic conditions affecting demand and supply, government regulations and taxation, natural calamities, etc., over which the Company does not have any direct control, could make significant difference to the Company's operations.

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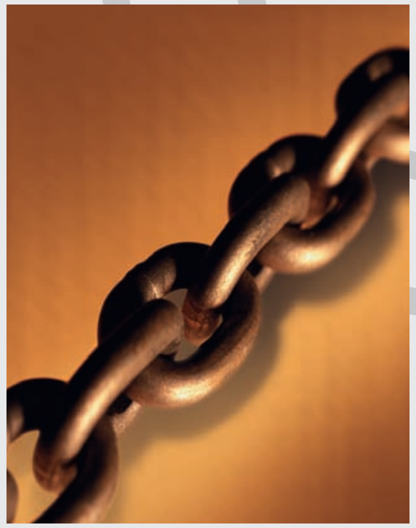


Connecting with the people for Capacity Creation

People are at the core of our business. At NIIT Technologies all initiatives and ventures are driven by this belief. Our focus on training and innovative HR practices have earned us recognition. By looking after our people and incentivising performance we build on existing capacity and benefit from optimal performance at every level. Our plans now include setting up a world-class campus in Greater Noida, near Delhi

Report on Corporate Governance

OVERVIEW

Corporate Governance means different things to different people. For some, it's good practices in corporate behaviour with a view to build and maintain public trust as well as investor's confidence; for some it's increased awareness among investors, effective disclosure and greater transparency, enhanced roles of shareholders; and for some others it's how the Management and Board performs to serve and protect the 'long-term' interests of the stakeholders of the Company. Over the last few years the norms of Corporate Governance have seen unprecedented changes. In India, the revised Clause 49 of the Listing Agreement for Corporate Governance has come into force from January 1, 2006.

NIIT Technologies believes that Corporate Governance is all about the effective management of relationships among all constituents of the system - shareholders, management, employees, customers, vendors, regulatory and community at large. The Company strongly believes that this relationship can be strengthened through display of highest standards of professionalism, corporate fairness, transparency, empowerment and conformance to the regulatory requirements and therefore has put in place robust policies and procedures across the organisation. Such policies and procedures are periodically reviewed to ensure that its Corporate Governance philosophy is run at the grass root level for attainment of its set corporate objectives.

The Shareowners remain the nucleus of our growth strategy and consistently your Board endeavours and practices a great degree of integrity, transparency, accountability in a truthful and ethical manner that enhances long term shareholder value.

The Company is in compliance with the requirements of the revised Corporate Governance under Clause 49 of Listing Agreement and with the adoption of the Code of Conduct and a robust Clause 49 compliance monitoring system, the Company has advanced further in its pursuits of excellence in Corporate Governance.

BOARD OF DIRECTORS

The Company is managed and controlled through a professional Board of Directors comprising of an optimum combination of Executive and Non-Executive Independent Directors. The composition of the Board of Directors of the Company is in conformity with the provisions of Clause 49 of the Listing Agreement with the Stock Exchange(s). The present strength of the Board of Directors is six (6), out of which three (3) members are Non-Executive Independent Directors constituting 50 percent of the total strength. The Company's Board consists of eminent persons with considerable professional expertise and experience. The Independent Directors do not have any other material pecuniary relationship (other than receiving remuneration and stock options) or transactions with the Company, its promoters, its management or its subsidiaries, which may affect the independence or judgement of the Directors.

Board Meetings and Directors' Attendance and other Directorship/Membership and Chairmanship

The Company holds at least four Board Meetings in a year, one in each quarter to review the financial results and discuss and approve other business items (including information as mentioned in annexure 1A to Clause 49 of the Listing Agreement) and the gap between two Board Meetings does not exceed four calendar months. Apart from the four scheduled Board Meetings, additional Board Meetings are also convened to address the specific requirements of the Company. Urgent matters, if required, are also approved by the Board by passing resolutions through circulation. Every Director on the Board is free to suggest any item for inclusion in the agenda for the consideration of the Board.

During the year April 01, 2006 to March 31, 2007 the Board of Directors met six times and the maximum gap between two Board Meetings was less than 90 days.

Attendance of each Director at the Board Meetings and the last AGM

Name of Director	Board Meetings						AGM
	Jun 26, 2006	Jul 19, 2006	Sep 6, 2006	Oct 20, 2006	Jan 17, 2007	Mar 23, 2007	Aug 17, 2006
Mr Rajendra S Pawar	Y	Y	N*	Y	Y	Y	Y
Mr Arvind Thakur	Y	Y	Y	Y	Y	Y	Y
Mr Vijay K Thadani	Y	N	N	Y	Y	Y	Y
Mr Subroto Bhattacharya	Y	N	Y	Y	Y	Y	Y
Mr Surendra Singh	Y	Y	Y	Y	Y	Y	Y
Mr Amit Sharma	Y	N	Y	Y	N	Y	Y

Y: Attended
N: Leave of absence granted

* Mr. Rajendra S Pawar was although granted leave of absence for the meeting, participated on certain matters in the meeting by way of tele-conferencing.

The names and categories of the Directors on the Board along with the number of Directorship and Chairmanship/ Membership of Committees held by them, is given hereunder:

Name	Present Designation	Category	No. of Directorships held in all Public Companies#	No. of Board Committees Memberships held in all Public Companies@	No. of Board Committees Chairmanships held in all Public Companies@
Mr Rajendra S Pawar	Chairman & Managing Director*	Promoter & Executive	13	6	-
Mr Arvind Thakur	CEO & Jt. Managing Director*	Executive	5	3	1
Mr Vijay K Thadani	Director	Promoter & Non-Executive	9	4	1
Mr Subroto Bhattacharya	Director	Non-Executive, Independent	7	4	4
Mr Surendra Singh	Director	Non-Executive, Independent	7	4	3
Mr Amit Sharma	Director	Non-Executive, Independent	2	1	1

including NIIT Technologies Limited and excluding private, foreign and section 25 Companies
@ Board committee for this purpose includes Audit Committee and Shareholders'/ Investors' Grievance Committee (including Board Committees of NIIT Technologies Limited)
* Appointed effective June 01, 2007, subject to Shareholders' approval at AGM

THE BOARD COMMITTEES

In accordance with the Listing Agreement of Stock Exchange(s) on Corporate Governance, the following Committees were in operation:

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

Audit Committee

As a measure of good Corporate Governance and to provide assistance to the Board of Directors in fulfilling the Board's oversight responsibilities, an Audit Committee was constituted headed by an Independent Director. All the members are Independent Directors and every member is financially literate, the Chairman being an expert and having rich experience in the financial sector. The Company Secretary acts as Secretary to the Committee. The meeting is also attended by statutory auditors, internal auditors, CFO, senior management personnel of the Company. The recommendations of Audit Committee are accepted and implemented by the Board.

Composition: The Audit Committee has been constituted with all the three Independent Directors and is headed by an Independent Director.

Chairman: Mr. Subroto Bhattacharya

Members: Mr. Surendra Singh and Mr. Amit Sharma

Functions and Terms of Reference: The terms of reference of Audit Committee are as per Listing Agreement with the Stock Exchange(s) read with Section 292A of the Companies Act, 1956 and includes such other functions as may be assigned to it by the Board from time to time.

The main functions of the Audit Committee inter-alia include:

- Supervision of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible
- Management Discussion and Analysis of financial condition and results of operations
- Recommending the appointment and removal of statutory auditors, fixation of audit fee and approval of payment for any other services are also a part of the Committee's responsibilities
- Reviewing with the management the annual financial statements before submission to the Board for approval, with particular reference to:
  - o Matters required to be included in the Directors' Responsibility Statement to be included in the Board's Report in terms of Clause (2AA) of Section 217 of the Companies Act, 1956;
  - o Changes, if any, in accounting policies and practices and reasons for the same;
  - o Major accounting entries based on exercise of judgment by management;
  - o Significant adjustments made in the financial statements arising out of audit findings;
  - o Compliance with listing and other legal requirements relating to financial statements;
  - o Disclosure of any related party transactions; and
  - o Qualifications in the draft audit report.
- Reviewing with the management the quarterly financial statements before submission to the Board for approval
- Reviewing with the management, statutory and internal auditors, the adequacy of internal control systems
- Reviewing the adequacy of the internal audit function, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audits
- Discussions with internal auditors, on any significant findings and follow up thereon
- Reviewing the findings of any Internal Audit Report by the internal auditors into matters concerning fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board
- Discussions with statutory auditors, before the audit commences, on the nature and scope of the audit as well as having post-audit discussions to ascertain any areas of concern
- Reviewing the Company's financial and risk management policies
- To look into the reasons for substantial defaults, if any, in the payment to the shareholders (in case of non-payment of declared dividends) and creditors

Meetings and attendance during the year: The particulars of meetings attended by the members of the Audit Committee and the dates of meetings held during the year 2006-07 are given below:

Name of Members	Audit Committee				
	Apr 28, 2006	Jun 26, 2006	Jul 15, 2006	Oct 20, 2006	Jan 17, 2007
Mr Subroto Bhattacharya	Y	Y	N	Y	Y
Mr Surendra Singh	Y	Y	Y	Y	Y
Mr Amit Sharma	Y	Y	Y	Y	N

Y: Attended
N: Leave of absence granted

Remuneration Committee

The Remuneration Committee was set up to formulate and implement a credible and transparent policy for determining and accounting for compensation focussed on attracting, motivating and retaining key personnel (including evaluation of remuneration and benefits for the Executive Directors) and to frame policies and systems for Employee Stock Option Plans, as approved by the shareholders.

Composition: The Remuneration Committee has been constituted with all the three Independent Directors and is headed by an Independent Director.
Chairman: Mr. Amit Sharma
Members: Mr. Subroto Bhattacharya and
Mr. Surendra Singh

Functions and terms of reference: The broad terms of reference of the Remuneration Committee of the Company are as follows:

To evaluate remuneration and benefits for the Executive Directors and to frame policies and systems for the associate Stock Option Plans, as approved by the shareholders.

The Remuneration Committee has the power to determine and recommend to the Board the amount of remuneration, including performance/achievement bonus and perquisites, payable to the Whole-time/Managing Directors. The recommendations of the Committee are based on the evaluation of the Whole-time/Managing Directors on certain parameters, as laid down by the Board as part of the self-evaluation process. In terms of guidelines, the Company ensures that the remuneration by way of salary and other allowances and monetary value of perquisites is within the overall limit as specified under the Companies Act, 1956.

Meetings and attendance during the year: The particulars of the meeting attended by the member of the Compensation/Remuneration Committee and the date of the meetings held during the year are given below:

Name of Members	Compensation/ Remuneration Committee
	June 26, 2006
Mr Amit Sharma	Y
Mr Subroto Bhattacharya	Y
Mr Surendra Singh	Y

Y: Attended
N: Leave of absence granted

Details of remuneration paid to Directors during the year April 1, 2006 to March 31, 2007

A. Executive Directors

(Amount in Rs.)

Name of Director	Mr. Rajendra S Pawar	Mr. Arvind Thakur
Salary and Allowances	1,560,000	4,428,000
Part - A Perquisites	-	797,043
Part – B Contribution to Provident Fund, Superannuation Fund or Annuity Fund	552,481	835,405
Performance- linked Bonus	7,932,600	7,932,600
Total	10,045,081	13,993,048

i. Service Contracts: The current term of Mr. Rajendra S. Pawar and Mr. Arvind Thakur will expire on June 12, 2007. However, the Board in its meeting held on May 23, 2007 appointed Mr. Pawar as Managing Director and Mr. Thakur as Joint Managing Director for a period of three years w.e.f. June 01, 2007, subject to the approval of shareholders at AGM.

ii. Notice period: 6 months, unless otherwise agreed by the Board

iii. Severance Fees: No Severance fees, unless otherwise agreed by the Board

iv. Performance criteria: As determined by the Compensation Committee and the Board.

Further, Mr Arvind Thakur was granted 100,000 stock options under the Employee Stock Option Scheme during the year 2005-06. Upon exercise of the same, Mr Thakur was allotted 100,000 shares of Rs.10/- each on March 19, 2007.

B. Non-Executive Directors

The role of the Non-Executive/Independent Directors of the Company is not just restricted to Corporate Governance or outlook of the Company but to involve and contribute to the business and growth plans of the Company. The remuneration paid to them is decided by the Board of Directors of the Company. The existing remuneration policy is directed towards rewarding performance based on review of achievements on a periodic basis. Non-Executive Directors are paid remuneration by way of commission and sitting fee for the meetings of the Board and committees attended. The details of the remuneration (including sitting fees) paid to the Non-Executive Directors are given below:

(Amount in Rs.)

Name	Mr Vijay K Thadani	Mr Subroto Bhattacharya	Mr Surendra Singh	Mr Amit Sharma
Commission	500,000	500,000	500,000	500,000
Sitting Fee	180,000	200,000	280,000	240,000

The Non-Executive Directors of the Company were granted certain stock options under the present Employee Stock Option Scheme of the Company (ESOP-2005), during the year 2005-06. The details of the options granted and allotted to them on exercise of the options are given below, along with the brief terms of the options:

Vesting Period : One (1) year from the date of grant
Exercise Period : Three (3) years from the date of vesting
Exercise Price : Rs.115/-
Discount : 23% of the market price

Name	Mr Vijay K Thadani	Mr Subroto Bhattacharya	Mr Surendra Singh	Mr Amit Sharma
No. of options granted	NIL	11,700	11,700	11,700
No. of options exercised during the year 2006-07	NIL	11,700	11,700	NIL
Date of allotment of shares	NIL	October 17, 2006	January 23, 2007	NIL
Outstanding Options as on March 31, 2007	NIL	NIL	NIL	11,700

Details of equity shareholding of Non-Executive Directors as on March 31, 2007

Name	Number of shares held
Mr Vijay K Thadani	10,381
Mr Subroto Bhattacharya	11,700
Mr Surendra Singh	11,700
Mr Amit Sharma	2,437

Shareholders'/Investors' Grievances Committee

The routine share transfer, issue of duplicate share certificates, DEMAT/ REMAT of shares of the Company and other related work has been delegated to the share transfer committee, which reports to the Shareholders'/Investors' Grievance Committee. The primary responsibility of the Shareholders'/ Investors' Grievance Committee is to look into the redressal of Shareholders'/Investors' complaints.

Composition: The Shareholders'/Investors' Grievances Committee is headed by an Independent Director, and consists of following directors:

Chairman: Mr. Amit Sharma

Members: Mr. Vijay K Thadani and Mr. Arvind Thakur

Functions and terms of reference: The functioning and broad terms of reference of the Shareholders'/Investors' Grievances Committee as adopted by the Board is as under:

- To review the redressal of Shareholder and Investor complaints
- To appoint a Compliance Officer and determine the roles and responsibilities
- To take note of complaints received and resolution thereof at periodic intervals

The main objective of the Shareholders'/Investors' Grievances Committee is to strengthen investor relations.

Meetings and attendance during the year: The particulars of the meeting attended by the member of the Shareholders'/Investors' Grievances Committee and the date of the meetings held during the year are given below:

Name of Member	Shareholders'/Investors' Grievances Committee			
	June 26, 2006	July 15, 2006	October 20, 2006	January 17, 2007
Mr Amit Sharma	Y	Y	Y	N
Mr Vijay K Thadani	Y	N	Y	Y
Mr Arvind Thakur	Y	Y	Y	Y

Y: Attended
N: Leave of absence granted

During the year April 01, 2006 to March 31, 2007 the Company received 269 queries/complaints from various Investors/Shareholders relating to non-receipt of Dividend/Change of Bank account details/Annual Report/Transfer of Shares/Dematerialisation of Shares, etc. The same were attended to the satisfaction of the Investors. At the end of the year March 31, 2007, no complaint was pending for redressal and no shares were pending for transfer/dematerialisation.

Details of queries/complaints in numbers received and resolved during the year April 1, 2006 to March 31, 2007

Nature of query/complaint	Received	Resolved	Unresolved
Change of address	31	31	-
Non receipt of Dividend	43	43	-
Change of Bank	20	20	-
Correction in Dividend warrant and issue of DD	153	153	-
Share transfer related	2	2	-
Duplicate/Loss of share certificates	2	2	-
Share holding query	2	2	-
Non Receipt of Annual Report	3	3	-
Request for Annual Report	9	9	-
Others (not classified above)	4	4	-
Total	269	269	-

There were six complaints pending at the beginning of the year which were resolved subsequently. During the year April 1, 2006 to March 31, 2007 the Company attended most of the investors' queries/complaints within a period of seven days from the date of receipt. The exceptions have been for cases constrained by disputes or legal impediments.

GENERAL MEETINGS

a. Particulars of the last three Annual General Meetings

Year	Location	Date	Day	Time	Special Business
2006	FICCI Auditorium Tansen Marg, New Delhi-1	Aug. 17	Thursday	10.00 A.M.	None
2005	FICCI Auditorium Tansen Marg, New Delhi-1	July 22	Friday	10.00 A.M.	a) Increase in Foreign Institutional Investors (FIIs) investment limit to 49% of paid up capital of the Company b) Revision of remuneration payable to Mr. Rajendra S Pawar, Chairman and Executive Director c) Revision of remuneration payable to Mr. Arvind Thakur, Chief Executive Officer and Whole-time Director
2004	FICCI Auditorium Tansen Marg, New Delhi-1	July 29	Thursday	12.00 Noon	a) Appointment of Mr. Rajendra S. Pawar as a Director of the Company b) Appointment of Mr. Vijay K Thadani as a Director of the Company c) Appointment of Mr. Arvind Thakur as a Director of the Company d) Appointment of Mr. Subroto Bhattacharya as a Director of the Company e) Appointment of Mr. Surendra Singh as a Director of the Company f) Appointment of Mr. Amit Sharma as a Director of the Company g) Appointment of Mr. Rajendra S. Pawar as Executive Director and fixing his remuneration h) Appointment of Mr. Arvind Thakur as CEO and Whole-time Director and fixing his remuneration i) Payment of commission to Non-Executive Directors of the Company j) Power to Board of Directors to borrow an amount not exceeding Rs. 500 crore k) Power to Board of Directors to create charges/mortgages on assets of the Company l) Issue of shares to employees of the Company under Employees stock option scheme m) Issue of shares to employees of the Holding/Subsidiary Companies under Employees Stock Option Scheme

b. Particulars of the last three Extraordinary General Meetings

Year	Location	Date	Day	Time	Special Business
2004	NIIT House, C-125, Okhla Ph. I, New Delhi –20	May 24	Monday	3:30 P.M.	Approval u/s 372A to investment in Mutual Funds up to an aggregate amount of Rs. 200 Crore
2004	NIIT House, C-125, Okhla Ph. I, New Delhi –20	April 23	Friday	4:00 P.M.	a) Appointment of Price Waterhouse as Auditors of the Company b) Change of name of the Company from NIIT Investments Limited to NIIT Technologies Limited c) Increase in authorised capital from Rs.15 Crore to Rs. 45 Crore
2003	NIIT House, C-125, Okhla Ph. I, New Delhi –20	Dec 31	Wednesday	10:00 A.M.	a) Approval for amendment in main objects in the Memorandum of Association for deletion of objects relating to investments b) Approval u/s 372A to investment in Mutual Funds up to an aggregate amount of Rs.10 Crore

c. Postal Ballot

Special business conducted through postal ballot on May 18, 2005

- Special Resolution under section 81(1A) of the Companies Act, 1956 for approving the Employees Stock Option Plan for employees of the Company
- Special Resolution under section 81(1A) of the Companies Act, 1956 for approving the Employees Stock Option Plan for employees of the holding/subsidiary Company(s)

Special resolution passed through Postal Ballot during the financial year 2006-07:

No special resolution was passed by way of postal ballot during the financial year 2006-07.

Special resolution proposed to be conducted through Postal Ballot in next financial year 2007-08:

There is no proposal to pass any special resolution through postal ballot, until date.

DISCLOSURES

a. Related party transactions

There are no materially significant related party transactions of the Company which have a potential conflict with the interests of the Company at large. The related party transactions (as per Accounting Standard 18) of the Company in the ordinary course of business during the year April 1, 2006 to March 31, 2007 are reported under Note 16 of Schedule 18 of the Financial Statements. The same, as per the provisions of Clause 49, were placed before the Audit Committee of the Company. For further details, please refer to Notes, forming part of the Balance Sheet of the Company.

b. Accounting treatment in preparation of financial statements

The Company has followed the guidelines of accounting standards laid down by the Institute of Chartered Accountants of India (ICAI) in preparation of financial statements of the Company and there has been no deviation from the prescribed Accounting Standards.

c. Risk management

The Company has laid down procedures to inform the Board Members about the risk assessment and minimisation procedures. All the designated officials submit quarterly reports, through online risk management system, which are reviewed periodically to ensure effective risk identification and management.

d. Proceeds from the public issue/right issue/ preferential issue etc.

There was no fresh public issue/right issue/preferential issue etc. during the review period.

e. Code of conduct

The Company has a well defined policy framework, which lays down procedures to be followed by the employees for ethical professional conduct. The code of conduct has been laid down for all the Board Members and Senior Management of the Company. The Board members and Senior Management personnel have affirmed compliance with the Company's code of conduct for the year 2006-07. This code has been displayed on the Company's website.

f. Management Discussion and Analysis

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

g. Disclosure regarding appointment/re-appointment of Directors

Pursuant to the terms of appointment of the Directors of the Company as approved by the members of the Company in the 12th Annual General Meeting of the Company held on July 29, 2004 all the Directors except the Directors in executive capacity, were liable to retire by rotation and if eligible, offer themselves for re-appointment. Accordingly, Mr Amit Sharma and Mr Vijay K Thadani, are liable to retire by rotation at the ensuing Annual General Meeting, and being eligible, have offered themselves for re-appointment. Further, the tenure of Mr Rajendra S Pawar, Executive Director and Mr Arvind Thakur, Whole-time Director of the Company will expire on June 12, 2007. However, the Board in its meeting held on May 23, 2007 approved the appointment of Mr. Rajendra S Pawar as Managing Director (designated as Chairman & Managing Director) and Mr Arvind Thakur as Joint Managing Director (designated as Chief Executive Officer & Joint Managing Director) w.e.f. June 01, 2007, subject to the approval of the members in the ensuing Annual General Meeting.

Brief profile of Directors seeking appointment and re-appointment and other relevant information in respect thereof are provided in the notice to the Annual General Meeting.

COMPLIANCE OF THE REQUIREMENT OF CLAUSE 49 OF THE LISTING AGREEMENT

a. Mandatory requirements

The Company is fully compliant with the applicable mandatory requirements of Clause 49 of the listing agreement entered with Stock Exchange(s). Details of these compliances are given below: (For detailed compliance with each requirement (mandatory) of Clause 49 please refer to 'Annexure-A'-Clause 49-Compliance Status).

