

(Rs. Million)

Particulars	As at			
	March 31, 2012 Non - Current	March 31, 2011	March 31, 2012 Current	March 31, 2011
1,475,096 (Previous year 863,471) Equity Shares of Rs. 10/- each fully paid-up in Evolv Services Limited (Refer Footnote i)	66.82	46.19	-	-
16,500,000 (Previous year 13,500,000) Equity Shares of Rs.10 each fully paid-up and Rs. Nil (Previous year Rs. 30,000,000/-) towards Share Application money in NIIT Institute of Process Excellence Limited (Refer Footnote ii)	165.00	135.00	-	-
7,949,155 Equity Shares of Rs. 10/- each fully paid-up in NIIT Yuva Jyoti Limited (Previous year Nil) [Refer Footnote (iii)&(iv)]	79.49	-	-	-
<b>- Preference</b>				
5,600,000 (Previous year 5,600,000) Non Convertible Cumulative Redeemable Preference Shares of Rs. 10/- each fully paid-up in Hole-in-the-Wall Education Limited (Investment of Rs. 100/-)	0.00	0.00	-	-
<b>Sub Total (A)</b>	<b>2,044.28</b>	<b>1,924.66</b>	-	-
<b>B. LONG TERM, OTHERS [UNQUOTED]</b>				
<b>In Other Companies</b>				
240 Equity Shares of Rs.10/- each fully paid-up in Hinduja HCL Singtel Communication Private Limited	0.00	0.00	-	-
Less: Provision for diminution in the value of Investment (Investment of Rs. 2,400/-)	(0.00)	(0.00)	-	-
<b>Sub Total (B)</b>	-	-	-	-
<b>C. SHORT TERM, NON TRADE [UNQUOTED]</b>				
In Mutual Funds	-	-	-	105.90
<b>Sub Total (C)</b>	-	-	-	<b>105.90</b>
<b>TOTAL (A+B+C)</b>	<b>2,044.28</b>	<b>1,924.66</b>	-	<b>105.90</b>
Aggregate amount of Unquoted Investment	3,248.24	3,118.12	-	105.90
Less:- Aggregate Provision for diminution in the value of Investment	(1,203.96)	(1,193.46)	-	-
<b>Total</b>	<b>2,044.28</b>	<b>1,924.66</b>	-	<b>105.90</b>

- (i) During the year, the Company has purchased balance shares in Evolv Services Limited from its other shareholders for a consideration of Rs. 20.63 Million. Consequently, Evolv Services Limited has become a wholly owned subsidiary of the Company
- (ii) During the year, the Company has made further investment of Rs. 30 Million (Previous year Rs. 15 Million) in the equity shares of Rs. 10 each in its subsidiary company NIIT Institute of Process Excellence limited.
- (iii) During the current year, NIIT Yuva Jyoti Limited ("NYJL") was incorporated on May 25, 2011 and certificate for commencement of business was granted on June 18, 2011. Investment of Rs. 79.49 Million was made by the Company in the equity shares of NYJL with a face value of Rs. 10 each. This initial shareholding can not be sold, pledged or otherwise encumbered wholly or in part for a period of four years.
- (iv) The Company is required to continue to hold a minimum of 51% of the total paid-up Equity Share Capital of NIIT Yuva Jyoti Limited (NYJL), during the term of the agreement with National Skill Development Corporation (NSDC).

## 12 TAXATION

- (a) Upon finalisation of Income Tax Return of Assessment year 2011-12 an amount of Rs. 0.40 Million (Net) (Previous year Rs. 3.15 Million) has been charged to the Statement of Profit and Loss for the current year
- (b) Detailed break-up of Deferred Tax Assets/ Liabilities and reconciliation of current year deferred tax credit is as follows:

(Rs. Million)

Deferred Tax Assets/ Liabilities	Opening As on 01.04.2011	Charged/ (Credited) to the Statement of Profit and Loss	Closing As on 31.03.2012
<b>Deferred Tax Liabilities:</b>			
Tax impact of difference between carrying amount of fixed assets in the financial statements and as per the income tax calculation.	54.53	24.10	78.63
<b>Total (A)</b>	<b>54.53</b>	<b>24.10</b>	<b>78.63</b>
<b>Deferred Tax Assets:</b>			
Tax impact of expenses charged in the Statement of Profit and Loss but allowable as deductions in future years under tax laws:			
-Provision for doubtful debts and advances	(40.04)	(98.45)	(138.49)
-Provision for Inventory	(2.16)	0.49	(1.67)
-Provision for Compensated Absences, Bonus, Gratuity and other timing differences	(27.56)	(1.98)	(29.54)
-Others	(11.83)	(0.88)	(12.71)
<b>Total (B)</b>	<b>(81.59)</b>	<b>(100.82)</b>	<b>(182.41)</b>
<b>Net Deferred Tax Liabilities/ (Assets) (A+B)</b>	<b>(27.06)</b>	<b>(76.72)</b>	<b>(103.78)</b>
<i>Previous year</i>	<i>1.42</i>	<i>(28.48)</i>	<i>(27.06)</i>

- (i) Deferred Tax Assets and Liabilities are being offset as they relate to taxes on income levied by the same governing taxation laws.
- (ii) Deferred Tax Asset on Long term capital loss has not been recognised in absence of virtual certainty of availability of Long term capital gains.