Particulars	Clause of listing agreement	Compliance status (For all quarters FY 06-07)
I. Board of Directors	49 I	
(A) Composition of Board	49(IA)	Complied
(B) Non-Executive Directors' compensation & disclosures	49(IB)	Complied
(C) Other provisions as to Board and Committees	49(IC)	Complied
(D) Code of Conduct	49(ID)	Complied
II. Audit Committee	49 (II)	
(A) Qualified & Independent Audit Committee	49(IIA)	Complied
(B) Meeting of Audit Committee	49(IIB)	Complied
(C) Powers of Audit Committee	49(IIC)	Complied
(D) Role of Audit Committee	49(IID)	Complied
(E) Review of Information by Audit Committee	49(IIE)	Complied
III. Subsidiary Companies	49(III)	Complied
IV. Disclosures	49(IV)	
(A) Basis of related party transactions	49(IVA)	Complied
(B) Disclosure of Accounting Treatment	49(IVB)	Complied
(C) Board Disclosures	49(IVC)	Complied
(D) Proceeds from public issues, rights issues, preferential issues, etc.	49(IVD)	Complied
(E) Remuneration of Directors	49(IVE)	Complied
(F) Management	49(IVF)	Complied
(G) Shareholders	49(IVG)	Complied
V. CEO/CFO Certification	49(V)	Complied
VI. Report on Corporate Governance	49(VI)	Complied
VII. Compliance	49(VII)	Complied

b. Non-mandatory requirements

The Company has fulfilled the following non-mandatory requirements:

i) Remuneration Committee: The Company has a functioning Remuneration Committee. Please see the para on Remuneration Committee for details.

ii) Whistle Blower Policy: The Company does not have a whistle blower policy as per guidelines on Corporate

Governance. However, the code of conduct of the Company reflects the mechanism by which the employees may report to the management for their concerns about unethical behaviour, actual or suspected frauds or violation of the Company's code of conduct or ethics policy. The employees also have direct access to the Audit Committee in exceptional cases.

c. Code for prevention of Insider -Trading Practices

In compliance with the SEBI regulation on prevention of insider trading, the Company has instituted a comprehensive code of conduct for its management and staff. The code lays down guidelines, which advises them on procedures to be followed and disclosures to be made, while dealing with shares of NIIT Technologies Limited and cautioning them of the consequences of violations.

d. Statutory Compliance, Penalties and Strictures

The Company has complied with the requirements of the Stock Exchange(s)/SEBI and Statutory Authority(ies) on all matters relating to the capital market during the last three years. There are no penalties or strictures imposed on the Company by Stock Exchange(s) or SEBI or any Statutory Authority(ies) relating to the above.

e. Compliance Officer

Mr Rakesh K Prusti, Company Secretary is the Compliance Officer appointed by the Board. The Compliance officer can be contacted for any investor related matter relating to the Company. His contact no. is +91-11-26203194, Fax no. is +91-11-26203333 and e-mail ID is investors@niit-tech.com

MEANS OF COMMUNICATION

a. The quarterly/half yearly/annual results are published in the leading English and Hindi Newspapers (the details of the publications are given hereunder) and displayed on the web site of the Company – www.niit-tech.com where official news releases,financial results, consolidated financial highlights, quarterly shareholding pattern and presentations are also displayed.

b. The Company had Quarterly Earnings Calls on June 26, 2006; July 19, 2006; October 20, 2006; January 17, 2007 and Press Conferences in the months of June 2006, July 2006, October 2006 and January 2007 for the investors of the Company immediately after the declaration of Quarterly/Annual results.

c. The Management Perspective, Business Review and Financial Highlights are part of the Annual Report.

d. All material information about the Company is promptly sent through facsimile to the Stock Exchange(s) where the shares of the Company are listed.

During the financial year 2006-07 the Company published its financial results in the following newspapers:

Financial Results	Newspapers	Date of publication
Unaudited financial results for the quarter ended June 30, 2006	Business Standard VeerArjun	July 20, 2006
Unaudited financial results for the quarter ended September 30, 2006	Financial Express Jansata	October 21, 2006
Unaudited financial results for the quarter ended December 31, 2006	Financial Express Jansata	January 18, 2007
Audited financial results for the quarter and year ended March 31, 2007	Business Standard Rashtriya Sahara	May 24, 2007

SHAREHOLDERS' INFORMATION

a. Annual General Meeting

Date: Wednesday, July 25, 2007

Time: 10.00 AM

Venue: FICCI Auditorium, 1 Tansen Marg, New Delhi –110 001

Book Closure Date: July 19 to July 25, 2007 (both days inclusive)

b. Financial Calendar (tentative and subject to change)

Financial reporting for the first quarter ending June 30, 2007	July 18, 2007
Financial reporting for the second quarter ending September 30, 2007	October 17, 2007
Financial reporting for the third quarter ending December 31, 2007	January 16, 2008
Financial reporting for the year ending March 31, 2008	June 18, 2008
Annual General Meeting for the year ending March 31, 2008	August 13, 2008

c. Dividend

In view of our confidence in the future, the Board of Directors recommended a dividend of Rs.6.50 per Equity Share of Rs.10/- each, subject to approval of the shareholders at the ensuing Annual General Meeting. The dividend shall be paid to the shareholders within 30 days from July 25, 2007, subject to declaration in the AGM and as per the provisions of the Companies Act.

The dividend, if declared, would be paid to such shareholders whose names appear in the Register of Members as on July 25, 2007. In respect of shares held in electronic mode, the dividend will be paid on the basis of beneficial ownership of the shares as per the details to be furnished by National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) as at the end of the business hours on July 18, 2007.

No unpaid/unclaimed dividend was eligible to be transferred to the Investor Education and Protection Fund of the Central Government, pursuant to Section 205A of the Companies Act, 1956.

d. Nomination Facility

The Companies (Amendment) Act, 1999, has provided for a nomination facility to the Shareholders of the Company. The Company is pleased to offer the facility of nomination to Shareholders and Shareholders may avail this facility by sending the duly completed Form 2B as revised vide Notification No. GSR 836(E) dated October 24, 2000, issued by the Department of Company Affairs, to the Registered Office of the Company/Registrar of the Company in case shareholding is in physical forms. In case of demat holdings the request is to be submitted to the Depository Participant.

e. Listing of Shares

The shares of the Company are listed at the Exchanges in Mumbai, Chennai, Ahmedabad, Delhi, Kolkata, and National Stock Exchange(s). Listing fees for the period April 01, 2006 to March 31, 2007 have been paid to all Stock Exchange(s).

f. Stock Code

Trading symbol on the National Stock Exchange	:	NIITTECH
Trading symbol on the Mumbai Stock Exchange		
Physical	:	NIITTECH
Electronic	:	532541
ISIN No. at NSDL/CDSL	:	INE 591G01017

g. Compliance Certificate of the Auditors

The Company has annexed to this report, a certificate obtained from the statutory auditors regarding compliance of conditions of Corporate Governance as stipulated in Clause 49 of the listing agreement.

h. Stock Market Data

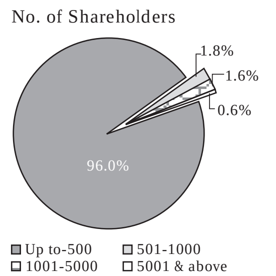
The Monthly High and Low Share Prices and Market Capitalisation of Equity Shares of the Company traded at Bombay Stock Exchange Limited and National Stock Exchange of India Limited from April 01, 2006 to March 31, 2007 and the comparison of share prices of the Company vis-a-vis the Sensex and Nifty Indices are given hereunder:

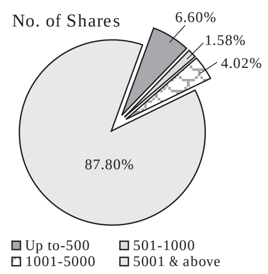
Share Price Movement during the year April 1, 2006 to March 31, 2007

	Bombay Stock Exchange				National Stock Exchange			
Month	Sensex	High (Rs.)	Low (Rs.)	M Cap (Rs. in millions)	NIFTY	High (Rs.)	Low (Rs.)	M Cap (Rs. in millions)
Apr-06	12,043	239	202	8,493	3,558	237	190	8,435
May-06	10,399	242	180	7,222	3,071	242	180	7,247
Jun-06	10,609	191	131	6,841	3,128	197	133	6,789
Jul-06	10,744	194	171	7,245	3,143	194	172	7,283
Aug-06	11,699	202	179	7,212	3,414	202	180	7,218
Sep-06	12,454	204	186	7,261	3,588	204	183	7,249
Oct-06	12,962	262	184	9,414	3,744	261	176	9,435
Nov-06	13,696	289	237	10,051	3,955	289	220	10,070
Dec-06	13,787	311	236	11,793	3,966	311	235	11,849
Jan-07	14,091	443	287	15,417	4,083	445	280	15,469
Feb-07	12,938	535	387	15,425	3,745	535	386	15,402
Mar-07	13,072	482	391	17,060	3,822	482	391	17,173

Share Holding Distribution as on March 31, 2007

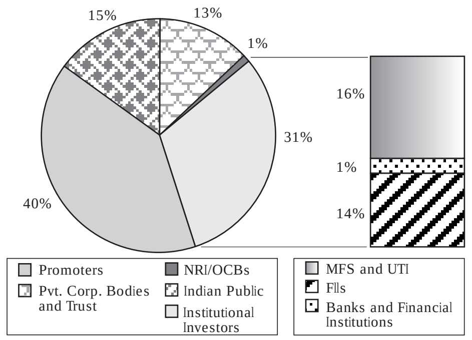
Range	No. of Shareholders	% to Total Shareholders	No. of Shares	% to Total Shares
Up to - 500	41,391	95.96	2,579,717	6.60
501 - 1000	796	1.84	619,010	1.58
1001 - 5000	689	1.60	1,571,541	4.02
5001 & above	260	0.60	34,330,262	87.80
TOTAL	43,136	100.00	39,100,530	100.00





Shareholding Pattern as on March 31, 2007

Category	No. of share Holding	% age of Holding
Promoters Shareholding		
- Indian Promoters	15,509,990	39.67
- Foreign Promoters		
Total Promoter Shareholding	15,509,990	39.67
Public Shareholding		
Institutional Investors		
- Mutual Funds and UTI	6,226,094	15.92
- Banks, Financial Institutions Insurance Companies (Central/ State Govt. Institutions/Non Government Institution)	573,669	1.46
- Foreign Institutional Investors	5,648,077	14.45
Others		
- Private Corporate Bodies	4,103,891	10.50
- Trust	977, 350	2.50
- Indian Public	5,813,181	14.86
- NRI/OCBs	248,278	0.64
Total Public Shareholding	23,590,540	60.33
Grand Total	39,100,530	100.00



i. Dematerialisation of Shares

The Shares of the Company are compulsorily traded in dematerialised form by all categories of investors. The Company has arrangements with both the National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL), to establish electronic connectivity of our shares for scrip less trading. As of March 31, 2007, 98.92 percent shares of the Company were held in dematerialised form.

j. Liquidity of Shares

The Shares of the Company are traded electronically on the BSE/NSE and other Stock Exchanges where they are listed. The Company's shares are included in indices of BSE- 200 and Mid cap index.

k. Share Transfer System

The Company has appointed a common Registrar for physical share transfer and dematerialisation of shares. The shares lodged for physical transfer/ transmission/ transposition are registered within a period of 15 days if the documents are complete in all respects. For this purpose, the Share Transfer Committee (a sub-committee of shareholders/ investors grievance committee of the Board) meets as often as required. During the review period, the Committee met 24 times. Adequate care is taken to ensure that no transfers are pending for more than a fortnight. Physical shares requested for dematerialisation were confirmed mostly within a fortnight.

l. Registrar for Dematerialisation (Electronic Mode) of Shares & Physical Transfer of shares

The Company has appointed a Registrar for dematerialisation and transfer of shares whose details are given below:

Alankit Assignments Limited

Unit: NIIT Technologies Limited

2E/21, Jhandewalan Extension,

New Delhi – 110 055.

Phone Nos. : 011-42541234, 23541234

Fax Nos. : 011-42541967, E-mail : rta@alankit.com

m. Registered Office

NIIT Technologies Limited

NIIT House, C-125, Okhla Phase - I

New Delhi - 110 020

n. Address for Correspondence

The shareholders may address their communication /suggestions/ grievances /queries to:

Investor Services Department

NIIT Technologies Limited

NIIT House, C-125, Okhla Phase - I

New Delhi - 110 020.

Tel : +91-11-41407000

Fax : +91-11-26203333

e-mail: investors@niit-tech.com

o. Subsidiaries

The addresses of the subsidiaries are given elsewhere in this Annual Report.

Acknowledgements

Your Directors wish to express their sincere thanks and grateful appreciation for co-operation and support received from vendors, customers, banks, financial institutions, shareholders and society at large. Your Directors also take on record, their appreciation for the contribution and hard work of employees across all levels. Without their commitment, inspiration and hard work, your Company's consistent growth would not have been possible. The Directors also wish to place on record their sincere thanks to government and regulatory agencies for their assistance and support provided to the Company and look forward to their continued support.

Certificate relating to compliance with the provisions of Clause 49 of the Listing Agreement(s) in relation to the Code of Conduct for Directors/Senior Management

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

1. The Code of Conduct has been laid down for all the Board Members and Senior Management and other employees of the Company;
2. The Code of Conduct has been posted on the website of the Company;
3. The Board Members and Senior Management personnel have affirmed compliance with the Company's Code of Conduct for the year 2006-07.

Dated : May 23, 2007 Chief Executive Officer

ANNUAL REPORT 2006-07
NIIT technologies

Certificate by Chief Executive Officer and Chief Financial Officer on Compliance with the Conditions of Corporate Governance Under Clause 49 of the Listing Agreement(s)

To,

The Board of Directors
NIIT Technologies Limited
C-125, Okhla Phase 1
New Delhi – 110 020

We hereby certify that for the Financial Year 2006-07:

1. We have reviewed the financial statements and the cash flow statement and that to the best of our knowledge and belief:

(a) These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading.

(b) These statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.

2. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year 2006-07 which are fraudulent, illegal or violate the Company's Code of Conduct.

3. We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of the internal control systems of the Company pertaining to financial reporting and we have disclosed to the Auditors and the Audit Committee those deficiencies, if any, of which we are aware, in the design or operation of the internal control systems and the steps we have taken or propose to take to rectify these deficiencies.

4. We have indicated to the auditors and the Audit Committee:

a) Significant changes, if any, in internal control over financial reporting during this year;
b) Significant changes, if any, in accounting policies during this year 2006-07 and that the same have been disclosed in the notes to the financial statements; and
c) Instances of significant fraud of which we are aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

Arvind Thakur / Place: New Delhi — Arvind Thakur, Chief Executive Officer — K T S Anand, Chief Financial Officer

Dated: May 23, 2007

Auditors' Certificate Regarding Compliance of Conditions of Corporate Governance

To the Members of NIIT Technologies Limited,

We have examined the compliance of conditions of Corporate Governance by NIIT Technologies Limited, for the year ended March 31, 2007, as stipulated in Clause 49 of the Listing Agreements of the said Company with stock exchanges in India.

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

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

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

H. Singh
Partner
Membership No:F-86994
For and on behalf of
Price Waterhouse
Chartered Accountants

Place: New Delhi
Dated: June 4, 2007

Annexure A

Clause 49 - Compliance Status relevant to the Financial Year 2006-07

Board of Directors

Clause 49 (IA) Composition of Board

Standard

The Board of the Company should have optimum combination of Executive and Non-Executive Directors. However, not less than 50 per cent of the Board of Directors should comprise Non-Executive Directors.

If the Chairman of the Board is an Executive Director, at least half of the Board should comprise of Independent Directors.

Our Practice

- The total strength of the Board of the Company is six Directors
- Composition

Executive Director	: 2 (33.33%)
Non Executive Directors	: 4 (66.67%)
Independent Directors	: 3 (50%)

- The Chairman is Executive Director
- Out of six directors on the Board, three (50%) are Independent Directors
- Directors, prior to their appointment on the Board as well as annually, affirm their independence by way of a certificate to the Board. They are also required to disclose any transaction, which may impact their independent status

Clause 49(IB) Non-Executive Directors' compensation and disclosures

Standard

All fees/compensation paid to Non-Executive Directors shall be fixed by the Board of Directors and shall require previous approval of shareholders in general meeting.

Our Practice

The remuneration being paid to Non-Executive Directors (i.e. commission) has been approved by the Board of Directors, which is within the overall limit approved by the Shareholders of the Company. The Non-Executive Directors are also paid sitting fees in relation to the meetings of the Board or its committees attended by them.

Clause 49(IC) Other provisions as to Board and Committees

Standard

There shall be at least four Board Meetings in a year with maximum time gap of not more than four months between any two meetings. Information given in Annexure-1A of Clause 49 should be made available to the Board. The Board shall also review compliance report of all laws applicable to the Company.

A Director shall not be a member in more than 10 committees or act as a Chairman of more than five committees across all companies in which he is a Director. The Directors should annually inform the Company about the committees/positions held by them in other companies.

Our Practice

- During the year under review, the Board of the Company met six times and there was a maximum time gap of less than 90 days between two consecutive Board Meetings
- The information regularly placed before the Board inter-alia includes the information given under Annexure-1A, wherever applicable
- A compliance report, with respect to applicable laws, signed by the Compliance Officer is placed before the Board on a quarterly basis
- None of the Directors of the Company is a member of more than 10 committees or Chairman of more than five Committees. An assurance in this regard is given by the Directors by way of Certification to the Board
- The Company receives an annual certification by the Director about the committee position he occupies in other companies. The Directors are also expected to notify changes when they take place

Clause 49(ID) Code of Conduct

Standard

The Board shall lay down a Code of Conduct for all Board members and Senior Management of the Company and the same shall be posted on the website of the Company. All Board Members and Senior Management personnel shall affirm compliance with the code on an annual basis. The Annual Report of the Company shall contain a declaration to this effect signed by the CEO.

Our Practice

- The Board has adopted a Code of Conduct for Directors and Senior Management personnel and this Code is available on the official website of the Company www.niit-tech.com
- All Directors and Senior Management personnel affirm compliance with the Code of Conduct of the Company on annual basis
- A declaration in this regard duly signed by Chief Executive Officer is published elsewhere in this Annual Report

Audit Committee

Clause 49(II A) Qualified and Independent Audit Committee

Standard

The Company shall have an audit committee comprising not less than three members. All members of the committee shall be financially literate and two third members shall be Independent directors.

The Chairman of the committee shall be an Independent director and should be present in the AGM of the Company. At least one member of the committee shall have accounting or related financial management expertise.

The committee may invite such executive, as it considers appropriate (particularly head of finance) to be present in its meetings. The Company Secretary should act as Secretary to the Committee.

Our Practice

- The Company has qualified an independent audit committee, which comprises of three members. All members of audit committee are Non-Executive and Independent
- All members of Audit Committee are financially literate and a majority of them have accounting/financial management expertise
- A brief background of members of the Audit Committee:
  - Mr. Subroto Bhattacharya: Mr. Bhattacharya, a Chartered Accountant with over 30 years of experience, specialises in Finance and Management Consultancy. He has been part of the core team in several reputed organisations.
  - Mr. Surender Singh: Mr. Singh, a retired IAS Officer, has held senior positions in the Central and State Government. Starting his public service in 1959, Mr. Singh has held positions like special secretary to the Prime Minister of India, responsible for all the economic work in the PM's Office. He specialises in Business and Finance Management, Internal Controls and Audit.
  - Mr. Amit Sharma: Mr. Sharma, an MBA (Wharton School) and an MSE in Computer and Information Science (University of Pennsylvania), is the Vice-President, Asia-Pacific Strategy and Business Development for Motorola Inc. He specialises in Strategic Planning and Business Development.
- Mr. Subroto Bhattacharya, Chairman of Audit Committee is an Independent Director and was present in the AGM of the Company held on August 17, 2006

- Management personnel are invited to the meeting/discussion, whenever required by the Audit Committee. CFO and internal Audior participated in all meetings
- Mr. Rakesh K Prusti, Company Secretary of the Company is Secretary to the Audit Committee

Clause 49 (II B) Meeting of Audit Committee

Standard

There should be at least four meetings of Audit Committee in a year and not more then four months shall elapse between two meetings. Two members or one third of the members of the committee whichever is greater shall constitute quorum for the meeting, but there should be minimum of two independent members present.

Our Practice

- During the year under review, the Audit Committee met five times and there was a maximum gap of not more than 97 days between two consecutive Audit Committee Meetings
- Requirement as to quorum had been complied with at every Audit Committee meeting

Clause 49 (II C) Powers of Audit Committee

Standard

The Audit Committee shall have powers, which should include investigation of any matter within its terms of reference, to seek information from employees, obtain outside legal/professional advice and to secure the attendance of an outsider, if necessary, in audit committee meetings

Our Practice

The powers of the Audit Committee are in accordance with Clause 49 and have been duly approved by the Board of the Company.

Clause 49 (II D) Role of Audit Committee

Standard

A comprehensive list of the role of Audit Committee is provided under Clause 49, which inter-alia includes oversight and review of Company's financial reporting process, recommendation of appointment/re-appointment of Statutory Auditor and fees to be paid to them, review of quarterly and annual financial statements, performance of Auditor, adequacy of internal control, functioning of whistle blower mechanism (in case the same is existing), etc.

Our Practice

The role of the Audit Committee is in accordance with Clause 49 and has been duly approved by the Board of the Company.

Clause 49 (II E) Review of information by Audit Committee

Standard

The Audit Committee shall mandatorily review Management Discussion and Analysis of Financial Condition and results of operation, significant related parties transactions, management letters/letters of internal control weakness issued by the Statutory Auditors, internal audit reports relating to internal control weakness and appointment, removal and terms of remuneration of the Chief Internal Auditor.

Our Practice

The Audit Committee reviews all information as stipulated under Clause 49.

Clause 49 (III) Subsidiaries

Standard

This sub clause requires representation of the Company's Director on the Board of its material non-listed Indian subsidiary. It also prescribes for the review of financial statements of unlisted subsidiary by the Audit Committee.

The minutes of the Board meeting and a statement of all significant transactions and arrangements entered into by the unlisted subsidiary company is also required to be placed at the Board meeting of the listed holding company.

Our Practice

- The Company has two Indian non-listed Subsidiary Companies, NIIT GIS Limited and NIIT SmartServe Limited. Mr. Amit Sharma, an Independent Non-Executive Director on the Board of the Company is also a Director on the Board of NIIT GIS Limited as NIIT GIS Limited is Company's material non-listed Indian subsidiary. Further, even though NIIT SmartServe Limited does not fall under the material non listed Indian subsidiary category, Mr. Surendra Singh, an Independent Non-Executive Director on the Board of the Company has been appointed as a Director on the Board of NIIT SmartServe Limited
- Financial Statements of Subsidiaries are reviewed by the Audit Committee
- Minutes of Subsidiaries are placed before the Board of the Company on regular basis
- A statement of all significant transactions, if any, of the subsidiaries are also placed before the Board

Disclosures

Clause 49 (IV A) Basis of related party transactions

Standard

Summary of transaction with related parties in the ordinary course of business, material individual transactions with related parties which are not in the normal course of business and material individual transactions with related parties or others, which are not on an arm's length basis shall be placed before the Audit Committee on a periodic basis.

Our Practice

The related party transactions are placed before the Audit Committee on a periodic basis.

Clause 49 (IV B) Disclosure of Accounting Treatment

Standard

If, in the preparation of financial statements, a treatment different from that prescribed in an Accounting Standard has been followed, the fact shall be disclosed in the financial statements, together with proper management's justification.

Our Practice

In preparation of Financial Statements for the year under review, treatment as prescribed in Accounting Standards have been followed, which have also been disclosed in the Notes to Accounts.

Clause 49 (IV C) Board Disclosures-Risk Management

Standard

The Company shall lay down procedures to inform Board Members about the risk assessment and minimisation procedures. These procedures shall be periodically reviewed to ensure that Executive Management controls risk through means of a properly defined framework.

Our Practice

The Company has framed a Risk Management Procedure, which contains the procedure as to assessment of risks and their minimisation. All designated officials submit quarterly reports, through an online Risk Management System, which is reviewed periodically to ensure effective risk identification and management. The Board reviews such risk management and minimisation procedures on a periodic basis.

Clause 49 (IV D) Proceeds from Public Issue, Rights Issue, Preferential Issue etc.

Standard

When money is raised through an issue, it shall be disclosed to the Audit Committee, the uses/applications of funds by major category (capital expenditure, sales and marketing, working capital, etc.), on a quarterly basis.

Our Practice

The Company has not made any Public Issue, Right Issue, Preferential Issue etc., during the year under review.

Clause 49 (IV E) Remuneration of Directors

Standard

All pecuniary relationships or transactions of the Non-Executive Directors' vis-à-vis the Company shall be disclosed in the Annual Report.

Annual Report should also contain all details of remuneration of Directors including stock option, notice period, severance fees, etc.

Criteria for making payment to Non-Executive Directors and number of shares and other convertible instruments held by them should be disclosed in the Annual Report. Non-Executive Directors are required to disclose their shareholding in the listed Company in which they are proposed to be appointed as Directors, prior to their appointment.

Our Practice

- There is no pecuniary relationship or transaction of the Non-Executive Directors vis-à-vis the Company other than remuneration (including sitting fees), stock options and shareholdings of Non-Executive Directors as disclosed in the Corporate Governance Report
- Details of remuneration and other terms of Directors have been disclosed in the Corporate Governance Report
- The shareholding of Non-Executive Directors being re-appointed at the ensuing Annual General Meeting is disclosed in the notice convening the Annual General Meeting and the shareholding of all the Non-Executive Directors is disclosed in the Corporate Governance Report

Clause 49 (IV F) Management

Standard

A Management Discussion and Analysis report should form part of Annual Report of the Company.

Senior Management of the Company shall make disclosures to the board relating to all material financial and commercial transactions, where they have personal interest that may have a potential conflict with the interest of the Company at large.

Our Practice

- A separate report on 'Management Discussion and Analysis' forms part of this Annual Report
- During the year under review, there was no incident involving any conflict of interests between the Senior Management and the Company

Clause 49 (IV G) Shareholders

Standard

In case of the appointment of a new Director or re-appointment of a Director the shareholders must be provided with brief details of the appointee.

Quarterly results and presentations made by the Company to analysts shall be put on the Company's web-site.

A Shareholders' / Investors' Grievance Committee should be formed under Chairmanship of a Non-Executive Director.

To expedite the process, power of share transfer may be delegated and the delegated authority shall attend to share transfer formalities at least once in a fortnight.

Our Practice

- A brief profile of Directors being appointed/re-appointed has been provided in the notice convening the Annual General Meeting
- Quarterly results are uploaded on the website of the Company within 24 hours of approval by the Board. Presentation to analysts, if any, is uploaded on the website of the Company
- The Company has formed a committee named 'Shareholders'/ Investors' Grievance Committee' under the Chairmanship of Mr. Amit Sharma, a Non-Executive & Independent Director
- The work of share transfer has been delegated to Registrar & Share Transfer Agent of the Company under the supervision of Share Transfer Committee, which is a sub committee of Shareholders'/Investors' Grievance Committee of the Board

Clause 49 (V) CEO/CFO Certification

Standard

The CEO, i.e. the Managing Director and the CFO i.e. the Whole-time Finance Director or any other person heading the finance function discharging that function shall inter-alia certify to the Board, the accuracy of financial statements and adequacy of internal controls for financial reporting purposes

Our Practice

- Chief Executive Officer and Chief Financial Officer certify compliance of requirements of this clause to the Board
- The certificate is also published in this Annual report

Clause 49 (VI) Report on Corporate Governance

Standard

There shall be a separate section on Corporate Governance in the Annual Reports of the Company.

The Company shall submit a quarterly compliance report to the stock exchange within 15 days from the close of each quarter.

Our Practice

- The Corporate Governance Report published in the Annual Report fulfills requirements of this Clause
- Quarterly Compliance Certificate duly signed by Compliance Officer as to the compliance of Clause 49 requirements is sent to the National Stock Exchange, Bombay Stock Exchange, Delhi Stock Exchange, Ahmedabad Stock Exchange, Calcutta Stock Exchange and Madras Stock Exchange within the prescribed time limit

Clause 49 (VII) Compliance

Standard

The Company shall obtain a certificate from either the Auditors or practicing Company Secretaries regarding compliance of conditions of Corporate Governance as stipulated in this clause and annex the certificate with the Directors' report.

The disclosures of the compliance with mandatory requirements and adoption (and compliance)/non-adoption of the non-mandatory requirements shall be made in the section on Corporate Governance of the Annual Report.

Our Practice

- A certificate obtained from the Auditors regarding the compliance of the conditions of Corporate Governance is published in this Annual Report
- Compliance with all mandatory requirements and certain non-mandatory requirements of Clause 49 has been highlighted elsewhere in the report on Corporate Governance

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AUDITORS' REPORT

The members of NIIT Technologies Limited

1. We have audited the attached Balance Sheet of NIIT Technologies Limited, as at 31 March 2007, and the related Profit and Loss Account and Cash Flow Statement for the year ended on that date annexed thereto, which we have signed under reference to this report. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

3. As required by the Companies (Auditors' Report) Order, 2003, as amended by the Companies (Auditors' Report) (Amendment) Order, 2004 (together 'the order'), issued by the Central Government of India in terms of sub-section (4A) of Section 227 of 'The Companies Act, 1956' of India (the 'Act') and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we further report that:

(i) (a) The Company is maintaining proper records showing full particulars including quantitative details and situation of fixed assets.

(b) The fixed assets of the Company other than certain furniture, computer accessories and office equipment having a net book value of Rs. 833 Lacs have been physically verified by the management during the year and no material discrepancies between the book records and physical inventory has been noticed. As informed, the above assets will be covered in the next phase of physical verification to be carried out by the Company. In our opinion, the frequency of verification is reasonable.

(c) In our opinion and according to the information and explanations given to us, a substantial part of fixed assets has not been disposed of by the Company during the year.

(ii) The Company did not have any inventory during the year. Accordingly, we are not commenting on clause (ii) of paragraph 4 of the Order for the current year.

(iii) (a) The Company has granted unsecured loans, to two wholly owned subsidiary companies covered in the register maintained under Section 301 of the Act. The maximum amount involved during the year and the year-end balance of such loans aggregates to Rs. 4126 Lacs and Rs. 260 Lacs respectively.

In our opinion, rate of interest and other terms and conditions of such loans are not prima facie prejudicial to the interest of the Company.

In respect of the aforesaid loans, the parties are repaying the principal amounts as stipulated and are also regular in payment of interest, where applicable.

In respect of the aforesaid loans, there is no overdue amount more than Rupees One Lac.

(b) The Company has taken unsecured loan, from a subsidiary Company covered in the register maintained under Section 301 of the Act. The maximum amount involved during the year and the year-end balance of such loan aggregate to Rs. 200 Lacs and Rs. Nil respectively.

In our opinion, the rate of interest and other terms and conditions of such loans are not prima facie prejudicial to the interest of the Company.

In respect of the aforesaid loans, the Company is regular in repaying the principal amounts as stipulated and is also regular in payment of interest, where applicable.

(iv) In our opinion and according to the information and explanations given to us, having regard to the explanation that certain items purchased are of special nature for which suitable alternative sources do not exist for obtaining comparative quotations, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of fixed assets and for the sale of goods and services. Further, on the basis of our examination of the books and records of the Company, and according to the information and explanations given to us, we have neither come across nor have been informed of any continuing failure to correct major weaknesses in the aforesaid internal control system.

(v) (a) In our opinion and according to the information and explanations given to us, the particulars of contracts or arrangements referred to in Section 301 of the Act have been entered in the register required to be maintained under that section.

AUDITORS' REPORT (Contd.)

(b) In respect of transactions with subsidiaries aggregating to Rs. 33,351 Lacs and with others aggregating to Rs. 1,037 Lacs, the management has informed us that these transactions dealt are of a special nature and therefore comparable prices are not available. In our opinion and according to the information and explanations given to us, there are no other transactions made in pursuance of such contracts or arrangements exceeding the value of Rupees five Lacs in respect of any party during the year.

(vi) The Company has not accepted any deposits from the public within the meaning of Sections 58A and 58AA of the Act and the rules framed there under.

(vii) In our opinion, the Company has an internal audit system commensurate with its size and nature of business.

(viii) The Central Government of India has not prescribed the maintenance of cost records under clause (d) of sub-section (1) of Section 209 of the Act for any of the products of the Company.

(ix) (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is regular in depositing the undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income-tax, sales-tax, wealth tax, service tax, customs duty, cess and other material statutory dues as applicable with the appropriate authorities.

(b) According to the information and explanations given to us and the records of the Company examined by us, there are no dues of sales tax, wealth tax, service tax, customs duty, excise duty and cess which have not been deposited on account of any dispute. The particulars of dues of income-tax as at 31 March 2007 which have not been deposited on account of a dispute, are as follows -

Name of the statute	Nature of dues	Amount (Rs. Lacs)	Period to which the amount relates	Remarks
Income Tax Act, 1961	Additions on account of Transfer Pricing	NIL (however, impacts carry forward loss by Rs. 48 Lacs)	Assessment Years 2004-2005 2005-06	Pending before-CIT (Appeals)

(x) The Company has no accumulated losses as at March 31, 2007 and it has not incurred any cash losses in the financial year ended on that date or in the immediately preceding financial year.

(xi) According to the records of the Company examined by us and the information and explanation given to us, the Company has not defaulted in repayment of dues to any financial institution or bank or debenture holders as at the balance sheet date.

(xii) The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.

(xiii) The provisions of any special statute applicable to chit fund / nidhi / mutual benefit fund/societies are not applicable to the Company.

(xiv) In our opinion, the Company is not a dealer or trader in shares, securities, debentures and other investments.

(xv) In our opinion and according to the information and explanations given to us, the terms and conditions of the guarantees (Refer Note 2 (b) on Schedule 18 to the financial statements) given by the Company, for certain limits taken by wholly owned subsidiaries from banks is not prejudicial to the interest of the Company.

(xvi) In our opinion, and according to the information and explanations given to us, , on an overall basis, the term loans taken by the Company for augmenting long term resources of the Company towards general corporate objectives have been applied for the purposes for which they were obtained.

(xvii) On the basis of an overall examination of the balance sheet of the Company, in our opinion and according to the information and explanations given to us, there are no funds raised on a short-term basis which have been used for long-term investment.

(xviii) The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Act during the year.

(xix) The Company has created security or charge in respect of debentures outstanding at the year end.

(xx) The Company has not raised any money by public issues during the year.

(xxi) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the Company, noticed or reported during the year, nor have we been informed of such case by the management.

AUDITORS' REPORT (Contd.)

4. Further to our comments in paragraph 3 above, we report that:

   (a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;

   (b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;

   (c) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;

   (d) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Act;

   (e) On the basis of written representations received from the directors, as on 31 March 2007 and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2007 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Act;

   (f) In our opinion and to the best of our information and according to the explanations given to us, the said financial statements together with the notes thereon and attached thereto give in the prescribed manner the information required by the Act and give a true and fair view in conformity with the accounting principles generally accepted in India:

      (i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31 March 2007;

      (ii) in the case of the Profit and Loss Account, of the profit for the year ended on that date; and

      (iii) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

H. Singh
Partner
Membership No. F – 86994
For and on behalf of
Price Waterhouse
Chartered Accountants

Place : New Delhi
Date : May 23, 2007

BALANCE SHEET as at March 31, 2007

	Schedule / (Note Reference)		As At 31st March, 2007 (Rs.)		As At 31st March, 2006 (Rs.)
SOURCES OF FUNDS					
SHAREHOLDERS' FUNDS					
Share Capital	1	391,005,300		386,492,800	
Share Application Money-ESOP		242,230		-	
Employee Stock Option Outstanding	1A	3,684,600		13,949,692	
Reserves and Surplus	2	2,574,932,763		1,770,069,671	
			2,969,864,893		2,170,512,163
LOAN FUNDS					
Secured Loans	3		266,574,138		417,844,854
Unsecured Loans	4		-		20,000,000
			3,236,439,031		**2,608,357,017**
APPLICATION OF FUNDS					
FIXED ASSETS	5				
Gross Block		1,756,340,523		1,607,703,377	
Less: Depreciation /Amortisation		1,191,511,046		1,046,034,924	
Net Block			564,829,477		561,668,453
Capital work-in-progress (including Capital Advances)			37,004,484		28,836,410
INVESTMENTS	6		1,966,995,824		1,084,417,624
DEFERRED TAX ASSETS (NET)	18(20)		4,871,725		-
CURRENT ASSETS, LOANS AND ADVANCES					
Sundry Debtors	7	1,021,691,057		691,821,643	
Cash and Bank Balances	8	63,063,690		265,685,594	
Other Current Assets	9	13,476,817		53,996,511	
Loans and Advances	10	312,572,994		490,505,890	
		1,410,804,558		1,502,009,638	
Less : CURRENT LIABILITIES AND PROVISIONS					
Current Liabilities	11	333,987,973		291,349,982	
Provisions	12	414,079,064		277,225,126	
		748,067,037		568,575,108	
Net Current Assets			662,737,521		933,434,530
			3,236,439,031		**2,608,357,017**
NOTES TO ACCOUNTS	**18**				

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

H. Singh
Partner
Membership No. F-86994
For and on behalf of
Price Waterhouse
Chartered Accountants

Rajendra S Pawar
Chairman

Arvind Thakur
CEO & Whole-time Director

Ashok Arora
Group Chief Financial Officer

K T S Anand
Chief Financial Officer

Rakesh K. Prusti
Company Secretary & Legal Counsel

Place : New Delhi
Date : May 23, 2007

PROFIT AND LOSS ACCOUNT for the year ended March 31, 2007

	Schedule / (Note Reference)	Year ended 31st March 2007 (Rs.)	Year ended 31st March 2006 (Rs.)
INCOME			
Revenue from Operations	18 {1(v)},(15),(19)}	2,971,648,815	2,200,927,477
Other Income	13	129,157,895	39,216,650
		3,100,806,710	**2,240,144,127**
EXPENDITURE			
Personnel	14	1,168,370,930	927,921,357
Development and Bought out	15	103,400,453	52,264,321
Administration, Finance and Others	16	441,957,287	428,140,458
Marketing	17	30,614,087	17,262,450
Depreciation and Amortisation	5	217,801,451	205,127,860
		1,962,144,208	**1,630,716,446**
Profit before Tax		**1,138,662,502**	**609,427,681**
Tax Expense	18(20)		
- Current		21,610,000	3,240,000
- Deferred Charge/(Benefit)		(1,470,000)	-
- Fringe Benefit Tax		11,770,308	8,226,826
Profit after Tax		1,106,752,194	597,960,855
Balance brought forward from previous year		803,236,095	530,740,375
Balance available for appropriation		**1,909,988,289**	**1,128,701,230**
APPROPRIATION			
Dividend:			
Proposed on Equity Shares		254,153,445	231,895,680
Corporate Dividend Tax on above		43,193,378	32,523,369
Transferred to/(from) Debenture Redemption Reserve		(23,750,000)	1,250,000
Transferred to General Reserve		110,675,219	59,796,086
Balance Carried to Balance Sheet		1,525,716,247	803,236,095
		1,909,988,289	**1,128,701,230**
Basic Earnings per share	18(21)	28.58	15.47
Diluted Earnings per share	18(21)	28.35	15.42
NOTES TO ACCOUNTS	**18**		

The Schedules referred to above form an integral part of the Profit and Loss Account.
This is the Profit and Loss Account referred to in our report of even date.

H. Singh
Partner
Membership No. F-86994
For and on behalf of
Price Waterhouse
Chartered Accountants

Rajendra S Pawar
Chairman

Arvind Thakur
CEO & Whole-time Director

Ashok Arora
Group Chief Financial Officer

K T S Anand
Chief Financial Officer

Rakesh K. Prusti
Company Secretary & Legal Counsel

Place : New Delhi
Date : May 23, 2007

CASH FLOW STATEMENT for the year ended 31st March 2007

	(Rs.)	Year ended 31st March 2007 (Rs.)	(Rs.)	Year ended 31st March 2006 (Rs.)
CASH FLOW FROM OPERATING ACTIVITIES				
Net Profit before Tax		1,138,662,502		609,427,681
Add / (Less) :				
Depreciation	217,801,451		205,127,860	
Employee Stock Option Plan Expenses	4,092,891		10,234,959	
Provision for Doubtful Debts	1,882,183		2,617,854	
Provision for Doubtful Security deposit	500,000		-	
Foreign Exchange Adjustments	(7,139,921)		670,789	
Interest Income	(27,093,857)		(21,880,434)	
Dividend Received	(16,674,318)		-	
Interest Expenses	19,707,333		29,764,505	
Loss on disposal of fixed assets	579,558		4,929,634	
Profit on Sale of Investment	(10,972,681)	182,682,639	(11,517,762)	219,947,405
Operating Profit before Working Capital Changes		1,321,345,141		829,375,086
Add / (Less) : (Increase) / Decrease in Working Capital				
Trade Receivables	(325,339,437)		(14,963,944)	
Other Current Assets	32,217,638		(76,749,315)	
Loans and Advances	(4,519,434)		(5,211,706)	
Current Liabilities and Provisions	87,182,195	(210,459,039)	(25,143,618)	(122,068,583)
Direct Tax paid (including Tax Deducted at Source)		(29,492,657)		(15,456,343)
Net cash from / (used in) Operating Activities (A)		**1,081,393,445**		**691,850,160**
CASH FLOW FROM INVESTING ACTIVITIES				
Purchase of Fixed Assets		(255,064,316)		(198,658,516)
Proceeds from Sale of Fixed Assets		19,693,607		1,034,892
Investment in Subsidiary /Joint Venture		(20,099,900)		(168,472,872)
Investment in Subsidiary sold		-		123,917,000
Short term Investments with Mutual Funds				
- Value of Units Purchased	(2,974,986,538)		(948,019,200)	
- Value of Units Sold	2,353,480,920	(621,505,618)	903,469,446	(44,549,754)
Dividend Income		16,674,318		
Loans to Subsidiaries				
- Given	(207,600,000)		(54,322,500)	
- Received back	158,600,000	(49,000,000)	47,691,000	(6,631,500)
Loans to NIITian Welfare Trust		-		(42,850,000)
Interest received on loan to Subsidiaries		32,149,116		7,870,023
Interest received on fixed deposit & Loan to NIITian Welfare Trust		3,246,798		2,557,801
Net cash from / (used in) Investing Activities (B)		**(873,905,995)**		**(325,782,926)**

CASH FLOW STATEMENT for the year ended 31st March 2007 (Contd.)

		Year ended 31st March 2007		Year ended 31st March 2006
	(Rs.)	(Rs.)	(Rs.)	(Rs.)
CASH FLOW FROM FINANCING ACTIVITIES				
Proceeds from Issue of Share Capital (incl. Share Premium)		52,709,581		-
Term Loans				
- Received	8,080,293		33,291,995	
- Repaid	(29,351,010)	(21,270,717)	(34,477,421)	(1,185,426)
Repaid 6.5% Non-convertible Debentures		(150,000,000)		(100,000,000)
Interest paid on Fixed Loan		(27,988,156)		(35,590,202)
Dividend paid (including Dividend Tax)		(263,560,062)		(241,521,895)
Net cash from / (used in) Financing Activities (C)		**(410,109,354)**		**(378,297,523)**
Cash and Cash Equivalents at the beginning of the year (refer schedule 8)		265,685,594		277,915,883
Cash and Cash Equivalents at the end of the year (refer schedule 8)		63,063,690		265,685,594
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C)		**(202,621,904)**		**(12,230,289)**

Notes:

1 The above cash Flow has been prepared as per the indirect method prescribed by Accounting Standard issued by Institute of Chartered Accountants of India.
2 The enclosed schedules 1 to 18 form an integral part of the Cash Flow Statement.
3 Conversion of loan given of Rs. 2300 Lacs (including loan of Rs. 490 Lacs given during the year) into equity by the subsidiary did not involve any cash flow.
4 Previous year figures have been regrouped/reclassified to conform to current year's classification.

This is the cash flow statement referred to in our report of even date.

H. Singh
Partner
Membership No. F-86994
For and on behalf of
Price Waterhouse
Chartered Accountants

Rajendra S Pawar
Chairman

Arvind Thakur
CEO & Whole-time Director

Ashok Arora
Group Chief Financial Officer

K T S Anand
Chief Financial Officer

Rakesh K. Prusti
Company Secretary & Legal Counsel

Place : New Delhi
Date : May 23, 2007

SCHEDULES annexed to and forming part of the Balance Sheet as at March 31, 2007

Schedule No.			As At 31st March, 2007 (Rs.)		As At 31st March, 2006 (Rs.)
1.	**SHARE CAPITAL**				
	Authorised				
	45,000,000 Equity Shares of Rs. 10/- each		450,000,000		450,000,000
			450,000,000		**450,000,000**
	Issued, subscribed and Paid-up				
	39,100,530 Equity Shares (previous year 38,649,280) of Rs. 10/- each		391,005,300		386,492,800
			391,005,300		**386,492,800**
1A.	**EMPLOYEE STOCK OPTION OUTSTANDING [Refer Notes 1 (vi) and 25 on Schedule 18]**				
	Employee stock option outstanding		3,684,600		21,039,825
	Less:Deferred stock compensation expense		-		(7,090,133)
			3,684,600		**13,949,692**
2.	**RESERVES AND SURPLUS**				
	Capital Redemption Reserve				
	As per Last Balance Sheet		16,570,603		16,570,603
	Share Premium				
	As per Last Balance Sheet	13,595,052		13,595,052	
	Addition during the year	62,970,975	76,566,027	-	13,595,052
	Debenture Redemption Reserve				
	As per Last Balance Sheet	78,750,000		77,500,000	
	Add : Transferred (to) / from Profit & Loss Account	(23,750,000)	55,000,000	1,250,000	78,750,000
	General Reserve				
	As per Last Balance Sheet	857,917,921		798,121,835	
	Less : Adjustment for compensated absences	67,968,654		-	
	(Refer note 18 on schedule 18)				
	Add: Employee Stock Option lapsed post vesting	455,400		-	
	Add : Balance Transferred from Profit and Loss Account	110,675,219	901,079,886	59,796,086	857,917,921
	Profit and Loss Account		1,525,716,247		803,236,095
			2,574,932,763		**1,770,069,671**

SCHEDULES annexed to and forming part of the Balance Sheet as at March 31, 2007 (Contd.)

Schedule No.		As At 31st March, 2007 (Rs.)	As At 31st March, 2006 (Rs.)
3.	**SECURED LOANS** [Refer Notes 1 (ix) and 7 on Schedule 18]		
	Loans from Bank		
	- Vehicle Loan	16,574,138	17,844,854
	6.5% Non-Convertible Debentures	250,000,000	400,000,000

Notes :

1) 6.5 % Non-Convertible Debentures are redeemable at par as follows :

Redemption Date	Value of Debentures to be Redeemed (Rs.)
26th May 2007	100,000,000
26th May 2008	150,000,000
	250,000,000

2) Amount due within one year Rs. 105,954,866/- (Previous year Rs. 156,068,429/-)

		As At 31st March, 2007 (Rs.)	As At 31st March, 2006 (Rs.)
		266,574,138	**417,844,854**
4.	**UNSECURED LOANS** [Refer Notes 1 (ix) on Schedule 18]		
	Short Term Loans		
	-From Subsidiary	-	20,000,000
		-	**20,000,000**

SCHEDULES annexed to and forming part of the Balance Sheet as at March 31, 2007 (Contd.)

5. FIXED ASSETS
[Refer Note 1 (i), (ii), (iii), (viii), (ix), 3, 4, 7 and 12 on Schedule 18]

Figures in Rupees

Description of Assets	GROSS BLOCK				DEPRECIATION / AMORTISATION				NET BLOCK	
	As at 01.04.2006	Additions during the Year	Sales / Adj. during the Year	As at 31.03.2007	As at 01.04.2006	For the Year	Sales / Adj. during the Year	As at 31.03.2007	As at 31.03.2007	As at 31.03.2006
Tangible Fixed Assets										
Land - Freehold	167,165	-	-	167,165	-	-	-	-	167,165	167,165
Land - Lease Hold	69,042,338	69,348,281	-	138,390,619	301,670	1,080,788	-	1,382,458	137,008,161	68,740,668
Buildings	13,031,627	-	-	13,031,627	1,885,664	212,474	-	2,098,138	10,933,489	11,145,963
Plant & Machinery										
- Computers & Peripherals	290,113,741	97,463,313	16,633,246	370,943,808	215,880,622	42,762,987	16,085,303	242,558,306	128,385,502	74,233,119
- Others	143,739,589	8,330,843	19,470,444	132,599,988	59,480,723	7,042,605	11,262,384	55,260,944	77,339,044	84,258,866
Furniture & Fixtures	81,978,050	8,209,872	22,196,170	67,991,752	49,943,039	9,982,666	18,887,085	41,038,620	26,953,132	32,035,011
Lease Hold Improvements	102,022,835	23,459,880	15,992,984	109,489,731	55,153,830	20,917,006	14,745,796	61,325,040	48,164,691	46,869,005
Vehicles	28,462,715	13,830,618	9,966,700	32,326,633	5,162,042	2,670,894	3,005,816	4,827,120	27,499,513	23,300,673
Sub Total (a)	**728,558,060**	**220,642,807**	**84,259,544**	**864,941,323**	**387,807,590**	**84,669,420**	**63,986,384**	**408,490,626**	**456,450,697**	**340,750,470**
Intangible Fixed Assets										
Software-External	879,122,165	20,592,833	8,338,950	891,376,048	658,214,155	133,130,932	8,338,945	783,006,142	108,369,906	220,908,010
Patents	23,152	-	-	23,152	13,179	1,099	-	14,278	8,874	9,973
Sub Total (b)	**879,145,317**	**20,592,833**	**8,338,950**	**891,399,200**	**658,227,334**	**133,132,031**	**8,338,945**	**783,020,420**	**108,378,780**	**220,917,983**
Total (a+b)	**1,607,703,377**	**241,235,640**	**92,598,494**	**1,756,340,523**	**1,046,034,924**	**217,801,451**	**72,325,329**	**1,191,511,046**	**564,829,477**	**561,668,453**
Previous Year	**1,468,033,865**	**171,848,731**	**32,179,219**	**1,607,703,377**	**867,121,757**	**205,127,860**	**26,214,692**	**1,046,034,924**		
							Capital Work-in Progress (Including Capital Advances)		37,004,484	28,836,410
									601,833,961	**590,504,863**

SCHEDULES annexed to and forming part of the Balance Sheet as at March 31, 2007 (Contd.)