(Rs. Million)

**13 LOANS AND ADVANCES**

	As at			
	March 31, 2012	March 31, 2011	March 31, 2012	March 31, 2011
	Long-Term		Short-Term	
<b>i) Capital Advances</b>				
Unsecured, considered good	16.10	27.57	-	-
<b>(A)</b>	<b>16.10</b>	<b>27.57</b>	-	-
<b>ii) Security Deposits Receivable</b>				
Unsecured, considered good	298.66	287.58	75.31	45.37
Unsecured, considered doubtful	5.05	5.05	-	-
Less: Provision for doubtful security deposits	(5.05)	(5.05)	-	-
<b>(B)</b>	<b>298.66</b>	<b>287.58</b>	<b>75.31</b>	<b>45.37</b>
<b>iii) Loans to related parties</b>				
Unsecured, considered good	-	124.90	6.75	67.70
Unsecured, considered doubtful	29.70	-	-	-
Less: Provision for doubtful Loans	(29.70)	-	-	-
<b>(C)</b>	<b>-</b>	<b>124.90</b>	<b>6.75</b>	<b>67.70</b>
<b>iv) Other recoverable from related parties</b>				
Unsecured, considered good	-	-	7.84	118.50
Unsecured, considered doubtful	6.21	-	-	-
Less: Provision for doubtful advances	(6.21)	-	-	-
<b>(D)</b>	<b>-</b>	<b>-</b>	<b>7.84</b>	<b>118.50</b>
<b>v) Advances recoverable in cash or in kind*</b>				
Unsecured, considered good	14.85	11.21	250.90	214.24
Unsecured, considered doubtful	1.19	1.02	-	-
Less: Provision for doubtful advances	(1.19)	(1.02)	-	-
<b>(E)</b>	<b>14.85</b>	<b>11.21</b>	<b>250.90</b>	<b>214.24</b>
<b>vi) Other Advances</b>				
a) Advance payment of Fringe Benefit Tax	88.11	88.11	-	-
Less: Provision for Fringe Benefit Tax	(87.40)	(87.40)	-	-
	<b>0.71</b>	<b>0.71</b>	-	-
b) Advance Tax	1,173.52	822.25	-	-
Less : Provision for Tax	(996.10)	(698.29)	-	-
	<b>177.42</b>	<b>123.96</b>	-	-
c) MAT Credit Entitlement				
- Opening Balance	36.18	-	-	-
- Additions during the Year	40.13	36.18	-	-
	<b>76.31</b>	<b>36.18</b>	-	-
<b>(F)</b>	<b>254.44</b>	<b>160.85</b>	-	-
<b>Total (A+B+C+D+E+F)</b>	<b>584.05</b>	<b>612.11</b>	<b>340.80</b>	<b>445.81</b>

\* Includes amount due from Directors or other Officers Nil ( Previous year Nil). Maximum amount due from Directors or other officers during the year Rs. 1.30 Million (Previous year Rs. 1.41 Million)

13.1 During the year the Company has given a loan of Rs. 15 Million (Previous year Rs. 20 Million) to NIIT Institute of Information Technology. NIIT Institute of Information Technology has repaid this amount during the year and there is no loan outstanding as on March 31, 2012

(Rs. Million)

**14 TRADE RECEIVABLES**

	As at			
	March 31, 2012 Non - Current	March 31, 2011	March 31, 2012 Current	March 31, 2011
<b>a) Outstanding for a period exceeding six months from the date they are due for payment</b>				
Unsecured, considered good	-	-	881.60	1,127.12
Unsecured, considered doubtful	413.79	114.46	-	-
Less: Provision for doubtful debts	(413.79)	(114.46)	-	-
	-	-	<b>881.60</b>	<b>1,127.12</b>
<b>b) Others</b>				
Unsecured, considered good	361.96	77.60	1,818.40	1,437.94
Unsecured, considered doubtful	0.60	-	-	-
Less: Provision for doubtful debts	(0.60)	-	-	-
	<b>361.96</b>	<b>77.60</b>	<b>1,818.40</b>	<b>1,437.94</b>
	<b>361.96</b>	<b>77.60</b>	<b>2,700.00</b>	<b>2,565.06</b>

**15 MOVEMENT OF PROVISION FOR DOUBTFUL DEBTS**

(Rs. Million)

**Provision for Doubtful Debts**

	As at	
	March 31, 2012	March 31, 2011
Opening Provision	114.46	172.23
Add: Additional Provision created*	300.04	69.10
Less: Bad Debts written off	(0.11)	(126.87)
<b>Closing Provision</b>	<b>414.39</b>	<b>114.46</b>

\* Provision for Doubtful Debts amounting to Rs. 247.43 Million (Previous year Nil) shown as exceptional item, Refer Note 30.