Schedule No.	As At 31st March, 2007 (Rs.)	As At 31st March, 2006 (Rs.)
6. INVESTMENTS		
[Refer Notes 1 (iv) on Schedule 18]		
A. LONG TERM, TRADE [UNQUOTED]		
In Subsidiary Companies:		
2,837,887 Equity Shares having no par value in NIIT Technologies Inc. USA	155,790,698	155,790,698
2,989,375 Equity Shares of 1 Singapore $ each fully paid-up in NIIT Technologies Pacific Pte Ltd., Singapore	77,518,750	77,518,750
3,276,427 Equity Shares of 1 UK Pound each fully paid-up in NIIT Technologies Ltd., UK	204,426,821	204,426,821
890,000 equity Shares of Rs. 10/- each fully paid-up in NIIT GIS Ltd	8,900,000	8,900,000
537,934 Equity Shares of Euro 1 each fully paid-up in in NIIT Technologies AG, Germany	184,762,155	184,762,155
50,000,000 Equity Shares of Rs. 10/- each fully paid-up in NIIT SmartServe Limited (Previous year 25,000,000 Equity Shares of Rs. 10/- each)	500,000,000	250,000,000
Other Companies:		
9,990 equity shares of Rs. 10 each in Adecco NIIT Technologies Private Limited (Previous Year Nil)	99,900	-
B. SHORT TERM, NON TRADE [UNQUOTED]		
[Refer Note 22 on Schedule 18]		
In Mutual Funds	835,497,500	203,019,200
	1,966,995,824	**1,084,417,624**

Note:

1. During the year, the Company made investments in
   (i) NIIT SmartServe Limited of Rs. 250,000,000
   (ii) Adecco NIIT Technologies Private Limited (a Joint Venture) of Rs. 99,900.

SCHEDULES annexed to and forming part of the Balance Sheet as at March 31, 2007 (Contd.)

Schedule No.			As At 31st March, 2007 (Rs.)		As At 31st March, 2006 (Rs.)
7.	**SUNDRY DEBTORS (Unsecured)**				
	Outstanding for over six months				
	- Considered Good	2,363,250		5,667,501	
	- Considered Doubtful	35,879,819		69,925,577	
	Other Debts - Considered Good	1,019,327,807		686,154,142	
		1,057,570,876		761,747,220	
	Less : Provision for Doubtful Debts	(35,879,819)	1,021,691,057	(69,925,577)	691,821,643
			1,021,691,057		**691,821,643**
8.	**CASH AND BANK BALANCES**				
	Cash and Cheques in Hand		3,912,023		428,429
	Balances with Scheduled Banks in :				
	- Current Accounts		46,747,157		82,606,842
	- Dividend Account		2,527,981		1,668,993
	- Fixed Deposit Accounts		9,876,529		180,981,330
	[Includes Rs. 9,876,529/- (Previous Year Rs. 9,876,529/-) pledged as margin money]				
			63,063,690		**265,685,594**
9.	**OTHER CURRENT ASSETS (Unsecured, considered good)**				
	Unbilled Revenue		8,623,040		40,840,678
	Interest Receivable		4,853,777		13,155,833
			13,476,817		**53,996,511**

SCHEDULES annexed to and forming part of the Balance Sheet as at March 31, 2007 (Contd.)

Schedule No.			As At 31st March, 2007 (Rs.)		As At 31st March, 2006 (Rs.)
10	**LOANS AND ADVANCES**				
	(Unsecured, considered good except where otherwise stated)				
	[Refer Notes 1 (iii), (x) on Schedule 18]				
	Loans to Subsidiaries		26,068,455		205,246,675
	Loan to NIITian Welfare Trust		100,000,000		100,000,000
	Prepaid Expenses		49,043,615		60,534,560
	Advances recoverable in cash or in kind or for value to be received		56,010,256		45,018,728
	Security Deposits				
	- Considered good	72,314,342		66,681,950	
	- Considered doubtful	1,459,716		2,321,116	
		73,774,058		69,003,066	
	Less : Provision for Doubtful Security Deposits	(1,459,716)	72,314,342	(2,321,116)	66,681,950
	Advance Tax	57,991,200		28,490,803	
	Less: Provision for Tax	(28,850,000)		(7,240,000)	
	Less: Provision for Fringe Benefit tax	(20,004,874)	9,136,326	(8,226,826)	13,023,977
			312,572,994		**490,505,890**
11	**CURRENT LIABILITIES**				
	[Refer Note 5 on Schedule 18]				
	Sundry Creditors		271,727,665		233,780,905
	Advances from Customers		268,928		9,242,541
	Security Deposits		-		80,602
	Interest accrued but not due		10,704,343		18,985,165
	Unclaimed Dividend *		2,527,981		1,668,993
	Other Liabilities		48,759,056		27,591,776
	* There are no amounts due for payment to the Investor Protection Fund under Section 205C of The Companies Act,1956 as at the year-end.				
			333,987,973		**291,349,982**
12	**PROVISIONS**				
	[Refer Notes 1(vi), 1(xi), 17 & 18 on Schedule 18]				
	Provision for compensated absences		100,355,996		7,830,031
	Provision for Gratuity		16,376,245		4,976,046
	Proposed Dividend on Equity Shares		254,153,445		231,895,680
	Corporate Dividend Tax		43,193,378		32,523,369
			414,079,064		**277,225,126**

SCHEDULES annexed to and forming part of the Profit and Loss Account for the year ended March 31, 2007

Schedule No.			Year ended 31st March, 2007 (Rs.)		Year ended 31st March, 2006 (Rs.)
13.	**OTHER INCOME [Refer Notes 1(v), (vii), 8 and 22 on schedule 18]**				
	Profit on sale of Long Term Investment		-		548,316
	Profit on sale of Short Term Investments *		10,972,681		10,969,446
	Gain/ (Loss) on exchange fluctuations (Net)		34,207,367		(22,450,405)
	Recovery from Subsidiaries for common corporate expenses		27,611,525		26,283,088
	Miscellaneous		32,305,480		31,750,276
	Dividend Income		16,674,318		-
	Interest Received on :				
	- Deposits	3,759,336		4,721,464	
	- Loans	23,328,260		17,147,078	
	- Others	6,261		11,892	
		27,093,857		21,880,434	
	Less :				
	Interest Paid on Fixed Loans	(19,707,333)	7,386,524	(29,764,505)	(7,884,071)
			129,157,895		**39,216,650**
	* includes Rs. Nil (previous year Rs. 531,500) profit on sale of mutual fund investment held for more than 12 months.				
14.	**PERSONNEL [Refer Notes 1(vi), 6, 9, 17, 18, 23 and 25 on schedule 18]**				
	Salaries and Benefits *		1,060,494,226		854,748,434
	Contribution to Retirement benefit funds		55,396,969		33,074,822
	Welfare and Other Expenses		52,479,735		40,098,101
			1,168,370,930		**927,921,357**
	* Includes expenditure of Rs. 4,092,891 (previous year Rs. 10,234,959) in respect of Employee Stock Option Plan.				
15.	**DEVELOPMENT AND BOUGHT OUT [Refer Notes 15 (a), (b) on schedule 18]**				
	Bought out items		41,065,773		5,411,200
	Professional Charges		38,933,126		21,326,536
	Equipment Hiring		9,561,391		4,327,170
	Consumables		3,769,874		3,542,625
	Others		10,070,289		17,656,790
			103,400,453		**52,264,321**

SCHEDULES annexed to and forming part of the Profit and Loss Account for the year ended March 31, 2007 (Contd.)

Schedule No.	Year ended 31st March, 2007 (Rs.)	Year ended 31st March, 2006 (Rs.)
16. ADMINISTRATION, FINANCE AND OTHERS [Refer Note 9 on Schedule 18]		
Rent	100,721,456	93,264,946
Rates and Taxes	10,804,205	10,696,891
Electricity and Water	51,067,622	50,724,931
Communication	29,863,121	30,990,127
Legal and Professional	42,521,509	41,004,291
Travelling and Conveyance	133,380,374	116,619,413
Bank, Discounting and Other Financial Charges	2,208,092	1,822,278
Insurance Premium	4,423,064	2,817,013
Repairs and Maintenance		
- Plant and Machinery	23,720,392	22,690,433
- Buildings	1,043,754	1,867,723
- Others	14,413,195	11,871,760
Sundry Expenses	27,790,503	43,770,652
	441,957,287	**428,140,458**
17. MARKETING		
Advertisement and Publicity	16,953,110	7,484,156
Others	13,660,977	9,778,294
	30,614,087	**17,262,450**

SCHEDULE '18': Notes to Accounts for the year ended 31st March 2007

1. STATEMENT ON SIGNIFICANT ACCOUNTING POLICIES

These financial statements are prepared on an accrual basis, under historical cost convention and in accordance with the Accounting Standards issued by the Institute of Chartered Accountants of India. The significant accounting policies adopted by the Company are detailed below:

i) **Fixed Assets**

Fixed Assets are stated at acquisition cost.

ii) **Depreciation and Amortization**

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

Leasehold Land	90 years
Leasehold Improvements	3 years or lease period whichever is lower
Computers, related accessories and software	2-5 years
All other assets	Rates prescribed under schedule XIV to the Companies Act, 1956

Further, computer systems and software are technically evaluated each year for their useful economic life and the unamortized depreciable amount of the asset is charged to profit and loss account as depreciation over their revised remaining useful life.

iii) **Impairment of Assets**

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

iv) **Investments**

Long-term investments are valued at their acquisition cost. Any decline in the value of the said investment, other than a temporary decline, is recognized and charged to profit and loss account. Short-term investments are carried at cost or their market values whichever is lower.

v) **Revenue Recognition**

Software Services

The Company derives a substantial part of its revenue from time and material contracts where the revenue is recognized on a man month basis. Also the Company derives revenues from fixed price contracts where revenue is recognized based on proportionate completion method and foreseeable losses on the completion of contract if any, is provided for.

Dividend

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

vi) **Employee Benefits**

a) **Retirement Benefit Plans:**

- **Provident Fund**

  The Company makes defined contribution to Regional Provident Fund Commissioner w.e.f. 1 October 2005 in respect of Provident Fund. The Company does not have any further obligation in this respect.

  For the period upto 30th September 2005, the Company made contribution to a Trust established for the purpose by NIIT Limited which is a defined benefit plan to the extent that the Company has an obligation to make good the shortfall, if any, between the return from the investment of the Trust and interest rate notified every year by the Government. The Company's obligation in this regard is actuarially determined and provided for if the circumstances indicate that the Trust may not be able to generate adequate returns to cover the interest rates notified by the Government.

- **Superannuation**

  The Company makes defined contribution to a Trust established for the purpose by NIIT Limited. The Company has no further obligation beyond it's monthly contributions.

- **Gratuity**

  Gratuity is a post employment defined benefit plan. The liability recognized in the balance sheet in respect of gratuity is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets. The defined benefit obligation is calculated annually by an independent actuary using the projected unit credit method. Actuarial gains and losses are charged or credited to the Profit and loss

SCHEDULE '18': Notes to Accounts for the year ended 31st March 2007 (Contd.)

account in the year in which such gains or losses arise.

b) **Compensated absences**

Liability in respect of compensated absences is provided both for encashable leave and those expected to be availed based on actuarial valuation, which considers undiscounted value of the benefits expected to be paid/availed during the next one year and appropriate discounted value for the benefits expected to be paid/availed after one year.

c) **Employee Stock Option Scheme**

The stock options granted under "NIIT Technologies Employees Stock Option Plan 2005" is accounted for as per the accounting treatment prescribed by Employee Stock Option Scheme and Employee stock Purchase Guidelines, 1999, issued by Securities and Exchange Board of India, whereby the intrinsic value of the option being excess of market value of the underlying share immediately prior to date of grant over its exercise price is recognized as deferred employee compensation with a credit to employee stock option outstanding account. The deferred employee compensation is charged to profit and loss account on straight line basis over the vesting period of the option. The balance in employee stock option outstanding account net of any un-amortised deferred employee compensation is shown separately as part of shareholders' funds.

vii) **Foreign Currency Transaction**

Transactions in foreign currency are booked at standard rates determined periodically, which approximate the actual rates, and all monetary assets and liabilities in foreign currency are restated at the year-end. Gain/ Loss arising out of fluctuations on realisation/ payment or restatement, except those identifiable to acquisition of fixed assets is charged/ credited to the profit and loss account. Gain/Loss on account of exchange fluctuations identifiable to fixed assets acquired is adjusted against the carrying value of the related fixed asset.

The Company uses foreign exchange forward contracts to hedge for some of its exposure to movements in foreign exchange rates. The premium or discount arising at the inception of such a forward exchange contract is amortized as expense or income over the life of the contract. Exchange differences on such a contract are recognized in the statement of profit and loss in the reporting period in which the exchange rates changes. Any profit or loss arising on cancellation or renewal of such a forward exchange contract is recognized as income or as expense for the period. Gain/loss on derivative contracts entered to hedge currency fluctuation in respect of highly probable forecast transactions are recorded at the time of their settlement and disclosure of same is made in the notes to accounts.

viii) **Leases**

Lease rental in respect of operating lease arrangements are charged to expense on a straight line basis over the term of the related lease agreement.

ix) **Borrowing Cost**

Borrowing costs are expensed in the year in which it is incurred except where the cost is incurred during the construction of an asset that takes a substantial period to get ready for its intended use in which case it is capitalized.

x) **Taxation**

Tax expense comprising of both current tax (including Fringe Benefit Tax) and deferred tax is included in determining the net results for the year. Deferred tax reflects the effect of temporary timing differences between the assets and liabilities recognized for financial reporting purposes and the amounts that are recognized for current tax purposes. As a matter of prudence deferred tax assets are recognized and carried forward only to the extent, there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. Current tax (including Fringe Benefit Tax) is determined based on the provisions of Income-tax Act, 1961.

xi) **Provisions and contingencies**

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

2. CONTINGENT LIABILITIES

a) Guarantees issued by banker outstanding at the end of accounting year Rs. 93,194,315/- (Previous Year Rs. 99,275,519/-)

b) Guarantees to bank against lines of credit sanctioned to wholly owned overseas subsidiaries Rs. 1,068,132,300/- (Previous Year Rs. 133,852,800/-).

SCHEDULE '18': Notes to Accounts for the year ended 31st March 2007 (Contd.)

c) Guarantees on behalf of wholly owned subsidiaries Rs. 514,810,500/- (Previous Year Rs. 310,499,200/-).

d) Guarantees given on behalf of NIITian Welfare Trust for loans availed by the Trust Rs. 75,000,000/- (Previous Year Rs. 75,000,000/-).

e) Claims against the Company not acknowledged as debts Rs. 6,230,000/- (Previous Year Rs. 7,031,450/-)

3. The Global Solutions Business (GSB) Undertaking of NIIT Limited constituting software services and solutions including investment in subsidiaries engaged in business process outsourcing and geographical information services and other world-wide subsidiaries were transferred to the Company w.e.f 1 April 2003, pursuant to the Scheme of Arrangement under Section 391 to Section 394 of the Companies Act, 1956 that was approved by the Hon'ble High Court of Delhi. Mutation of immovable properties transferred to the Company in terms of the Scheme of Arrangement is pending to be completed as at 31 March 2007.

4. Estimated amount of contracts remaining to be executed on capital account (net of advances) not provided for Rs. 167,250,207/- (Previous Year Rs. 111,648,624/-).

5. There are no amounts outstanding as payable to any Small Scale Industrial Unit as at 31st March 2007 (Previous Year Rs. Nil). The Company is in the process of identifying the Micro, Small and Medium Enterprises, as defined under "The Micro, Small and Medium Enterprises Development Act, 2006". However based on the information so far available with the Company, liability for delay in payments, if any, is not likely to be significant.

6. The Company has granted a loan (Refer Schedule 10) to NIITian Welfare Trust which has been formed for the purpose of providing welfare benefits to the employees of the Company and that of NIIT Limited, and their subsidiaries and is due for repayment in 2009. The Company has also provided a corporate guarantee to the extent of Rs. 750 Lacs (previous year Rs. 750 Lacs) against the total outside borrowings made by the Trust of Rs. 3000 Lacs (previous year Rs. 3000 Lacs).

7. a) Working Capital Limits are secured by a first charge on the book debts of the Company and by a Second Charge on movable assets of the Company. The Company has not utilized the fund based limit as at the year-end (previous year Rs. Nil)

b) 6.50% Non Convertible Debentures are secured by way of a mortgage on freehold land of the Company and a first pari passu charge by way of hypothecation of movable assets/ properties, subject to charges created on general assets of the Company in favour of the Company's banker(s) for securing borrowings of the Company for working capital requirements

c) Vehicle Loans from Banks are secured by way of hypothecation of the vehicles financed.

8. Interest received are gross of tax deducted at source of Rs. 5,328,163/- (Previous Year Rs. 3,593,951/-).

9. Expenses during the year are net of recoveries towards common services from domestic subsidiaries amounting to Rs. 1,978,398/- (Previous Year Rs. 1,920,951/-).

10. Derivative instruments

a. The Company has outstanding foreign exchange forward contracts of US Dollar 21,500,000 (previous year US Dollar 13,250,000) as at March 31, 2007 for hedging its exposure to movements in foreign exchange rates relating to trade receivables in various foreign currencies. The entire cover is taken in US Dollars with reference to rupee and foreign currency receivables otherthan US Dollars have not been hedged for any movement in exchange rate of these currencies vis-à-vis US Dollar.

b. The Company also has foreign currency derivative contracts to hedge its exposure in respect of highly probable forecast transactions to sell minimum of US Dollar 1,750,000 and GBP 2,750,000 respectively and up to a maximum of US Dollar 3,500,000 and GBP 5,500,000 respectively; depending upon the spot rate prevailing on the various settlement dates that go up to 27 March 2008.

11. EARNINGS IN FOREIGN CURRENCY

	2006-07 (Rs.)	2005-06 (Rs.)
Software Services	2,656,516,226	2,092,714,257
Interest (Net of Taxes)	7,639,670	2,593,667
Other income	18,752,647	21,391,848

SCHEDULE '18': Notes to Accounts for the year ended 31st March 2007 (Contd.)

12. CIF VALUE OF IMPORTS

	2006-07 (Rs.)	2005-06 (Rs.)
Capital goods	29,924,522	25,949,804

13. EXPENDITURE IN FOREIGN CURRENCY (Net of Taxes)

	2006-07 (Rs.)	2005-06 (Rs.)
Development and Bought out	23,569,473	6,457,972
Travel	47,103,490	72,734,070
Professional fees	2,845,607	118,848
Others	7,107,521	2,575,352

14. PAYMENT TO AUDITORS (Excluding Service Tax)

	2006-07 (Rs.)	2005-06 (Rs.)
Statutory Audit fees	3,800,000	3,400,000
Certification and Other Services	2,520,000	2,723,750
Tax audit fees	419,000	470,000
Reimbursement of expenses	475,688	436,066

15. DETAILS RELATING TO OPENING STOCK, PURCHASES, REVENUE AND CLOSING STOCK

a) The Company is engaged, inter-alia, in the production and development of computer software. The production and sale of such software cannot be expressed in generic unit. Hence, it is not possible to give quantitative details as required under paragraph 3 and 4C of Part II of Schedule VI of the Companies Act, 1956.

b) The details relating to traded items are as under:

	2006-07 Value (Rs.)	2005-06 Value (Rs.)
Opening Stock	-	-
Purchases	41,065,773	5,411,200
Sales	48,567,618	5,442,092
Closing stock	-	-

The Company deals in a number of software and hardware items whose cost and selling price vary for different items. The revenue from the different kind of software and their related costs individually constitute less than 10% of the turnover and costs of the Company respectively. Accordingly, no quantitative information relating to software and hardware traded is being given.

c) Revenue includes income from software development and related services of Rs. 2,923,081,197/- (Previous Year Rs. 2,195,485,385/-).

16. RELATED PARTY TRANSACTIONS AS PER ACCOUNTING STANDARD 18

A. Related party relationship where control exists

Subsidiaries

1. NIIT GIS Ltd, India
2. NIIT Smart Serve Ltd, India
3. NIIT Technologies Ltd, United Kingdom
4. NIIT Technologies BV, Netherlands
5. NIIT Technologies NV, Belgium
6. NIIT Technologies Pte Limited, Singapore
7. NIIT Technologies Ltd, Thailand
8. NIIT Technologies Pty Ltd, Australia
9. NIIT Technologies Co. Ltd., Japan

SCHEDULE '18': Notes to Accounts for the year ended 31st March 2007 (Contd.)

10. NIIT Technologies AG, Germany
11. NIIT Technologies GmbH, Ostterreich
12. NIIT Technologies AG, Schweiz
13. NIIT Technologies Inc, USA
14. NIIT Smart Serve Limited, United Kingdom
15. ROOM Solutions Limited, United Kingdom (W.e.f. May 8, 2006)

B. Other related parties with whom the Company has transacted

a) **Parties of whom the Company is an associate and its subsidiaries**
   - NIIT Limited, India (Through its subsidiary, Scantech Evaluation Services Ltd, India)
   - NIIT Middle East LLC. Bahrain
   - NIIT Multimedia Ltd., India

b) **Key Managerial Personnel**
   1) Rajendra S Pawar
   2) Vijay K Thadani
   3) Arvind Thakur

c) **Parties in which the Key Managerial Personnel of the Company are interested**
   - Institute of Quality Limited, India
   - Naya Bazar Novelties Pvt. Ltd., India

d) **Joint Venture**
   - Adecco NIIT Technologies Private Limited, India (incorporated on 01 December 2006)

SCHEDULE '18': Notes to Accounts for the year ended 31st March 2007 (Contd.)

C. Details of transactions with related parties (described above) carried out on an arms length basis

Nature of Transactions	Subsidiaries (Rs.)	Party of whom the Company is an associate (Rs.)	Key Managerial Personnel (Rs.)	Parties in which Key Managerial Personnel of the Company are interested (Rs.)	Joint Venture (Proposed) (Rs.)	Total (Rs.)
Purchase of Fixed Assets(Note 2)	- (-)	15,632,018 (-)	- (-)	- (-)	- (-)	15,632,018 (-)
Purchase of Goods (Note 3)	3,877,501 (-)	- (-)	- (-)	46,840 (-)	- (-)	3,924,341 (-)
Sale of Fixed Assets (Note 4)	- (-)	3,605,115 (-)	- (-)	- (-)	- (-)	3,605,115 (-)
Rendering of Services – (Note 5)	2,551,617,635 (2,036,261,153)	84,180 (175,000)	- (-)	- (-)	- (-)	2.551.701.815 (2,036,436,153)
Receiving of Services (Note 6)	2,088,026 (13,668,808)	28,025,053 (8,958,234)	- (-)	1,551,336 (1,339,900)	- (-)	31,664,415 (23,966,942)
Recovery of Expenses by the Company (Including those from Overseas Subsidiaries) (Note 7)	91,833,655 (72,883,158)	39,528,478 (37,603,332)	- (-)	- (-)	433,555 (-)	131,795,688 (110,486,490)
Recovery of Expenses from the Company (Note 8)	2,779,712 (1,303,235)	12,161,152 (9,195,782)	- (-)	- (-)	- (-)	14,940,864 (10,499,017)
Finance:						
- Investments made (Note 9)	250,000,000 (164,201,100)	- (-)	- (-)	- (-)	99,900 (-)	250,099,900 (164,201,100)
- Investment sold (Note 10)	- (123,917,000)	- (-)	- (-)	- (-)	- (-)	- (123,917,000)
- Loans Given (Note 11)	207,600,000 (54,322,500)	- (-)	- (-)	- (-)	- (-)	207,600,000 (54,322,500)
- Loans Given Received back – (Note12)	158,600,000 (47,691,000)	- (-)	- (-)	- (-)	- (-)	158,600,000 (47,691,000)
- Loans Taken - (Note 13)	- (20,000,000)	- (-)	- (-)	- (-)	- (-)	- (20,000,000)
- Loans Taken repaid back- (Note14)	20,000,000 (-)	- (-)	- (-)	- (-)	- (-)	20,000,000 (-)
- Interest received (Note 15)	17,328,261 (13,364,713)	- (-)	- (-)	- (-)	- (-)	17,328,261 (13,364,713)
- InterestPaid (Note 16)	682,740 (863,014)	- (-)	- (-)	- (-)	- (-)	682,740 (863,014)
Remuneration (Note 17)	- (-)	- (-)	24,718,129 (20,205,538)	- (-)	- (-)	24,718,129 (20,205,538)
Other Income (Note 18)	28,708,383 (26,283,088)	- (-)	- (-)	- (-)	- (-)	28,708,383 (26,283,088)
Dividend paid to Scantech Evaluation Services Ltd	- (-)	57,973,920 (53,142,760)	- (-)	- (-)	- (-)	57,973,920 (53,142,760)

SCHEDULE '18': Notes to Accounts for the year ended 31st March 2007 (Contd.)

Notes:

1. Figures in parenthesis represent previous year's figure.
2. Transactions for the year with;
   NIIT Limited Rs. 23.46Lacs (Previous year Nil)
   NIIT Multimedia Limited Rs. 132.86 Lacs (Previous year Nil)
3. Includes transactions for the year mainly with;
   NIIT GIS Ltd Rs. 38.78 Lacs (Previous year Nil)
4. Transactions for the year with;
   NIIT Limited Rs. 36.05 Lacs (Previous year Nil)
5. Includes transactions for the year mainly with;
   NIIT Technologies Inc USA Rs. 9,834.58 Lacs (Previous year Rs. 7,924.50 Lacs)
   NIIT Technologies Ltd, UK Rs. 9,482.47 Lacs (Previous year Rs. 8,478.80 Lacs)
   and includes revenue from revision in rates based on an independent transfer pricing study.
6. Includes transactions for the year mainly with;
   NIIT Limited Rs.119.81 Lacs (Previous year Rs. 89.58 Lacs)
   NIIT Technologies Inc USA Nil (Previous year Rs.136.69 Lacs)
   NIIT Middle East Rs.160.44 Lacs (Previous year Nil)
7. Includes transactions for the year mainly with;
   NIIT Limited Rs. 395.28 Lacs (Previous year Rs. 376.03 Lacs)
   NIIT Technologies Ltd, UK Rs. 300.94 Lacs (Previous year Rs. 331.93 Lacs)
   NIIT Technologies Inc USA Rs. 269.21 Lacs (Previous year Rs. 224.60 Lacs)
8. Includes transactions for the year mainly with;
   NIIT Limited Rs. 121.38 Lacs (Previous year Rs. 91.96 Lacs)
   NIIT Smart Serve Limited Rs. 25.84 Lacs (Previous year Rs. 13.03 Lacs)
9. Includes transactions for the year mainly with;
   NIIT Smart Serve Limited Rs. 2,500 Lacs (Previous year Rs. 1,400 Lacs)
   including conversion of loan of Rs. 2,300 Lacs into equity
   NIIT Technologies AG, Germany Nil (Previous year Rs. 242.01 Lacs)
10. Transactions for the year with;
    NIIT Technologies Inc USA Nil (Previous year Rs. 1,239.17 Lacs)
11. Transactions for the year with;
    NIIT Smart Serve Limited Rs. 490.00 Lacs (Previous year Rs. 300 Lacs)
    NIIT Technologies AG, Germany Nil (Previous year Rs. 243.23 Lacs)
    NIIT Technologies Ltd, UK Rs. 1,586.00 Lacs (Previous year Nil)
12. Transactions for the year with;
    NIIT Technologies Ltd, UK Rs. 1,586.00 Lacs (Previous year Nil)
    NIIT Technologies AG, Germany nil (Previous year Rs. 476.91 Lacs)
13. Transactions for the year with;
    NIIT GIS Limited Nil (Previous year Rs. 200 Lacs)
14. Transactions for the year with;
    NIIT GIS Limited Rs. 200 Lacs (Previous year Nil)
15 Transactions for the year with;
    NIIT Smart Serve Limited Rs. 96.89 Lacs (Previous year Rs. 107.70 Lacs)
    NIIT Technologies AG, Germany Rs. 18.31 Lacs (Previous year Rs. 25.90 Lacs)
    NIIT Technologies Ltd, UK Rs. 58.09 Lacs (Previous year Nil)
16. Transactions for the year with;
    NIIT GIS Limited Rs. 6.83 Lacs (Previous year Rs. 8.63 Lacs)
17. Remuneration of :
    Mr R S Pawar – Rs. 100.45 Lacs (Previous year Rs. 24.77 Lacs)
    Mr Arvind Thakur – Rs.139.93 Lacs (Previous year Rs. 171.79 Lacs)
    Mr Vijay K Thadani –Rs. 6.80 Lacs (Previous year Rs. 5.50 Lacs)

SCHEDULE '18': Notes to Accounts for the year ended 31st March 2007 (Contd.)

18 Includes transactions for the year mainly with;
NIIT Smart Serve Ltd Rs. 54.30 Lacs (Previous year Rs. 34.80 Lacs)
NIIT GIS Limited Rs.46.28 Lacs (Previous year Rs. 41.14 Lacs)
NIIT Technologies Inc USA Rs. 69.59 Lacs (Previous Rs. 85.13 Lacs)
NIIT Technologies Ltd, UK Rs. 46.84 Lacs (Previous year Rs. 48.10 Lacs)

D. Details of balances with related parties

	Receivables As at 31.03.2007 (Rs.)	Payables As at 31.03.2007 (Rs.)	Receivables As at 31.03.2006 (Rs.)	Payables As at 31.03.2006 (Rs.)
Subsidiaries	804,876,793	2,473,755	849,443,805	20,669,355
Associates	-	977,209	-	913,234
Key Managerial Personnel	-	16,445,200	-	11,297,000
Joint Venture (Proposed)	433,555	-	-	-

17. Retirement Benefits

a) Expenditure in respect of defined contribution post retirement benefit plans viz. Provident Fund and Superannuation Fund amounted to Rs. 38,421,586/- (previous year Rs. 22,495,241/-).

b) Disclosure in respect of defined benefit plans in accordance with Accounting Standard 15 (Revised) "Employee Benefits"

- **Provident Fund**
  In respect of Company's obligation towards guaranteed returns on Provident Fund Contributions made to the Trust established by NIIT Limited, no actuarial valuation has been considered necessary as the Trust has earned returns in excess of the minimum guaranteed interest notified by the Government and the Company expects the same to continue in the foreseeable future. The Company does not expect any additional liability in respect of provident fund beyond the contributions already made.

- **Gratuity**
  Disclosures as per actuarial report of independent actuary:

Amount of obligation as at the year end is determined as under:

Description	Amount (Rs.)
Present value of obligation as at the beginning of the year	**33,961,373**
Interest cost	2,547,103
Current service cost	7,147,373
Benefits paid	(4,835,697)
Actuarial (gain)/loss on obligations	9,723,582
Present value of obligation as at the end of the year	**48,543,734**

Change in Plan Assets:

Description	Amount (Rs.)
Plan assets at beginning at fair value	**28,985,327**
Expected return on plan assets	2,608,679
Contributions	5,575,185
Benefits paid	(4,835,697)
Actuarial gain/(loss) on plan assets	(166,005)
Plan assets at year end at fair value	**32,167,489**

SCHEDULE '18': Notes to Accounts for the year ended 31st March 2007 (Contd.)

Amount of the obligation recognized in the Balance Sheet:

Description	Amount (Rs.)
Present value of the defined benefit obligation at the end of the year	**48,543,734**
Fair value of plan assets at the end of the year	32,167,489
Liability recognized in the Balance sheet	**16,376,245**

Amount of gratuity expense recognised in the Profit and loss account:

Description	Amount (Rs.)
Current service cost	7,147,373
Interest cost	2,547,103
Expected return on plan assets	(2,608,679)
Actuarial (gain)/ loss recognized during the year	9,889,587
Total	**16,975,384**

Investment details of plan assets:

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

Principal actuarial assumptions at the balance sheet date:

	2006-07
Discounting Rate	7.50%
Expected Rate of return on plan assets	9.00%

The estimates of future salary increases considered in actuarial valuation take account of inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market.

18. The implementation of Accounting Standard 15 (Revised 2005) Employee Benefits has resulted in an additional liability towards compensated absences upto 31 March , 2006, net of deferred taxes of Rs. 680 Lacs which has been adjusted against opening General Reserve. Its implementation has also resulted in increased personnel cost of Rs. 211.60 Lacs for the year with corresponding reduction in profit before tax.

19. The dominant source of risk and returns of the enterprise is considered to be the business in which it operates viz software solutions. Being a single business segment Company, no primary segment information is being provided. The secondary segment information as per Accounting Standard 17 "Segment Reporting" in relation to the geographies is as follows:

(Rs. Lacs)

Particulars	Revenue from Customers by location of customers		Carrying amount of segment assets by location of the assets		Additions to fixed assets	
	31.03.2007	**31.03.2006**	**31.03.2007**	**31.03.2006**	**31.03.2007**	**31.03.2006**
India	3,439	1,597	39,845	31,769	2,412	1,718
America	9,835	7,924	-	-	-	-
Europe	14,299	10,968	-	-	-	-
Asia Pacific (including Australia)	2,143	1,520	-	-	-	-
Total	**29,716**	**22,009**	**39,845**	**31,769**	**2,412**	**1,718**

20. TAXATION

a) The Company avails deduction under the provisions of section 10B of the Income Tax Act, available to certain Export Oriented Undertakings (EOU) registered with Software Technology Parks of India (STPI). The current tax charge during the year relates to Minimum Alternate Tax under section 115 JB and Fringe Benefit Tax under section 115 WA of the Income Tax Act, 1961.

b) **DEFERRED TAX**

SCHEDULE '18': Notes to Accounts for the year ended 31st March 2007 (Contd.)

Break up of deferred tax assets/ liabilities and reconciliation of current accounting period deferred tax credit is as follows:

(Rs. Lacs)

Deferred Tax Assets/Liabilities	As at 1.04.2006	Charged/ (Credited) to Profit & Loss A/c	As at 31.03.2007
Deferred Tax Liabilities			
a) Tax impact of difference between carrying amount of fixed assets in the financial statements and as per the income tax calculation.	309	(208)	101
b) Tax impact of expenses not charged in the financial statements but claimed as deduction under income tax	-	84	84
Total (A)	**309**	**(124)**	**185**
Deferred Tax Assets			
a) Tax impact of expenses charged in the financial statements but allowable as deductions in future years under income tax:			
- Provision for doubtful debts and Advances	243	116	127
- Provision for Compensated Absences, Bonus and Gratuity	77 *	14	63
- Other Expenses	-	(44)	44
b) Carry forward loss and unabsorbed depreciation.	23	23	0
Total (B)	**343 ***	**109**	**234**
Net Deferred Tax Assets / (Liability) (B – A)	**34 ***	**(15)**	**49**

* Includes Rs. 34 Lacs in relation to tax impact on additional liability in respect of compensated absences on implementation of Accounting Standard 15 (Revised) on Employee Benefits.

Deferred tax assets and liabilities are being offset as they relate to taxes on income levied by the same governing taxation laws.

SCHEDULE '18': Notes to Accounts for the year ended 31st March 2007 (Contd.)

21. EARNING PER SHARE

	2006-07	2005-06
Profit attributable to Equity shareholders (Rs.) - (A)	1,106,752,194	597,960,855
Weighted Average number of Equity shares Outstanding during the year - (B)	38,724,542	38,649,280
Add: Effect of potential dilutive shares(stock options)- (Refer Note 25 below)	318,351	121,646
Weighted average shares outstanding considered for determining dilutive earning per share - (C)	39,042,893	38,770,926
Nominal Value of Equity Shares (Rs.)	10	10
Basic Earnings per share (Rs.) (A/B)	28.58	15.47
Diluted Earnings per share (Rs.) (A/C)	28.35	15.42
EARNING PER SHARE {had fair value method been employed for accounting for Employee Stock Option (Refer Note 25 below)}		
Profit attributable to Equity shareholders (Rs.) -(D)	1,104,622,866	589,832,273
Basic Earnings per share (Rs.) (D/B)	28.53	15.26
Diluted Earnings per share (Rs.) (D/C)	28.29	15.21

22. During the year the Company acquired and sold units of mutual funds on various dates as follows:

Scheme	No. of units at the beginning of the year	Value of the units in hand at the beginning of the year at lower of cost or market value (Rs.)	No. of units purchased	Purchase Value (Rs.)	No. of unit sold	Sale Value (Rs.)	No. of units in hand at the year-end	Value of units in hand at the year-end at lower of cost or market value (Rs.)	Market Value of units in hand. (Rs.)
Liquid Scheme of Mutual Fund									
Prudential I ICICI Mutual Fund	3,024,277	52,000,000	39,423,927	494,306,847	42,448,204	549,194,197	-	-	-
SBI Mutual Fund	-	-	3,901,514	40,163,281	3,901,514	40,164,661	-	-	-
J.M. Financial Mutual Fund	-	-	4,952,691	50,206,973	4,952,691	50,300,021	-	-	-
Kotak Mahindra Mutual Fund	-	-	5,000,302	50,242,778	5,000,302	50,273,536	-	-	-
Birla Sunlife Mutual Fund	6,033,298	66,654,665	45,956,636	513,335,073	41,364,607	456,466,406	10,625,327	126,552,502	126,679,401
Franklin Templeton Mutual Fund	-	-	177,645	190,296,620	177,645	190,480,532	-	-	-
Standard Chartered Mutual Fund	1,236,008	12,500,000	303,233	308,154,226	1,446,149	229,356,053	93,092	93,154,227	93,120,721
DSP Merrill Lynch Mutual Fund	70,699	71,864,535	301,106	305,937,467	371,805	379,903,436	-	-	-
HSBC Mutual Fund	-	-	21,874,724	238,105,346	12,574,941	145,789,576	9,299,783	93,105,346	93,243,346
Fixed Maturity Plan									
DSP Merrill Lynch Mutual Fund	-	-	60,479	60,478,865	-	-	60,479	60,478,865	60,494,820
Standard Chartered Mutual Fund	-	-	3,000,000	30,000,000	3,000,000	30,000,000	-	-	-
Birla Mutual Fund	-	-	94,559,963	121,627,116	91,552,502	91,552,502	3,007,461	30,074,614	30,175,064
Prudential ICICI Mutual Fund	-	-	14,068,948	140,689,500	7,000,000	70,000,000	7,068,948	70,689,500	70,728,359
SBI Mutual Fund	-	-	10,019,703	100,197,480	2,000,000	20,000,000	8,019,703	80,197,480	80,379,080
JM Financial Mutual Fund	-	-	5,068,516	50,685,168	-	-	5,068,516	50,685,168	51,161,098
Reliance Mutual Fund	-	-	15,028,626	150,286,263	5,000,000	50,000,000	10,028,626	100,286,263	100,502,350
Kotak Mahindra Mutual Fund	-	-	9,027,354	90,273,535	-	-	9,027,354	90,273,535	90,458,815
Deutsche Mutual Fund	-	-	4,000,000	40,000,000	-	-	4,000,000	40,000,000	40,124,800
TOTAL	**10,364,282**	**203,019,200**	**276,725,367**	**2,974,986,538**	**220,790,360**	**2,353,480,920**	**66,299,289**	**835,497,500**	**837,067,853**
Previous Year Figures	**8,334,160**	**147,500,000**	**55,633,708**	**948,019,200**	**53,603,586**	**903,469,445**	**10,364,282**	**203,019,200**	**204,252,673**

SCHEDULE '18': Notes to Accounts for the year ended 31st March 2007 (Contd.)

Profit from sale of the above units of Rs. 10,972,681/- (Previous Year Rs. 10,969,446/-) and Dividend income Rs. 16, 674,318/- (Previous Year Rs. Nil) from above Mutual funds are included in Other Income in Schedule 13.

23. MANAGERIAL REMUNERATION

Calculation of Managerial Remuneration under Section 198 of the Companies Act, 1956:

	2006-07 (Rs.)	2005-06 (Rs.)
Profit before taxation as per profit and Loss Account	1,138,662,502	609,427,681
Add/(Less): Net Increase/(Decrease) in provision for Doubtful Debts	(34,045,758)	(35,887,921)
Add: Depreciation as per books of accounts	217,801,451	205,127,860
Less: Depreciation determined as per Section 350 of the Companies Act, 1956	193,483,867	191,697,381
Net Profit under Section 349 of the Companies Act, 1956	**1,128,934,328**	**586,970,239**
ADD: Directors Remuneration	26,038,129	20,895,538
Net Profit under Section 198 of the Companies Act, 1956	**1,154,972,457**	**607,865,777**
Maximum remuneration allowable under section 198 of the Companies Act, 1956 restricted to 11% of Net Profit (subject to limits prescribed under schedule XIII to the Companies Act, 1956)	127,046,970	66,865,235
Maximum Commission allowable to Non executive directors under section 309 of the Companies Act, 1956 restricted to 1% of Net Profit	11,549,725	6,078,658

Directors' remuneration

As approved by the Shareholders and within the limits prescribed under Schedule XIII to the Companies Act, 1956

Whole time Directors' Remuneration:	**2006-07 (Rs.)**	**2005-06 (Rs.)**
Salary and Allowances	5,988,000	5,988,000
Performance Linked Bonus	15,865,200	10,747,000
Contribution to provident and other funds	1,387,886	2,220,621
Value of Perquisites	797,043	699,917
Sub Total (A)	**24,038,129**	**19,655,538**
Non executive Directors' Remuneration:		
Commission to Non Executive Directors (B)	2,000,000	1,240,000
Total Director's Remuneration (A + B)	**26,038,129**	**20,895,538**
Non executive Directors' Sitting Fees	900,000	960,000

24. LEASES

All operating leases entered into by Company are cancelable on giving a notice of 1 to 3 months. Aggregate expenditure in respect of operating lease amounts to Rs. 116,111,817/- (Previous year Rs. 104,913,622/-).

25. EMPLOYEE STOCK OPTION PLAN

The Company established NIIT Technologies Stock Option Plan 2005 (ESOP 2005) in the year 2005-06 and the same was approved at the Annual General Meeting of the Company on 29th July 2004. The plan was set up so as to offer and grant for the benefit of employees of the Company and its subsidiaries, who are eligible under Securities Exchange Board of India (SEBI) Guidelines (excluding promoters), options of the Company in aggregate up to 3,850,000 options under ESOP 2005, in one or more tranches, and on such terms and conditions as may be fixed or determined by the Board in accordance with the provisions of law or guidelines issued by the relevant authorities in this regard. As per the plan each option is exercisable for one equity share of face value of Rs. 10 each fully paid up on payment to the Company for such shares at a price to be determined in accordance with ESOP 2005. SEBI has issued the Employee's Stock Option scheme and Employee Stock Purchase Scheme Guideline,1999 which is applicable to the above ESOP 2005.

SCHEDULE '18': Notes to Accounts for the year ended 31st March 2007 (Contd.)

The Company granted option in two tranches. The details of which are as follows:

Description	Tranche 1		Tranche II	
	2006-07	2005-06	2006-07	2005-06
Live grants at beginning /during the year (Nos)	609,850	660,750	70,600	70,600
Forfeited during the Year (Nos)	54,600	50,900	54,600	-
Options Vested (Nos)	555,250	-	16,000	-
Options exercised (Nos)	435,250	-	16,000	-
Options forfeited post vesting (Nos)	13,200	-	-	-
Exercisable/outstanding at the end of the Year (Nos)	106,800	609,850	-	70,600
Exercise Price	Rs. 115	Rs. 115	Rs. 150.85	Rs. 150.85
Remaining Contractual Life	853 days	1218 days	-	1228 days
Fair Value of the Options based on Black and Scholes model (as per Independent valuer's report)	Rs. 59.20	Rs. 59.20	Rs. 41.18	Rs. 41.18
Intrinsic Value of option	Rs. 34.50	Rs. 34.50	-	-

The inputs used by the independent valuer for determination of fair value as per the Black & Scholes model is as follows:

a) Market price considered is the latest available closing price, prior to the date of the grant.

b) Exercise price is the price payable by the employees for exercising the option.

c) 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 have not been incorporated in the valuation analysis.

d) Volatility - Variance in the stock price is considered as 10% and is based on historical volatility in the share price movement of the Company and four other comparable companies.

e) Average life of the options is considered to be 2.5 Years.

f) Risk less interest rate has been assumed at 7% based on long term government bonds of ten year residual maturity.

Other information regarding employee share based payment is as below:

Description	Tranche 1		Tranche II	
	2006-07	2005-06	2006-07	2005-06
Expense accounted for during the period based on intrinsic value of the options [Net of amount attributable to Employees of the subsidiaries Rs. 1,113,542 (Previous year Rs. 3,714,733) Transferable to subsidiaries]	4,092,891	10,234,959	-	-
Additional expense had the Company recorded the ESOP Expense based on fair Value of the options [Net of amount attributable to the Employees of the subsidiaries Tranche 1- Rs. 797,232 Tranche 2- Rs. (388,107) (Previous year Tranche 1- 2,659,533 Tranche 2- 1,046,987) transferable to subsidiaries]	2,930,273	7,327,637	(800,945)	800,945

SCHEDULE '18': Notes to Accounts for the year ended 31st March 2007

For impact on basic and dilutive Earning Per Share, had fair value of the option been used for determining Employee Stock Option Plan expense, refer note 21 above.

26. The Company has 50% interest in a proposed joint venture Company, Adecco NIIT Technologies Private Limited which is yet to commence operations. The Company did not have significant assets, liabilities, revenues or expenses for the period ended 31 March 2007.

27. Previous year figures have been regrouped / recast wherever necessary to conform to current year's classification.

Signature to the Schedules `1' to `18' above

Rajendra S Pawar
Chairman

Arvind Thakur
CEO & Whole-time Director

Ashok Arora
Group Chief Financial Officer

K T S Anand
Chief Financial Officer

Rakesh K. Prusti
Company Secretary & Legal Counsel

Place : New Delhi
Date : May 23, 2007

NIIT technologies

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

REGISTRATION DETAILS

Registration No.	048753	State Code	55
Balance Sheet Date	31-03-2007		

CAPITAL RAISED DURING THE YEAR (AMOUNT IN Rs. THOUSANDS)

Plublic Issue	NIL		
Bonus Issue	NIL	Right Issue	NIL
ESOP Issue	4512	Private Placement	NIL

POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS (AMOUNT IN Rs. THOUSANDS)

Total Liabilities	3236439	Total Assets	3236439

SOURCES OF FUNDS

Paid up Capital	391005	Reserve & Surplus	2574933
ESOP Share Application Money	242		
Secured Loans	266574	Unsecured Loan	NIL
Employee Stock Option Outstanding	3685		

APPLICATION OF FUNDS

Net Fixed Assets	601833	Investments	1966996
Net Current Assets	662738	Deferred Tax Asset	4872
Accumulated Losses	NIL		

PERFORMANCE OF COMPANY (AMOUNT IN Rs. THOUSANDS)

Turnover	3100807	Total Expenditure	1962144
Profit/(Loss) before Tax	1138663	Profit/(Loss) after Tax	1106752
Earning per share (in Rs.)	28.58	Dividend (%) - Equity	65%

GENERIC NAMES OF THREE PRINCIPAL PRODUCTS/SERVICES OF THE COMPNY (AS PER MONETARY TERMS)

1. Item Code	N/A
Product Description	SOFTWARE SOLUTIONS
2. Item Code	N/A
Product Description	
3. Item Code	N/A
Product Description	

Rajendra S Pawar
Chairman

Arvind Thakur
CEO & Whole-time Director

Ashok Arora
Group Chief Financial Officer

K T S Anand
Chief Financial Officer

Rakesh K. Prusti
Company Secretary & Legal Counsel

Place : New Delhi
Date : May 23, 2007

Statement pursuant to exemption received under Section 212(8) of the Companies Act, 1956 relating to subsidiary companies as on March 31, 2007

Name of the Company	Currency	Share Capital	Reserves #	Total Assets	Total Liabilities	Details of Investment (except in case of investment in subsidiaries)	Turnover*	Profit before taxation	Provision for taxation	Profit after taxation	Proposed Dividend
NIIT SMARTSERVE LTD	INR	500,000,000	(315,519,318)	501,889,517	501,889,517	-	560,607,554	(40,835,587)	1,652,115	(42,487,702)	-
NIIT GIS LTD	INR	10,000,700	736,386,454	746,387,154	746,387,154	608,676,278**	411,405,980	200,880,346	23,621,670	177,258,676	-
NIIT SMARTSERVE LTD., UK	GBP	10,000	25,355	185,601	185,601	-	512,555	39,645	10,882	28,763	-
	INR	853,000	2,162,782	15,831,765	15,831,765	-	43,726,067	3,382,115	928,343	2,453,772	-
NIIT TECHNOLOGIES LTD. UK	GBP	3,276,427	915,796	15,999,216	15,999,216	-	23,234,030	690,362	231,818	458,544	-
	INR	279,479,223	78,117,399	1,364,733,125	1,364,733,125	-	1,982,095,099	58,894,782	19,776,394	39,118,389	-
ROOM SOLUTIONS LIMITED UK	GBP	12,557	3,121,862	8,698,617	8,698,617	-	10,268,064	533,093	173,558	359,535	-
	INR	1,071,112	266,294,829	741,992,030	741,992,030	-	875,968,540	45,478,164	14,806,233	30,671,931	-
NIIT TECHNOLOGIES B.V., NETHERLANDS	EUR	18,151	431,345	2,117,882	2,117,882	-	3,872,243	135,481	38,225	97,256	-
	INR	1,051,487	24,987,816	122,688,905	122,688,905	-	224,435,204	7,852,479	2,215,521	5,636,958	-
NIIT TECHNOLOGIES N.V., BELGIUM	EUR	61,973	917,014	2,950,618	2,950,618	-	6,143,429	295,942	91,861	204,081	-
	INR	3,590,096	53,122,640	170,929,287	170,929,287	-	356,073,161	17,152,798	5,324,289	11,828,513	-
NIIT TECHNOLOGIES INC., USA	USD	2,837,887	5,552,613	17,903,431	17,903,431	3***	62,009,139	4,300,151	1,629,023	2,671,128	-
	INR@	123,377,137	241,120,417	777,755,473	777,755,473	130	2,810,234,601	192,800,167	72,247,673	120,552,494	-
NIIT TECHNOLOGIES PTE LTD., SINGAPORE	SGD	2,989,375	4,224,274	10,414,538	10,414,538	-	9,256,886	(3,500,478)	(64,183)	(3,436,295)	-
	INR	85,615,700	120,983,207	298,272,368	298,272,368	-	267,246,299	(101,058,800)	(1,852,963)	(99,205,837)	-
NIIT TECHNOLOGIES LTD., THAILAND	THB	15,000,000	30,529,796	116,192,517	116,192,517	-	211,360,258	83,764	3,340,300	(3,256,536)	-
	INR	20,250,000	41,215,225	156,859,898	156,859,898	-	259,973,117	103,029	4,108,569	(4,005,540)	-
NIIT TECHNOLOGIES PTY LTD., AUSTRALIA	AUD	1,002	39,629	1,498,605	1,498,605	-	6,569,191	(148,205)	(20,821)	(127,384)	-
	INR	35,170	1,390,978	52,601,036	52,601,036	-	226,899,857	(5,119,001)	(719,157)	(4,399,843)	-
NIIT TECHNOLOGIES CO. LTD., JAPAN	JPY	408,870,475	(323,089,878)	114,741,908	114,741,908	-	227,394,509	(27,447,470)	1,879,557	(29,327,027)	-
	INR	150,644,238	119,039,235	42,275,509	42,275,509	-	87,956,423	(10,616,709)	692,504	(11,309,213)	-
NIIT TECHNOLOGIES AG, GERMANY	EURO	537,934	(53,546)	2,095,721	2,095,721	-	4,499,996	(196,820)	13,247	(183,573)	-
	INR	31,162,517	(3,101,920)	121,405,118	121,405,118	-	260,819,768	(11,407,687)	767,796	(10,639,891)	-
NIIT TECHNOLOGIES AG., SWITZERLAND	CHF	250,000	(454,093)	613,593	613,593	-	1,783,239	(39,746)	-	(39,746)	-
	INR	8,920,000	(16,202,038)	21,892,998	21,892,998	-	65,195,218	(1,453,114)	-	(1,453,114)	-
NIIT TECHNOLOGIES GmbH., AUSTRIA	EURO	35,000	(149,946)	46,605	46,605	-	109,235	26,729	1,657	25,072	-
	INR	2,027,550	(8,686,372)	2,699,828	2,699,828	-	6,331,261	1,549,213	96,040	1,453,173	-

* Excludes Other Income
** Investments in Mutual Funds
*** Details of Investment
(i) 199,145 Common shares in Relativity Technologies Inc., USA
(ii) 953,265 Common Shares in Computer Logic Inc., USA
(iii) 500,000 Preference Shares and 189,655 Common Shares in Co kinetic Systems Inc., USA

Reserves include currency translation reserve

Basis for Conversion in INR:

Revenue items at average exchange rate prevailing during the year and for Balance sheet items, the exchange rate prevailing as at Balance Sheet date.

Currency	Exchange Rate at Balance Sheet date	Average Exchange Rate for the year:	Currency	Exchange Rate at Balance Sheet date	Average Exchange Rate for the year:	Currency	Exchange Rate at Balance Sheet date	Average Exchange Rate for the year:	Currency	Exchange Rate at Balance Sheet date	Average Exchange Rate for the year:
1 GBP	85.30 INR	85.31 INR	1 USD	43.47 INR	45.32 INR	1 THB	1.35 INR	1.23 INR	1 JPY	0.37 INR	0.39 INR
1 EUR	57.93 INR	57.96 INR	1 SGD	28.64 INR	28.87 INR	1 AUD	35.10 INR	34.54 INR	1 CHF	35.68 INR	36.56 INR

@ Revenue item and Share Capital at approximate exchange rate on the transaction date and for other Balance Sheet items, the exchange rate prevailing as at Balance Sheet date.

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AUDITORS' REPORT - Consolidated Financial Statement of NIIT Technologies Limited

Report of the auditors to the Board of Directors of NIIT Technologies Limited

1. We have audited the attached consolidated Balance Sheet of NIIT Technologies Limited and its subsidiaries, as at 31st March, 2007 and the consolidated Profit and Loss Account and consolidated Cash Flow Statement for the year ended on that date together with notes thereon and attached thereto, which we have signed under reference to this report. These consolidated financial statements are the responsibility of the NIIT Technologies Limited's management and have been prepared by the management on the basis of separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are prepared, in all material respects, in accordance with an identified financial reporting framework and are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

3. We did not audit the financial statements of certain subsidiaries, whose financial statements reflect total assets of Rs. 29,512 Lacs and total liabilities of Rs. 13,707 Lacs as at 31st March, 2007 and total revenue of Rs. 52,983 Lacs, and total expenses of Rs. 38,004 Lacs and total cash flows of Rs.1904 Lacs (net) for the year ended on that date considered in the consolidated financial statements. Further, we did not audit the financial statement of ROOM Solutions Limited, United Kingdom as at 8 May 2006 (date of acquisition) reflecting net assets of Rs. 2085 Lacs considered for the purposes of determining the goodwill and minority interest and recording net assets on the date of acquisition (refer note 9 on Schedule 20 to the Consolidated Financial Statement). These financial statements and other financial information have been audited by other auditors whose reports have been furnished to us, and our opinion, in so far as it relates to the amounts included in respect of these subsidiaries, is based solely on the reports of other auditors.

4. We report that the consolidated financial statements have been prepared by NIIT Technologies Limited's management and as per information and explanations given to us, in accordance with the requirements of Accounting Standard (AS) 21, Consolidated Financial Statements, issued by the Institute of Chartered Accountants of India.

5. Based on our audit and on consideration of the reports of the other auditors on separate financial statements (refer Para 3 above) and on other financial information of the components, in our opinion and to the best of our information and explanations given to us, the attached consolidated financial statements together with notes thereon and attached thereto, give a true and fair view in conformity with the accounting principles generally accepted in India:

   (i) in case of the Consolidated Balance Sheet, of the consolidated state of affairs of the NIIT Technologies Limited and its subsidiaries as at 31st March, 2007;

   (ii) in case of the Consolidated Profit and Loss Account, of the consolidated results of operations of NIIT Technologies Limited and its subsidiaries for the year ended on that date; and

   (iii) in the case of the Consolidated Cash Flow Statement, of the Consolidated Cash Flows of NIIT Technologies Limited and its subsidiaries for the year ended on that date.

H. Singh
Partner
Membership No. F – 86994
For and on behalf of
Price Waterhouse
Chartered Accountants

Place : New Delhi
Date : May 23, 2007

CONSOLIDATED BALANCE SHEET as at 31st March 2007

	Schedule/(Note Reference)		As at 31st March, 2007 (Rs.)		As at 31st March 2006 (Rs.)
SOURCES OF FUNDS					
SHAREHOLDERS' FUNDS					
Share Capital	1	391,005,300		386,492,800	
Share Application Money-ESOP		242,230		-	
Employees Stock Option Outstanding	2	3,684,600		13,949,692	
Reserves and Surplus	3A	3,139,419,768		2,189,869,274	
Cumulative Translation Reserve	3B	168,114,063	3,702,465,961	119,568,436	2,709,880,202
MINORITY INTEREST	4		149,316,775		63,312,863
LOAN FUNDS					
Secured Loans	5A		694,739,654		420,168,169
Unsecured Loans	5B		98,458,417		-
DEFERRED TAX LIABILITIES - [NET]	20(11)		-		169,502
			4,644,980,807		**3,193,530,736**
APPLICATION OF FUNDS					
FIXED ASSETS	6				
Gross Block		3,770,243,913		2,699,649,994	
Less: Depreciation and Amortisation		2,277,025,733		1,780,631,662	
Net Block			1,493,218,180		919,018,332
Capital work-in-progress (including Capital Advances)			37,004,485		30,041,752
INVESTMENTS	7		1,444,273,807		649,416,827
DEFERRED TAX ASSETS - [NET]	20(11)		80,139,968		46,059,556
CURRENT ASSETS, LOANS AND ADVANCES					
Inventories		2,917,294		6,111,621	
Sundry Debtors	8	1,860,557,969		1,200,705,207	
Cash and Bank Balances	9	943,543,084		923,750,208	
Other Current Assets	10	146,542,254		171,293,859	
Loans & Advances	11	444,486,331		425,944,135	
		3,398,046,932		2,727,805,030	
Less : CURRENT LIABILITIES AND PROVISIONS					
Current Liabilities	12	1,269,511,168		887,968,279	
Provisions	13	538,191,397		290,882,804	
		1,807,702,565		1,178,851,083	
Net Current Assets			1,590,344,367		1,548,953,947
MISCELLANEOUS EXPENDITURE (To the extent not written off or adjusted)	14		-		40,322
			4,644,980,807		**3,193,530,736**
NOTES TO ACCOUNTS	20				

The Schedules referred to above form an integral part of the Consolidated Balance Sheet
This is the Consolidated Balance Sheet referred to in our report of even date

H. Singh
Partner
Membership No. F-86994
For and on behalf of
Price Waterhouse
Chartered Accountants

Rajendra S Pawar
Chairman

Arvind Thakur
CEO & Whole-time Director

Ashok Arora
Group Chief Financial Officer

K T S Anand
Chief Financial Officer

Rakesh K. Prusti
Company Secretary & Legal Counsel

Place : New Delhi
Date : May 23, 2007

CONSOLIDATED PROFIT AND LOSS ACCOUNT for the year ended 31st March 2007

	Schedule/Note Reference		Year ended 31st March, 2007 (Rs.)		Year ended 31st March 2006 (Rs.)
INCOME					
Revenue from Operations	20-{1(vii),15}		8,858,620,412		6,075,257,318
Other Income	15		148,591,785		36,921,595
			9,007,212,197		**6,112,178,913**
EXPENDITURE					
Personnel	16		4,746,089,541		3,142,480,950
Development and bought out	17		854,243,706		607,849,187
Administration ,Finance and Others	18		1,342,817,120		1,096,479,588
Marketing	19		113,842,410		86,200,596
Depreciation and Amortisation	6		434,658,912		389,486,053
			7,491,651,689		**5,322,496,374**
Profit before Tax			1,515,560,508		789,682,539
Tax Expense	20(11)				
- Current			177,741,517		131,192,447
- Deferred Charge/ (Credit)			(6,920,833)		(27,174,177)
- Fringe Benefit Tax			14,494,732		10,744,375
Profit after Tax before Minority interest			1,330,245,092		674,919,894
Net Profit attributable to Minority			37,803,609		12,017,053
Net profit attributable to Equity shareholders after minority interest			1,292,441,483		662,902,841
Balance brought forward from previous year		1,177,758,961		840,321,255	
Less : Adjustment for compensated absences	20(5)	30,566,779	1,147,192,182	-	840,321,255
Balance available for appropriation			**2,439,633,665**		**1,503,224,096**
APPROPRIATION					
Proposed Dividend on Equity Shares			254,153,445		231,895,680
Corporate Dividend Tax			43,193,378		32,523,369
Transferred to/(from) Debenture Redemption Reserve			(23,750,000)		1,250,000
Transferred to General Reserve			110,675,219		59,796,086
Balance carried to Balance Sheet			2,055,361,623		1,177,758,961
			2,439,633,665		**1,503,224,096**
Basic Earning per Share	20(12)		33.38		17.15
Diluted Earning per Share	20(12)		33.10		17.10
NOTES TO ACCOUNTS	20				

The Schedules referred to above form an integral part of the Consolidated Profit and Loss Account
This is the Consolidated Profit and Loss Account referred to in our report of even date

H. Singh
Partner
Membership No. F-86994
For and on behalf of
Price Waterhouse
Chartered Accountants

Rajendra S Pawar
Chairman

Arvind Thakur
CEO & Whole-time Director

Ashok Arora
Group Chief Financial Officer

K T S Anand
Chief Financial Officer

Rakesh K. Prusti
Company Secretary & Legal Counsel

Place : New Delhi
Date : May 23, 2007

CONSOLIDATED CASH FLOW STATEMENT for the year ended 31st March 2007

		Year ended 31st March 2007 (Rs.)		Year ended 31st March 2006 (Rs.)
A. Cash flow from operating activities:				
Net Profit Before Tax		1,515,560,508		789,682,539
Adjustments for:				
Depreciation and Amortisation	434,658,912		389,486,053	
Interest Expense	37,869,126		33,356,090	
Interest Income	(36,866,676)		(19,851,683)	
Loss on Fixed Assets sold/scrapped	3,965,398		6,164,703	
Unrealised Exchange (gain) / loss	(21,002,683)		1,288,103	
Miscellaneous Expenditure written off	40,322		2,103,918	
Provision for Bad & Doubtful Debts	30,704,648		39,618,522	
Dividend Income from current Investment	(16,674,318)		(693,413)	
Profit on sale of short term Investments	(38,251,466)		(27,934,363)	
Employees Stock Option Plan Expenses	5,206,433		13,949,692	
		399,649,696		437,487,622
Operating profit before working capital changes		**1,915,210,204**		**1,227,170,162**
Add/(Less): (Increase)/ Decrease in working capital :				
- (Increase)/Decrease in Sundry Debtors	(510,586,431)		(52,324,884)	
- (Increase)/Decrease in Other Receivables	304,758,616		(131,051,287)	
- (Increase)/Decrease in Inventories	3,194,327		(106,214)	
- Increase/(Decrease) in Trade and Other Payables	73,491,262	**(129,142,226)**	66,384,651	**(117,097,734)**
- Income Tax Paid (Including Tax deducted at Source)		(170,321,457)		(141,151,050)
Net cash from operating activities		**1,615,746,521**		**968,921,378**
B. Cash flow from Investing activities:				
Purchase of fixed assets		(406,977,116)		(361,239,921)
Proceeds from Sale of fixed assets		25,822,651		1,743,092
Paid for Acquistion of Room Solutions Ltd,UK		(657,115,263)		-
Short term investments with mutual funds				
-Purchases during the year	(3,498,870,477)		(1,448,775,778)	
-Sales during the year	2,742,364,859	(756,505,618)	1,265,558,508	(183,217,270)
Investments made in Joint Venture		(99,900)		-
Loan to NIITian Walfare Trust		-		(42,850,000)
Interest Received		35,965,711		17,361,328
Dividend Received		16,674,318		693,413
Net cash used in investing activities		**(1,742,235,217)**		**(567,509,359)**

CONSOLIDATED CASH FLOW STATEMENT for the year ended 31st March 2007 (Contd.)

			Year ended 31st March 2007 (Rs.)		Year ended 31st March 2006 (Rs.)
C.	**Cash flow from financing activities:**				
	6.5% Non Convertible Debentures repaid		(150,000,000)		(100,000,000)
	Term Loans				
	- Received during the year	520,388,822		15,359,906	
	- Repaid during the year	(95,817,359)	424,571,463	(34,811,562)	(19,451,656)
	Proceeds from issue of Share capital (Including Share Premium)		52,709,581		-
	Interest Paid		(46,405,063)		(39,181,787)
	Dividend paid (Including corporate dividend tax)		(263,560,062)		(241,521,895)
	Net cash from / (used) in financing activities		**17,315,919**		**(400,155,338)**
	Net Increase/(Decrease) in Cash & Cash Equivalents		**(109,172,777)**		**1,256,680**
	Adjustment on account of exchange rate		20,386,335		(5,438,802)
	Cash and cash equivalents as at the beginning of the year	Refer-Schedule-9	923,750,208		927,932,329
	Cash Acquired on acquisition of Room Solutions Ltd, UK		108,579,318		-
	Total cash and cash equivalents at the close of the year	**Refer-Schedule-9**	**943,543,084**		**923,750,208**

NOTES :

1 The above Cash flow statement has been prepared under the indirect method setout in AS-3 issued by the Institute of Chartered Accountants of India.
2 Figures in paranthesis indicate cash outgo.
3 Short term loan made to extent of Rs. 98,458,417/- as part consideration for acquisition of Room Solutions Limited ,UK did not involve any cash flow.
4 The enclosed schedules(1 to 20) form an integral part of the Cash Flow Statement.
5 Previous year figures have been regrouped/reclassified to conform to current year's classification.

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

H. Singh
Partner
Membership No. F-86994
For and on behalf of
Price Waterhouse
Chartered Accountants

Rajendra S Pawar
Chairman

Arvind Thakur
CEO & Whole-time Director

Ashok Arora
Group Chief Financial Officer

K T S Anand
Chief Financial Officer

Rakesh K. Prusti
Company Secretary & Legal Counsel

Place : New Delhi
Date : May 23, 2007

SCHEDULES annexed to and forming part of the Consolidated Balance Sheet as at 31st March, 2007

Schedule No.			As at 31st March, 2007 (Rs.)		As At 31st March 2006 (Rs.)
1	**SHARE CAPITAL**				
	Authorised				
	45,000,000 Equity shares of Rs. 10/- each		450,000,000		450,000,000
			450,000,000		**450,000,000**
	Issued,Subscribed and Paid up				
	39,100,530 Equity Shares of Rs.10 each (Previous Year 38,649,280 Equity Shares)		391,005,300		386,492,800
			391,005,300		**386,492,800**
2	**Employees Stock Option Outstanding Refer Note-20(17)**				
	Employees Stock Option Outstanding	3,684,600		21,039,825	
	Less:- Deferred stock compensation expense	-	3,684,600	7,090,133	13,949,692
			3,684,600		**13,949,692**
3A	**RESERVES AND SURPLUS**				
	Capital Redemption Reserve				
	As per Balance Sheet		16,570,603		16,570,603
	Share Premium				
	As per last Balance Sheet	13,595,052			
	Addition during the year	62,970,975	76,566,027		13,595,052
	Debenture Redemption Reserve				
	As per last Balance Sheet	78,750,000		77,500,000	
	- Transferred from/(to) Profit and Loss account	(23,750,000)	55,000,000	1,250,000	78,750,000
	General Reserve (Note 1)				
	As per last Balance Sheet	903,194,658		843,398,572	
	Less :- Adjustment for compensated absences (Refer-Note 5 on Schedule 20)	78,403,762		-	
	Add:- Emplyoee Stock Option Lapsed post vesting	455,400		-	
	Add:- Balance Transfer from Profit and Loss Account	110,675,219		59,796,086	
			935,921,515		903,194,658
	Profit & Loss Account		2,055,361,623		1,177,758,961
	Note 1 : The General Reserve is as per Indian Companies Act, in respect of Indian companies. General reserve, if any, of overseas subsidiaries are included as part of the profit and loss account.				
			3,139,419,768		**2,189,869,274**
3B	**CUMULATIVE TRANSLATION RESERVE [Refer Note 1(ix) on Schedule 20]**				
	As per last Balance Sheet		119,568,436		123,093,659
	Increase/(decrease) during the year		48,545,627		(3,525,223)
			168,114,063		**119,568,436**

SCHEDULES annexed to and forming part of the Consolidated Balance Sheet as at 31st March, 2007 (Contd.)

Schedule No.			As at 31st March, 2007 (Rs.)		As At 31st March 2006 (Rs.)
4	**MINORITY INTEREST [Refer Note 1(i) on Schedule 20]**				
	As per last Balance Sheet		63,312,863		51,295,810
	Less -Adjustment for compensated absence attributable to Minority		(310,784)		-
	Add : 49% Minority Interest in Room Solutions Ltd, UK on the date of acquisition*		102,194,991		-
	Less : 24% Interest in Room Solutions Ltd, UK acquired from Minority		(57,431,678)		-
	Add : Translation Adjustment		3,747,774		-
	Add : Minority share in the results for the year		37,803,609		12,017,053
			149,316,775		**63,312,863**
	*Determined based on audited financial statements				
5A	**SECURED LOANS [Refer Note 6 and 9 on Schedule 20]**				
	Loan from Banks				
	- Term loan	426,276,000		-	
	- Vehicle Loan	18,463,654	444,739,654	20,168,169	20,168,169
	6.5% Non - Convertible Debentures		250,000,000		400,000,000
	6.5% Non-convertible Debentures are redeemable at par as follows :				
	Redemption Date	**Amount (Rs.)**			
	26th May 2007	100,000,000			
	26th May 2008	150,000,000			
		250,000,000			
			694,739,654		**420,168,169**
5B	**UNSECURED LOANS [Refer Note 6 on Schedule 20]**				
	Short-Term Loans and Advances				
	- From others		98,458,417		-
			98,458,417		**-**

SCHEDULES annexed to and forming part of the Consolidated Balance Sheet as at 31st March, 2007 (Contd.)

6. FIXED ASSETS
(Refer Note 1 (ii), (iii), (iv), (x), (xi), 4 and 6 on Schedule 20)

Figures in Rupees

Description of Assets	GROSS BLOCK						DEPRECIATION / AMORTISATION						NET BLOCK	
	As at 01.04.2006	Acquired as part of Room Solutions Ltd, UK	Additions during the Year	Sales / Adj. during the Year	Translation Adjustment	As at 31.03.2007	As at 01.04.2006	Acquired as part of Room Solutions Ltd, UK	For the Year	Sales / Adj. during the Year	Translation Adjustment	As at 31.03.2007	As at 31.03.2007	As at 31.03.2006
Tangible Fixed Assets														
Land - Freehold	167,165	-	-	-	-	167,165	-	-	-	-	-	-	167,165	167,165
Land - Leasehold	69,042,338	-	69,348,281	-	-	138,390,619	301,670	-	1,080,788	-	-	1,382,458	137,008,161	68,740,668
Buildings	13,031,627	-	-	-	-	13,031,627	1,885,664	-	212,474	-	-	2,098,138	10,933,489	11,145,963
Plant & Machinery														
Computers & Peripherals :														
Own	537,219,769	106,570,586	177,345,943	77,202,903	22,296,084	766,229,479	383,310,183	90,572,792	95,440,473	76,636,095	16,293,227	508,980,580	257,248,899	153,909,586
On Finance Lease	55,658,233	-	1,257,486	-	10,059,037	66,974,756	18,345,184	-	28,670,531	-	6,715,869	53,731,584	13,243,172	37,313,049
Others	224,456,186	3,639,124	11,273,872	26,789,473	354,127	212,933,836	84,971,182	3,069,122	12,451,808	16,401,397	281,963	84,372,678	128,561,158	139,485,004
Furniture & Fixtures	148,755,820	16,341,244	13,963,062	31,429,430	1,931,717	149,562,413	93,357,811	15,736,381	23,145,883	24,499,513	1,856,048	109,596,610	39,965,803	55,398,009
Lease Hold Improvements	127,982,345	30,628,923	29,795,342	34,200,234	1,426,929	155,633,305	57,729,780	21,589,431	32,871,490	32,043,447	1,048,882	81,196,136	74,437,169	70,252,565
Vehicles	37,791,481	3,715,380	15,590,946	13,805,370	138,848	43,431,285	6,719,333	2,117,341	4,882,419	4,114,541	71,203	9,675,755	33,755,530	31,072,148
Sub Total (a)	**1,214,104,964**	**160,895,257**	**318,574,932**	**183,427,410**	**36,206,742**	**1,546,354,485**	**646,620,807**	**133,085,067**	**198,755,866**	**153,694,993**	**26,267,192**	**851,033,939**	**695,320,546**	**567,484,157**
Intangible Fixed Assets														
Acquired Software	1,193,172,517	92,403,268	60,029,484	38,321,611	22,269,568	1,329,553,226	930,851,565	77,986,506	171,854,338	38,265,979	19,699,795	1,162,126,225	167,427,001	262,320,952
Patents	23,152	-	-	-	-	23,152	13,179	-	1,099	-	-	14,278	8,874	9,973
Goodwill	292,349,361	-	591,775,787	-	10,187,902	894,313,050	203,146,111	-	64,047,609	-	(3,342,429)	263,851,291	630,461,759	89,203,250
Sub Total (b)	**1,485,545,030**	**92,403,268**	**651,805,271**	**38,321,611**	**32,457,470**	**2,223,889,428**	**1,134,010,855**	**77,986,506**	**235,903,046**	**38,265,979**	**16,357,366**	**1,425,991,794**	**797,897,634**	**351,534,175**
Total (a +b)	**2,699,649,994**	**253,298,525**	**970,380,203**	**221,749,021**	**68,664,212**	**3,770,243,913**	**1,780,631,662**	**211,071,573**	**434,658,912**	**191,960,972**	**42,624,558**	**2,277,025,733**	**1,493,218,180**	**919,018,332**
Previous Year	2,390,543,015	-	360,954,490	56,772,598	4,925,087	2,699,649,994	1,436,998,903	-	389,486,053	48,864,803	3,011,509	1,780,631,662		
Capital Work in Progress (Including Capital Advances)													37,004,485	30,041,752
													1,530,222,665	949,060,084

SCHEDULES annexed to and forming part of the Consolidated Balance Sheet as at 31st March, 2007 (Contd.)

Schedule No.		As at 31st March, 2007 (Rs.)	As At 31st March 2006 (Rs.)
7	**INVESTMENTS**		
	[Refer Note 1, 1(v), on Schedule 20]		
	Trade, Long Term		
	199,145 Common shares in Relativity Technologies Inc., USA	44	44
	953,265 Common Shares in Computer Logic Inc., USA	43	43
	500,000 Preference Shares and 189,655 Common Shares in Co kinetic Systems Inc., USA	44	44
	Non - Trade short term		
	In mutual funds, debts and money market securities (Fair value based on repurchase price as on March 31, 2007 Rs.1,465,286,890 (Previous Year Rs. 660,647,357)	1,444,273,676	649,416,696
		1,444,273,807	**649,416,827**
8	**SUNDRY DEBTORS (Unsecured)**		
	Debts outstanding for a period exceeding six months :		
	- Considered good	25,848,973	51,674,043
	- Considered doubtful	69,280,878	96,504,274
	Other debts :		
	- Considered good	1,834,708,996	1,149,031,164
		1,929,838,847	1,297,209,481
	Less : Provision for doubtful debts	(69,280,878)	(96,504,274)
		1,860,557,969	**1,200,705,207**
9	**CASH AND BANK BALANCES**		
	Cash and Cheques in Hand	40,138,139	19,683,598
	Balances with Banks in :		
	- Current Accounts	559,210,706	384,984,349
	- Dividend Account	2,527,981	1,668,993
	- Fixed Deposit Accounts [Includes Rs. 30,356,253/- (Previous Year Rs. 27,401,574/-) pledged as margin money]	177,534,845	244,848,654
	- Call Money Accounts	164,044,303	271,795,362
	- Exchange Earners Foreign Currency Account	87,110	769,252
		943,543,084	**923,750,208**
10	**OTHER CURRENT ASSETS**		
	(Unsecured, Considered good)		
	Interest Receivable	5,397,034	4,496,068
	Unbilled Revenue	141,145,220	166,797,791
		146,542,254	**171,293,859**

SCHEDULES annexed to and forming part of the Consolidated Balance Sheet as at 31st March, 2007 (Contd.)

Schedule No.			As at 31st March, 2007 (Rs.)		As At 31st March 2006 (Rs.)
11	**LOANS & ADVANCES (Unsecured, considered good except where otherwise stated)**				
	Loan to NIITian Welfare Trust **[Refer Note 14 on Schedule 20]**		100,000,000		100,000,000
	Advances recoverable in cash or in kind or for value to be received		85,739,066		86,150,313
	Security Deposits	131,531,729		117,258,312	
	Less - Provision for Doubtful deposits	1,459,716	130,072,013	2,321,116	114,937,196
	Prepaid Expenses		128,675,252		124,856,626
			444,486,331		**425,944,135**
12	**CURRENT LIABILITIES**				
	Sundry Creditors		733,868,937		577,465,563
	Advances from Customers		59,449,943		29,622,538
	Liabilities under Finance Lease **[Refer Note 16(b) on Schedule 20]**		2,426,908		24,464,670
	Unclaimed Dividend *		2,527,980		1,668,993
	Unearned Revenue		220,871,667		82,483,846
	Interest accrued but not due		10,449,228		18,985,165
	Other Liabilities		239,916,505		153,277,504
	*There are no amounts due for payment to the investor protection fund under section 205C of the Companies Act,1956				
			1,269,511,168		**887,968,279**
13	**PROVISIONS [Refer Note 1(viii) on Schedule 20]**				
	Proposed Dividend		254,153,445		231,895,680
	Tax on proposed dividend		43,193,378		32,523,369
	Gratutity		16,743,039		5,004,532
	Compensated absences		207,317,449		26,589,930
	Provision for Tax	206,035,001		199,876,565	
	Less: Advance Tax	189,250,915	16,784,086	205,007,272	(5,130,707)
			538,191,397		**290,882,804**
14	**MISCELLANEOUS EXPENDITURE (to the extent not written off or adjusted)**				
	PRELIMINARY EXPENSES				
	As per last Balance Sheet	40,322		80,642	
	Less: Written off during the year	40,322	-	40,320	40,322
	DEFERRED REVENUE EXPENDITURE				
	As per last Balance Sheet	-		2,063,598	
	Less: Written off during the year	-	-	2,063,598	-
			-		**40,322**

SCHEDULES annexed to and forming part of the Consolidated Profit and Loss Account for the year ended 31st March 2007

Schedule No.		Year ended 31st March, 2007 (Rs.)	Year ended 31st March 2006 (Rs.)
15	**OTHER INCOME**		
	[Refer Note 1(vii), on Schedule 20]		
	Income from Dividend	16,674,318	693,413
	Profit on sale of short term Investment	38,251,466	27,934,363
	Gain /(Loss) on exchange fluctuations (Net)	33,742,978	(29,132,743)
	Others	59,923,023	37,426,562
		148,591,785	**36,921,595**
16	**PERSONNEL**		
	[Refer Note 1(viii), 5 and 17 on Schedule 20]		
	Salaries and Benefits *	4,311,165,572	2,907,987,811
	Contribution to retirement benefit funds	301,399,944	133,221,838
	Welfare and other expenses	133,524,025	101,271,301
	* Includes expenditure of Rs. 5,206,433 (Previous Year Rs. 13,949,692) in respect of Employee Stock Option Plan		
		4,746,089,541	3,142,480,950
17	**DEVELOPMENT AND BOUGHT OUT**		
	Bought out Items	220,426,153	207,803,009
	Professional Charges	499,192,789	297,046,300
	Equipment Hiring	11,214,656	8,389,186
	Software Duplication Charges	91,178,457	62,699,045
	Others	32,231,651	31,911,647
		854,243,706	607,849,187

SCHEDULES annexed to and forming part of the Consolidated Profit and Loss Account for the year ended 31st March 2007 (Contd.)

Schedule No.			Year ended 31st March, 2007 (Rs.)		Year ended 31st March 2006 (Rs.)
18	**ADMINISTRATION FINANCE AND OTHERS** [Refer Note10 on Schedule 20]				
	Rent		263,714,013		203,171,004
	Rates and Taxes		37,667,041		22,997,917
	Electricity and Water		81,965,563		70,217,189
	Communication		140,153,040		145,092,560
	Legal and Professional		206,055,742		167,449,511
	Traveling and Conveyance		344,505,487		272,283,087
	Interest paid :				
	- Fixed Loans	37,869,126		33,356,090	
	Less : Interest Received on :				
	- Deposits	30,855,295		16,047,767	
	- Loans	6,005,120		3,785,768	
	- Others	6,261		18,148	
		36,866,676	1,002,450	19,851,683	13,504,407
	Bank, Discounting and Other Financial Charges		17,631,207		5,723,493
	Bad debt and provision for doubtful debt		30,704,648		39,618,522
	Lease Rentals		4,829,432		4,606,775
	Insurance Premium		42,663,093		32,141,104
	Repairs and Maintenance				
	- Plant and Machinery	72,129,512		31,828,209	
	- Buildings	8,329,023		2,578,159	
	- Others	24,627,102		20,488,997	
			105,085,637		54,895,365
	Sundry Expenses		66,799,445		62,674,736
	Miscellaneous expenditure written off		40,322		2,103,918
			1,342,817,120		**1,096,479,588**
19	**MARKETING**				
	Advertisement and Publicity		63,566,027		44,551,786
	Others		50,276,383		41,648,810
			113,842,410		**86,200,596**

SCHEDULE '20': Notes to Consolidated Accounts for the year ended 31st March 2007

1. STATEMENT ON SIGNIFICANT ACCOUNTING POLICIES

These consolidated financial statements are prepared on an accrual basis and under historical cost convention and in accordance with the Accounting Standards issued by the Institute of Chartered Accountants of India. The significant accounting policies adopted by the group are detailed below:

i) **Basis of consolidation**

The consolidated financial statements are prepared in accordance with Accounting Standard "21" Consolidated Financial statements issued by the Institute of Chartered Accounts of India. These consolidated financial statements include accounts of NIIT Technologies Limited and its subsidiary undertakings (The Group). Subsidiary undertakings are those companies in which NIIT Technologies Limited, directly or indirectly, has an ownership of more than one half of voting power or otherwise has power to exercise control over the operations and to obtain economic benefits. The subsidiaries are consolidated from the date of acquiring majority ownership on which effective control is transferred to the Group and are no longer consolidated from the date of disposal. On acquisition, consideration paid less net assets acquired is considered as Goodwill. All material inter Company transactions, balances and unrealized surpluses and deficits on transactions between group companies are eliminated. Consistency in adoption of accounting policies among all group companies is ensured to the extent practicable. Separate disclosure is made for minority interests.

ii) **Fixed Assets**

Fixed Assets are stated at acquisition cost.

iii) **Depreciation and Amortisation**

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

Buildings	58 years
Leasehold Land	90 years
Leasehold Improvements	3 years or lease period whichever is lower
Computers, related accessories (Included in Plant & machinery) and intangible assets including Goodwill arising on Consolidation up to 31 March 2006	1-5 years
Goodwill arising on Consolidation on or after 1 April 2006	Reviewed for Impairment {Refer note 9 (b)}
Furniture, fixtures and vehicles	5-10 years
All other assets	3 - 20 years

Further, computer systems and software are technically evaluated each year for their useful economic life and the unamortized depreciable amount of the asset is charged to profit and loss account as depreciation over their revised remaining useful life.

iv) **Impairment of Assets**

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

v) **Investments**

Long-term investments are valued at their acquisition cost. Any decline in the value of the said investment, other than a temporary decline, is recognized and charged to profit and loss account. Short-term investments are carried at cost or their market values whichever is lower.

vi) **Inventory valuation**

Inventories are valued lower of costs or net realizable value.

vii) **Revenue Recognition**

Software Services

The Group derives a substantial part of its revenue from time and material contracts where the revenue is recognized on a man month basis. The Group also derives revenues from fixed price contracts where the revenue is recognized based on proportionate completion method. Further, foreseeable losses on the completion of the contracts, if any are also provided for.

SCHEDULE '20': Notes to Consolidated Accounts for the year ended 31st March 2007 (Contd.)

Software Products

Revenue from sale of products including sale of software user licenses are recognized, when delivery to the customer has occurred. In case of multiple element contracts involving products and services revenue is recognized on proportionate completion basis except where individual components are separable products or services that can be dealt with on a standalone basis in which case revenue in respect of each component is recognized separately, as per the terms of the contract.

Annual Maintenance Contracts

Revenue from annual maintenance contract is recognised in proportion to time elapsed, on a Straight line basis.

Dividend

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

viii) **Employee Benefits**

a) **Retirement Benefits**

- **Provident Fund (India based employees)**

  The Group makes defined contribution to Regional Provident Fund Commissioner w.e.f. 1 October 2005 in respect of Provident Fund. The Group does not have any further obligation in this respect.

  For the period upto 30th September 2005, the Group made contribution to a Trust established for the purpose by NIIT Limited which is a defined benefit plan to the extent that the Company has an obligation to make good the shortfall, if any, between the return from the investment of the trust and interest rate notified every year by the Government. The Group's obligation in this regard is actuarially determined and provided for if the circumstances indicate that the Trust may not be able to generate adequate returns to cover the interest rates notified by the Government.

- **Superannuation**

  The group makes defined contribution to a trust established for the purpose by NIIT Limited for eligible employees. The Company has no further obligation beyond it's monthly contributions.

- **Gratuity**

  Gratuity is a post employment defined benefit plan for eligible employees in India. The liability recognized in the balance sheet in respect of gratuity is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets. The defined benefit obligation is calculated annually by an independent actuary using the projected unit credit method. Actuarial gains and losses are charged or credited to the Profit and loss account in the year in which such gains or losses arise.

- **Overseas plans**

  In respect of companies incorporated outside India, where applicable, the companies make defined contributions on a monthly basis towards retirement benefit plans which is charged to the Profit and Loss Account.

b) **Compensated absences**

Liability in respect of compensated absence is provided both for encashable leave and those expected to be availed based on actuarial valuation for which undiscounted value of the benefits expected to be paid/availed during the next one year and appropriate discounted value for the benefits expected to be paid/availed after one year.

c) **Employee Stock Option Scheme**

The stock options granted under "NIIT Technologies Employees Stock Option Plan 2005" is accounted for as per the accounting treatment prescribed by Employee Stock Option Scheme and Employee stock Purchase Guidelines, 1999, issued by Securities and Exchange Board of India, whereby the intrinsic value of the option being excess of market value of the underlying share immediately prior to date of grant over its exercise price is recognized as deferred employee compensation with a credit to employee stock option outstanding account. The deferred employee compensation is charged to profit and loss account on straight line basis over the vesting period of the option. The balance in employee stock option outstanding account net of any un-amortized deferred employee compensation is shown separately as part of shareholders' funds.

ix) **Foreign Currency Transaction / Translation**

Transactions in foreign currency (currency other than companies' reporting currency) are booked at standard rates determined periodically, which approximate the actual rates and all monetary assets and liabilities in foreign currency are restated at the year-end. Gain/ Loss arising out of fluctuations on realization/ payment or restatement, except those identifiable to acquisition of fixed assets is charged/ credited to the profit and loss account. Gain/Loss on account of exchange fluctuations identifiable to fixed assets acquired is adjusted against the carrying value of the

SCHEDULE '20': Notes to Consolidated Accounts for the year ended 31st March 2007 (Contd.)

related fixed asset.

The Group uses Foreign exchange forward contracts to hedge some of its exposure to movements in foreign exchange rates. The premium or discount arising at the inception of such a forward exchange contract is amortized as expense or income over the life of the contract. Exchange differences on such a contract are recognized in the statement of profit and loss in the reporting period in which the exchange rates changes. Any profit or loss arising on cancellation or renewal of such a forward exchange contract is recognized as income or as expense for the period. Gain/loss on derivative contracts entered to hedge currency fluctuation in respect of highly probable forecast transactions are recorded at the time of their settlement and disclosure of same is made in the notes to accounts.

For the purposes of consolidation, the operations of overseas subsidiaries are considered non integral in nature and accordingly their assets and liabilities are translated at the year end exchange rate and income and expenditure items are translated at standard rates that approximate the exchange rate prevailing on the date of transaction. The resultant translation adjustment is reflected as a separate component of shareholders' funds as 'Cumulative Translation Reserve'. Upon disposal or dissolution of non Indian subsidiaries, the balance in Cumulative Translation Reserve in relation to the subsidiary is transferred to the Profit and Loss Account.

x) **Leases**

Lease rental in respect of operating lease arrangements are charged to expense on a straight line basis over the term of the related agreement.

Finance lease transactions are considered as financing arrangements and the leased asset is capitalized at an amount equal to the present value of the future minimum lease payments and corresponding amount is recognized as a liability. The lease payments made are apportioned between finance charges and reduction of outstanding liability in relation to leased asset.

xi) **Borrowing Cost**

Borrowing costs are expensed in the year in which it is incurred except where the cost is incurred during the construction of an asset that takes a substantial period to get ready for its intended use in which case it is capitalized.

xii) **Taxation**

Tax expense comprising of both current tax (including Fringe Benefit Tax) and deferred tax is included in determining the net results for the year. Deferred tax reflects the effect of temporary timing differences between the assets and liabilities recognized for financial reporting purposes and the amounts that are recognized for current tax purposes. As a matter of prudence deferred tax assets are recognized and carried forward only to the extent, there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. Current Tax (including Fringe Benefit Tax) is determined based on the provisions of Income Tax Act and regulations, of the respective countries.

xiii) **Provisions and contingencies**

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

2 CONTINGENT LIABILITIES

a) Guarantees issued to bankers outstanding at the end of accounting year Rs.10,673.61Lacs (Previous Year Rs. 1,338.53 Lacs)

b) Guarantees issued by banker outstanding at the end of accounting year Rs. 3,041.14Lacs (Previous Year Rs. 992.75 Lacs)

c) Guarantees given on behalf of NIITian Welfare Trust for loans availed by the Trust Rs. 750 Lacs (Previous year Rs. 750 Lacs).

d) Corporate guarantees outstanding at year end, Rs. 3,410 Lacs (Previous year Rs. 3,105 Lacs)

e) Claims not acknowledged as debts Rs. 62.30 Lacs (Previous Year Rs. 70.31 Lacs).

3 The Global Solutions Business (GSB) Undertaking of NIIT Limited constituting software services and solutions including investment in subsidiaries engaged in business process outsourcing and geographical information services and other world-wide subsidiaries were transferred to the Parent Company w.e.f. 1st April, 2003 pursuant to the Scheme of Arrangement under Section 391 to Section 394 of the Companies Act, 1956 that was approved by the Hon'ble High Court of Delhi. Mutation of immovable properties transferred to the Parent Company resulting out of the scheme of

SCHEDULE '20': Notes to Consolidated Accounts for the year ended 31st March 2007 (Contd.)

arrangements are pending to be completed at 31st March 2007.

4 Estimated amount of contracts remaining to be executed on capital account not provided for (net of advances) Rs. 2,071.26 Lacs (Previous Year Rs. 1129.50 Lacs).

5 The implementation of Accounting Standard 15 (Revised 2005) on Employee Benefits has resulted in an additional liability towards compensated absences upto 31st March 2006 of Rs. 1,089 Lacs (net of deferred tax impact) which has been adjusted against the opening reserves/opening balance in the profit & loss account. Its implementation has also resulted in increased personnel cost of Rs. 424 Lacs for the year.

6 a) Working Capital Limits of the Parent Company are secured by a first charge on book debts and by a second charge on movable assets of the Parent Company. The Parent Company has not utilized the fund based limit as at the year-end (previous year Rs. Nil).

b) 6.50% Non Convertible Debentures are secured by way of a mortgage on freehold land and a first pari passu charge by way of hypothecation of movable assets/ properties, subject to charges created on general assets of the Parent Company in favour of the Parent Company's banker(s) for securing their working capital requirements.

c) Vehicle Loans from Banks are secured by way of hypothecation of the vehicles financed.

d) Term loan from bank is secured by a first priority over fixed assets and a floating charge over the present and future immovable assets including receivables of NIIT Technologies Limited, UK, a Subsidiary Company in the Group. Additionally, the Parent Company has given a guarantee in relation to this loan which has been considered in Note 2 (a) above.

e) The secured and unsecured loans of the group are repayable as follows:-

Amount in Rs.

	31.03.2007	31.03.2006
Within the next 1 year	311,641,902	156,649,258
In the next 2 to 5 years	481,556,170	263,518,911
After 5 years	-	-

7 a) Derivative instruments

The Parent Company has outstanding foreign exchange forward contracts as at March 31, 2007 for hedging its exposure to movements in foreign exchange rates relating to receivables aggregating to US Dollar 21,500,000 (previous year US Dollar 13,250,000) in respect of inter Company balances between the group companies. Foreign currency receivables and payables from parties outside the Group amounted to Rs. 143,488,553 and Rs. 73,549,948 respectively which were not hedged by derivative instruments.

b) The Parent Company also has foreign currency derivative contracts to hedge its exposure in respect of highly probable forecast transaction to sell a minimum of US Dollar 1,750,000 and GBP 2,750,000 respectively and upto a maximum of US Dollar 3,500,000 and GBP 5,500,000 respectively; depending upon spot rate prevailing on the various settlement dates that go upto 27th March 2008

8 Consolidation

a) Details of NIIT Technologies Limited's subsidiaries all of which have been considered in these consolidated accounts are as follows as at the year end.

Subsidiary	Percentage of ownership interest as at 31.03.2007	Percentage of ownership interest as at 31.03.2006	Country of incorporation
NIIT GIS Limited	88.99	88.99	India
NIIT Smart Serve Limited	100	100	India
NIIT Technologies Inc., USA	100	100	United States
NIIT Technologies Ltd	100	100	United Kingdom
NIIT Technologies Co. Ltd	100	100	Japan
NIIT Technologies Pte Ltd	100	100	Singapore
NIIT Benelux BV	100	100	Netherlands
NIIT Belgium NV	99.96	99.96	Belgium
NIIT Thailand Limited	100	100	Thailand

SCHEDULE '20': Notes to Consolidated Accounts for the year ended 31st March 2007 (Contd.)

Subsidiary	Percentage of ownership interest as at 31.03.2007	Percentage of ownership interest as at 31.03.2006	Country of incorporation
NIIT Asia Pacific Pty Limited	100	100	Australia
NIIT Technologies AG	100	100	Germany
NIIT Technologies AG, Schweiz	100	100	Switzerland
NIIT Technologies Gmbh, Osterreich	100	100	Austria
NIIT Smart Serve Limited	100	100	United Kingdom
Room Solutions Limited (51% interest acquired on 8th May 2006 and 24% interest acquired on 1st November 2006)	75	75	United Kingdom

b) The Company also has 50 % interest in a joint venture viz, Adecco NIIT Technologies Private Limited as at 31st March 2007. The Joint venture has been accounted as a long term investment under Accounting Standard 13 "Accounting for Investment" pending completion of certain formalities in relation to the joint venture. The Joint Venture Company was yet to commence operations as on 31st March 2007.

9 (a) During the year, the Group acquired 51 % interest in Room Solutions Limited, UK on 8th May 2006 and a further 24 % interest on 1st November 2006. The goodwill on acquisition has been arrived at as follows:

On acquisition of 51% interest on 8th May 2006:		**Rs.**
Consideration paid		487,579,327
Less 51 % of net assets as on 8th May 2006 *		106,366,215
Goodwill arising	**(A)**	**381,213,112**
On acquisition of 24% interest on 1st November 2006:		
Consideration paid		267,994,353
Less 24 % of net assets as on 1st November 2006 *		57,431,678
Goodwill arising	**(B)**	**210,562,675**
* based on management accounts		
Total Goodwill arising	**(A + B)**	**591,775,787**

- The above goodwill has been ascertained based on the book values of the net assets acquired which in management's view are not significantly different from their fair values.
- The consideration above includes short-term loans and advances made of Rs. 984 Lacs. considered in schedule 5B.
- The Group would be acquiring the remaining 25% interest as per the share purchase agreement by October 2007

b) The goodwill arising on consolidation in respect of acquisitions made on or after 1st April, 2006 is not subjected to amortization; instead it is subjected to review as per the Accounting Standard 28 along with other assets so as to align with the generally accepted industry practice.

- Had it been amortized, the amortization charge would have been higher by Rs. 859 lakhs.

10. Payment to Auditors (Excluding Service Tax)

i) Payment to Parent Company auditors

Particulars	Year 2007 (Rs.)	Year 2006 (Rs.)
Audit fees	6,171,000	4,727,374
Certification Services	2,520,000	2,723,750
Tax audit fees	569,000	470,000
Reimbursement of expenses	837,767	785,064

ii) Payment to other auditors amount to Rs.14,931,036 /- (Previous Year Rs. 11,712,859/-).

SCHEDULE '20': Notes to Consolidated Accounts for the year ended 31st March 2007 (Contd.)

11 TAXATION

a) **CURRENT TAX**

The Group has availed deductions available under the provisions of section 10B and 80IC of the Indian Income Tax Act, in respect of certain Export Oriented Undertakings (EOU's) registered with Software Technology Parks of India (STPI) and for an undertaking set up in a backward area respectively.

b) **DEFFERED TAX (NET)**

Break up of deferred tax assets/ liabilities and reconciliation of current accounting period deferred tax credit is as follows:

(Rs. Lacs)

Deferred Tax Assets/Liabilities	As at 1.04.2006	Acquired in relation to Room Solution Ltd., UK (Refer Note 10 above)	Charged/ (Credited to Profit & Loss Account)	As at 31.03.2007
Deferred Tax Liabilities				
a) Tax impact of difference between carrying amount of fixed assets in the financial statements and as per the income tax calculation.	310	-	(210)	100
b) Tax impact of expenses charged in the financial statements but allowable as deductions in future years under income tax	-	-	84	84
c) Others	5	-	-	5
Total (A)	**315**		**(126)**	**189**
Deferred Tax Assets:				
a) Tax impact of difference between carrying amount of fixed assets in the financial statements and as per the income tax calculation.	445	37	(58)	424
b) Tax impact of expenses charged in the financial statements but allowable as deductions in future years under income tax:		27	12	39
Provision for doubtful debts	119	-	9	128
Provision for Compensated absences, Bonus and Gratuity	260 *	-	59	319
Others	6	-	74	80
c) Carry forward losses/ unabsorbed depreciation.	146	7	(153)	0
Total (B)	**976 ***	**71**	**(57)**	**990**
Net Deferred Tax Asset / (Liability) (B-A)	**661 ***	**71**	**69**	**801**

Note: * includes Rs. 202 Lacs in relation to tax impact on additional liability recognised in respect of compensated absences on implementation of Accounting Standard 15 (Revised) " Employee Benefits" – Refer Note 5 above.

i) Deferred Tax assets and liabilities above have been determined by applying the Income Tax rates of respective countries. Also as required by Accounting Standard 22 "Accounting for Taxes on Income" deferred tax assets and liabilities in relation to different Companies have not been offset and have been represented in the balance

SCHEDULE '20': Notes to Consolidated Accounts for the year ended 31st March 2007 (Contd.)

sheet as follows:

(Rs. Lacs)

Particulars	As at 31.03.2007	As at 31.03.2006
Deferred Tax Liability (Net)	-	2
Deferred Tax Asset (Net)	801	461

ii) Deferred tax assets arising from carry forward losses/unabsorbed depreciation has been recognized only to the extent of deferred tax liability in the respective companies except where the Group is certain of their recovery in full.

12 Earnings Per Share

	2006-07	2005-06
Profit attributable to Equity shareholders (Rs.) - (A)	1,292,441,483	662,902,841
Weighted Average number of Equity shares Outstanding during the year - (B)	38,724,542	38,649,280
Add: Effect of potential dilutive shares(stock options)- (Refer Note 16 below)	318,351	121,646
Weighted average shares outstanding considered for determining dilutive earning per share - (C)	39,042,893	38,770,926
Nominal Value of Equity Shares (Rs.)	10	10
Basic Earnings per share (Rs.) (A/B)	33.38	17.15
Diluted Earnings per share (Rs.) (A/C)	33.10	17.10
EARNING PER SHARE {had fair value method been employed for accounting for Employee Stock Option (Refer Note 16 below)}		
Profit attributable to Equity shareholders (Rs.) - (D)	1,289,903,032	651,067,739
Basic Earnings per share (Rs.) (D/B)	33.31	16.85
Diluted Earnings per share (Rs.) (D/C)	33.04	16.79

13 Related Party Disclosures as per Accounting Standard 18

A. List of related parties with whom the Group has transacted:

a. **Parties of whom the Group is an associate and its subsidiaries**
1) NIIT Limited
2) NIIT USA Inc.
3) NIIT Malaysia Sdn Bhd
4) NIIT China (Shanghai) Ltd
5) Scantech Evaluation Services Limited
6) NIIT Middle East LLC. Bahrain
7) NIIT Multimedia Ltd.

b. **Key Managerial personnel**
Rajendra S Pawar
Vijay K Thadani
Arvind Thakur

c. **Parties in which the key managerial personnel or the relatives of the key managerial personnel are interested.**
Institute of Quality Limited
Naya Bazar Novelties Pvt Ltd.

d. **Joint Venture:** Adecco NIIT Technologies Private Ltd.

SCHEDULE '20': Notes to Consolidated Accounts for the year ended 31st March 2007 (Contd.)

B. Details of transaction with related parties carried out on an arms length basis:

Nature of Transactions	Party of whom the Group is an associate and it's Subsidiaries (Rs.)	Key Managerial Personnel (Rs.)	Parties in which Key Managerial Personnel of the Group are interested (Rs.)	Total (Rs.)
Purchase of Fixed Assets - (Note 2)	15,632,018 (1,384,020)	- (-)	- (-)	15,632,018 (1.384,020)
Recovery from NIIT Limited Group - (Note 3)	37,562,899 (37,757,645)	- (-)	- (-)	37,562,899 (37,757,645)
Recovery by NIIT Limited Group – (Note 4)	40,603,448 (61,679,363)	- (-)	- (-)	40,603,448 (61,679,363)
Receiving of Services/Goods (Note 5)	30,785,077 (35,980,071)	- (-)	1,598,176 (1,339,900)	32,383,253 (37,319,971)
Rendering of Services – (Note 6)	31,145,270 (5,080,043)	- (-)	1,049,745 (2,056,104)	32,195,015 (7,136,147)
Transfer of expense from NIIT	1,767,907 (-)	- (-)	- (-)	1,767,907 (-)
Remuneration (Note 7)	- (-)	24,718,129 (20,205,538)	- (-)	24,718,129 (20,205,538)
Other Income	4,814,057 (-)	- (-)	- (-)	4,814,057 (-)
Other Expenses	3,650,755 (-)	- (-)	- (-)	3,650,755 (-)
Dividend Paid to Scantech Evaluation Services Limited	57,973,920 (53,142,760)	- (-)	- (-)	57,973,920 (53,142,760)
Sale of Fixed assets (Note 8)	3,605,115 (-)	- (-)	- (-)	3,605,115 (-)

In addition to above transactions, the Group has incurred certain expenses of Rs. 4.34 Lacs which are recoverable from Adecco NIIT Technologies Private Limited.

Notes:

1 Figures in Parenthesis represent previous year's figures.

2 Includes transactions for the year with;
- NIIT China (Shanghai) Limited Rs. Nil Lacs (Previous Year: Rs. 13.84 Lacs)
- NIIT Limited Rs. 23 Lacs (Previous Year: Rs. Nil)
- NIIT Multimedia Limited Rs. 133 Lacs. (Previous Year Rs. Nil)

3 Includes transactions for the year with;
- NIIT Limited Rs. 375.63 Lacs (Previous Year: Rs. 376 Lacs)

4 Includes transactions for the year mainly with;
- NIIT Limited Rs. 395.28 Lacs (Previous Year: Rs. 91.95 Lacs)
- NIIT USA Inc, Rs. Nil (Previous Year: Rs. 519.58 Lacs)

5 Includes transactions for the year mainly with;
- NIIT Limited Rs. 119.81 Lacs (Previous Year Rs. 130.70 Lacs)
- NIIT Malaysia Sdn Bhd Rs. 1.01Lacs (Previous Year Rs. 83.70 Lacs)
- NIIT China (Sanghai) Ltd Rs. Nil Lacs (Previous Year Rs. 145.40 Lacs)
- NIIT Middle East Rs.160.43 Lacs (Previous Year Nil)

6 Includes transactions for the year mainly with;

SCHEDULE '20': Notes to Consolidated Accounts for the year ended 31st March 2007 (Contd.)

- NIIT USA Inc, Rs.10.49 Lacs (Previous Year Rs. 20.32 Lacs)
- NIIT China (Sanghai) Ltd Rs. 114.02Lacs (Previous Year Rs. 8.12 Lacs)
- NIIT Limited Rs. 0.75 Lacs (Previous Year Rs. 20.00 Lacs)

7 Remuneration to Key Managerial Personnel includes those paid to;

- Rajendra S Pawar – Rs. 100.45 Lacs (Previous Year Rs. 24.77 Lacs)
- Arvind Thakur – Rs. 139.93 Lacs (Previous Year Rs. 171.79 Lacs)
- Vijay K Thadani – Rs. 6.80 Lacs (Previous Year Rs. 3.30 Lacs)

8 Includes transaction for the year with NIIT Limited Rs. 36.05 Lacs. (Previous year Nil)

C. Outstanding balances with related parties:

	Receivables As at 31.03.2007 (Rs.)	Payables As at 31.03.2007 (Rs.)	Receivables As at 31.03.2006 (Rs.)	Payables As at 31.03.2006 (Rs.)
Parties of whom the Group is an associate and its subsidiaries.	10,802,124	11,213,501	14,752,535	5,181,691
Key Managerial Personnel	-	16,445,200	-	1,1297,000
Adecco NIIT Technologies Private Limited	433,555	-	-	-

14 The Group has granted a loan (Refer Schedule 11 above) to NIITian Welfare Trust which has been formed for the purpose of providing welfare benefits to the employees of the Group and NIIT Limited group. The Group has also provided corporate guarantee to the extent of Rs. 750 Lacs (previous year Rs. 750 Lacs) against the total outside borrowings made by the trust of Rs. 3000 Lacs (previous year Rs. 3000 Lacs).

15 The Dominant source of risk and returns of the enterprise is considered to be the business in which it operates viz – software solutions. Being a single business segment Company, no primary segment information is being provided. The secondary segment information as per Accounting Standard 17 'Segment Reporting' in relation to geographies is as follows:

(Rs. Lacs)

Particulars	Revenue from external Customers by location of customers		Carrying amount of segment assets by location of the assets		Additions to fixed assets	
	31.03.2007	31.03.2006	31.03.2007	31.03.2006	31.03.2007	31.03.2006
India	7,042	4,679	30,773	23,348	2,640	2431
Rest of Asia Pacific (including Australia)	8,882	6,348	4,685	4,726	374	981
Europe	44,119	26,240	22,519	9,196	6,611	21
America	28,544	23,486	6,548	6,504	78	176
Total	88,587	60,753	64,525	43,774	9,703	3,609

16 Disclosure of Leases as per Accounting Standard (AS) – 19

a) **Operating Leases**

Total of future Minimum Lease Payments under non-cancelable leases in case of premises and equipments:

Particulars	In respect of Premises (Rs.)		In respect of equipment (Rs.)	
	March 31, 2007	March 31, 2006	March 31, 2007	March 31, 2006
Amount payable within the next 1 year	81,500,011	64,001,459	15,227,542	12,047,719
Amount payable in the next 2 to 5 years	175,004,322	106,391,372	11,682,030	14,495,577

Aggregate payments during the period under operating leases amount to Rs. 279,758,101/- (previous year Rs. 211,560,190/-).

SCHEDULE '20': Notes to Consolidated Accounts for the year ended 31st March 2007 (Contd.)

b) Finance Leases

The minimum lease payment outstanding and their present value at the balance sheet date in respect of plant and machinery that have been capitalized are as follows;

Particulars	Minimum lease payments Amount (Rs.)	Finance charges Amount (Rs.)	Present value of lease payments Amount (Rs.)
Amount payable within the next 1 year	1,652,167 (25,691,633)	205,818 (1,710,809)	1,446,349 (23,980,824)
Amount payable in the next 2 to 5 years	1,062,338 (537,035)	81,779 (53,189)	980,559 (483,846)
Total	**2,714,505 (26,228,668)**	**287,597 (1,763,998)**	**2,426,908 (24,464,670)**

* Figures in Parenthesis represent previous year figures.

17 EMPLOYEE STOCK OPTION PLAN:

The Parent Company (NIIT Technologies Limited) established NIIT Technologies Stock Option Plan 2005 (ESOP 2005) in the year 2005-06 and the same was approved at the Annual General Meeting of the Parent Company on 29th July 2004. The plan was set up so as to offer and grant for the benefit of employees of the Parent Company and its subsidiaries, who are eligible under Securities Exchange Board of India (SEBI) Guidelines (excluding promoters), options of the Parent Company in aggregate up to 3,850,000 options under ESOP 2005, in one or more tranches, and on such terms and conditions as may be fixed or determined by the Board in accordance with the provisions of law or guidelines issued by the relevant authorities in this regard. As per the plan each option is exercisable for one equity share of face value of Rs. 10 each fully paid up on payment to the Parent Company for such shares at a price to be determined in accordance with ESOP 2005. SEBI has issued the Employee's Stock Option scheme and Employee Stock Purchase Scheme Guideline,1999 which is applicable to the above ESOP 2005.

The Parent Company granted option in two tranches. The details of which are as follows:

Description	Tranche 1		Tranche II	
	2006-07	**2005-06**	**2006-07**	**2005-06**
Live grants at beginning /during the year (Nos)	609,850	660,750	70,600	70,600
Forfeited during the Year (Nos)	54,600	50,900	54,600	-
Options Vested (Nos)	555,250	-	16,000	-
Options exercised (Nos)	435,250	-	16,000	-
Options lapsed post vesting (Nos)	13,200	-	-	-
Exercisable/outstanding at the end of the Year (Nos)	106,800	609,850	-	70,600
Exercise Price	Rs. 115	Rs. 115	Rs. 150.85	Rs. 150.85
Remaining Contractual Life	853 Days	1218 Days	-	1228 Days
Fair Value of the Options based on Black and Scholes model (as per Independent valuer's report)	Rs. 59.20	Rs. 59.20	Rs. 41.18	Rs. 41.18
Intrinsic Value of option	Rs. 34.50	Rs. 34.50	NIL	NIL

The input used for determination of fair value by the independent valuer as per the Black & Scholes model is as follows:

a) Market price considered is the latest available closing price, prior to the date of the grant.

b) Exercise price is the price payable by the employees for exercising the option.

c) 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 have not been incorporated in the valuation analysis.

d) Volatility - Variance in the stock price is considered as 10% and is based on historical volatility in the share price movement of the Parent Company and four other comparable companies.

SCHEDULE '20': Notes to Consolidated Accounts for the year ended 31st March 2007 (Contd.)

e) Average life of the options is considered to be 2.5 Years.

f) Risk less interest rate has been assumed at 7% based on long term government bonds of ten year residual maturity.

Other information regarding employee share based payment is as below:

Description	Tranche 1		Tranche II	
	2006-07	2005-06	2006-07	2005-06
Expense accounted for during the period based on intrinsic value of the options	5,206,433	13,949,692	-	-
Additional expense had the group recorded the ESOP Expense based on fair Value of the options	3,727,505	9,987,170	(1,189,053)	1,847,932

18. Retirement Benefits

a) Expenditure on defined contribution post retirement benefit plans viz. Provident Fund and Superannuation Fund amounted to Rs. 282,974,304 (Previous year Rs. 121,390,767).

b) Disclosure in respect of defined benefit plans in accordance with Accounting Standard 15 (Revised) "Employee Benefits"

- **Provident Fund:** In respect of Group's obligation towards guaranteed returns on PF Contributions made to the trust established by NIIT Limited, no actuarial valuation has been considered necessary by the Group as the trust has in the past earned returns in excess of the minimum guaranteed returns notified by the Government and the Group expects the same to continue in the foreseeable future. The Group does not expect any additional liability in respect of Provident fund beyond the contributions already made.
- **Gratuity:** Disclosures as per actuarial report of independent actuary:

Amount of obligation as at the year end and is determined as under:

Description	Amount (Rs.)
Present value of obligation as at the beginning of the year	**39,244,344**
Interest cost	2,761,836
Current service cost	7,708,875
Benefits paid	(5,081,402)
Actuarial (gain)/loss on obligations	9,999,027
Present value of obligation as at the end of the year	54,632,680

Change in Plan Assets:

Description	Amount
Plan assets at beginning at fair value	34,239,812
Expected return on plan assets	2,838,445
Contributions	6,687,134
Benefits paid	(5,081,402)
Actuarial gain/(loss) on plan assets	(794,348)
Plan assets at year end at fair value	37,889,641

Amount of the obligation recognized in the Balance Sheet:

Description	Amount
Present value of the defined benefit obligation at the end of the year	54,632,680
Fair value of plan assets at the end of the year	37,889,641
Liability recognized in the Balance sheet	16,743,039

SCHEDULE '20': Notes to Consolidated Accounts for the year ended 31st March 2007 (Contd.)

Amount of gratuity expense recognised in the Profit and loss account:

Description	Amount
Current service cost	7,708,875
Interest cost	2,761,836
Expected return on plan assets	(2,838,445)
Actuarial (gain)/ loss recognized during the year	10,793,375
Total	**18,425,641**

Investment details of plan assets:

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

Principal actuarial assumptions at the balance sheet date:

	2006-07
Discounting Rate	7.5%
Expected Rate of return on plan assets	8.7 % - 9%

The estimates of future salary increases considered in actuarial valuation take account of inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market.

19 Previous year figures have been regrouped/ recast wherever necessary to conform to current year's classification.

Signature to the Schedules `1' to `20' above

Rajendra S Pawar
Chairman

Arvind Thakur
CEO & Whole-time Director

Ashok Arora
Group Chief Financial Officer

K T S Anand
Chief Financial Officer

Rakesh K. Prusti
Company Secretary & Legal Counsel

Place : New Delhi
Date : May 23, 2007

NIIT technologies

Dear Shareholder,

SEBI vide its letter No. DCC/FITTCIR-3/2001 dated 15th October 2001 has advised that all companies should mandatorily use Electronic Clearing System (ECS) facility for distributing dividends or other cash benefits to the investors wherever available. In the absence of availability of ECS facility, the companies may use warrants for distributing the Dividends.

Currently ECS facility is available at locations specified by RBI. We request all the shareholders to give their bank details so that all future Dividend payments can be remitted through ECS. In case of shareholders staying at locations not currently covered by ECS, the bank account details will be used for suffixing along with the name of the shareholder on the dividend warrants issued in future.

Rakesh K Prusti
Company Secretary
& Legal Counsel

ECS MANDATE FORM

(For use by Shareholders holding Shares in physical mode only)

Alankit Assignments Ltd.
Unit - NIIT Technologies Limited
2E/21, Jhandewalan Extn.,
New Delhi-110055

Place : ________________

Date : ________________

Dear Sirs,

Change in mode of payments to Electronic Clearing System (ECS)

I hereby consent to have the amount of Dividend on my equity shares credited through the Electronic Clearing System (Credit Clearing) - [ECS]. The particulars are :

1. Folio No.: ____
   [Folio No. given in equity share certificate(s)]
2. Member's Name : Shri/Smt./Kum.: ________________________________
3. Member's address : ____
   ____
4. Particulars of the Bank Account :
   - Bank name : ____
   - Branch name : ____
   - Mention the 9-digit code number of the bank and branch appearing on the MICR cheque issued by the bank
     ____
     (Please attach a photocopy of a cheque or a blank cancelled cheque issued by your bank for verifying the accuracy of the code number)
   - Account type (please •) Savings ☐ Current ☐ Cash Credit ☐
   - Account number (as appearing on the cheque book) : ____________________________

I hereby declare that the particulars given above are correct and complete. If the transaction is delayed or not effected at all for reasons of incomplete or incorrect information for any reasons, I would not hold the Company responsible. I also undertake to advise changes, if any, in the particulars of my account to facilitate updation of records for purposes of credit of Dividend amount through ECS.

____

Signature of the first named/sole Member

Note : 1. **Please complete the form and send it to Registrar & Share Transfer Agent at the above address if you are holding share certificate(s) in physical form.**

2. **In case your shares are in Demateralised form, inform/update your informations directly with the Depository Participant (DP) with whom you are maintaining Demat Account and not to the Company or its Registrars.**
3. In case of more than one Folio please complete the details on separate sheets.
4. Subject to the rules and regulations of the Scheme of ECS of the Reserve Bank of India from time to time.

P.T.O

3rd Fold

Postage

Alankit Assignments Ltd.
Unit - NIIT Technologies Limited
2E/21, Jhandewalan Extn.,
New Delhi-110055

1st Fold

2nd Fold

Sender's name and address

Printed at Sona Printers Pvt. Ltd. F-86/1 Okhla Ph. 1, New Delhi-20 Tel: 91 11 41616566

NIIT technologies

NIIT Technologies Ltd.

Regd. Office : NIIT House, C-125, Okhla Ph-I, New Delhi 110020

PROXY FORM

Folio No. ____________ DP-ID No.____________ Client ID No. ____________________

I/We _________________________________ of __________________________________ in the district of _____________________ being a member/members of NIIT Technologies Limited, hereby appoint ________________________ of ______________________________________ in the district of ____ or failing him/her ________________________ of _________________________________ in the district of ________________________ as my/our Proxy to vote for me/us on my/our behalf at the Annual General Meeting of the Company to be held at 10.00 A.M., at FICCI Auditorium, 1 Tansen Marg, New Delhi 110 001, on Wednesday, the 25th day of July, 2007.

Affix Revenue Stamp here

Signature of Proxy

Signature of Member(s)

Note : Proxies, in order to be effective must be deposited at the Registered Office of the Company not less than 48 hours before the commencement of the Meeting.

NIIT technologies

NIIT Technologies Ltd.

Regd. Office : NIIT House, C-125, Okhla Ph-I, New Delhi 110020

ATTENDANCE SHEET

(This attendance sheet duly filled in, to be handed over at the meeting)

Member's Folio No.___________ DP-ID No.____________ Client ID No. _________________

Name of the attending member (in block letters) ________________________________

Name of Proxy(s) (in Block Letters) (to be filled in, if a proxy attends instead of the member) ____________

____

No. of Shares held ____

I hereby record my presence at the Annual General Meeting being held at 10:00 AM., at FICCI Auditorium, 1 Tansen Marg, New Delhi 110 001, on Wednesday, the 25th day of July, 2007.

Member's/Proxy's Signature
(to be signed at the time of handing over this sheet)

Note: 1. Please bring this form with you to the Annual General Meeting
2. The Registration Counter shall open at 9.00 A.M.