(Rs. Million)

**16 OTHER ASSETS**

	As at			
	March 31, 2012 Non - Current	March 31, 2011	March 31, 2012 Current	March 31, 2011
Non Current Bank Balances (Refer Note 18)	16.96	16.96	-	-
Unbilled Revenue	238.96	346.35	276.99	395.48
Interest Receivable	2.06	0.74	0.76	0.56
Other Receivables (On Sale of Investment)*	-	-	-	233.90
	<b>257.98</b>	<b>364.05</b>	<b>277.75</b>	<b>629.94</b>

\*Other Receivable is in respect of sale of entire investment by the company in its subsidiary NEO Multimedia Limited (Formerly known as NIIT Multimedia Limited) during the previous year.

		(Rs. Million)	
		As at	
		March 31, 2012	March 31, 2011
<b>17 INVENTORIES (Valued at lower of Cost or Net Realisable Value)</b>			
<b>As at the end of the year</b>			
<b>Traded Goods</b>			
a) Education and Training Material*		109.64	134.93
b) Software		3.02	1.45
		<u>112.66</u>	<u>136.38</u>
<b>As at the beginning of the year</b>			
<b>Traded Goods</b>			
a) Education and Training Material		134.93	99.58
b) Software		1.45	1.75
		<u>136.38</u>	<u>101.33</u>
		<u>23.72</u>	<u>(35.05)</u>
<b>(Increase)/ Decrease in Inventory</b>			

\* Net of provision for non-moving inventories of Rs. 5.15 Million (Previous year Rs. 6.50 Million).

		(Rs. Million)			
		As at			
		March 31, 2012	March 31, 2011	March 31, 2012	March 31, 2011
		Non - Current		Current	
<b>18 CASH AND BANK BALANCES</b>					
<b>Cash and Cash Equivalents:</b>					
Balance with Banks					
-Current Accounts*	-		-	75.72	153.95
-Exchange Earners Foreign Currency Account	-		-	0.87	0.78
Cash on hand	-		-	10.16	10.47
Cheques, Drafts on hand	-		-	49.92	36.48
*[Include Rs. 6.56 Million (Previous year Rs. 7.17 Million) pertaining to amount earmarked for specific contract]					
<b>Sub Total (A)</b>		-	-	<u>136.67</u>	<u>201.68</u>
<b>Other Bank Balances:</b>					
Bank Deposits*					
With original maturity of more than 3 months and upto 12 months	-	-		39.12	26.47
With original maturity of more than 12 months	16.96	16.96		-	-
Dividend Accounts	-	-		6.98	6.18
* Pledged as Margin money					
<b>Sub Total (B)</b>		<u>16.96</u>	<u>16.96</u>	<u>46.10</u>	<u>32.65</u>
<b>Total (A+B)</b>		<u>16.96</u>	<u>16.96</u>	<u>182.77</u>	<u>234.33</u>
Amount disclosed under "Other Non-Current Assets (Note 16) (C)					
	(16.96)	(16.96)		-	-
<b>Total (A+B+C)</b>		-	-	<u>182.77</u>	<u>234.33</u>

## 19 CONTINGENT LIABILITIES

(a) Claims against the Company not acknowledged as debts Rs. 9.2 Million (Previous year Rs. 14.2 Million)

(b) Guarantees

- i. Guarantees issued by bankers outstanding at the end of accounting year Rs. 464.91 Million (Previous year Rs. 21.08 Million).
- ii. Corporate Guarantee Rs. Nil [USD Nil (net of payment of USD Nil)] given to ICICI Bank, Bahrain on behalf of NIIT (USA) Inc., USA (Previous year Rs. 621.60 Million [USD 14 Million (net of payment of USD 29.50 Million)]).
- iii. Corporate Guarantee Rs Nil [USD Nil (loan outstanding USD Nil)] (Previous year Rs. 732.60 Million [USD 16.50 Million (loan outstanding USD 15 Million)]) given to ICICI Bank UK PLC, UK on behalf of NIIT (USA) Inc.,USA.
- iv. Corporate Guarantee of Rs.559.57 Million (USD 11 Million) has been issued by the Company during the current financial year to SkillSoft Corporation, USA & SkillSoft Ireland Limited to secure them against any indemnification obligations of NIIT Ventures Inc. (a step down subsidiary of the Company) and NIIT (USA) Inc., with respect to sale of certain assets of Element K Corporation (a step down subsidiary of the Company), and Stock sale of Element K Corporation by NIIT Ventures Inc.,USA.
- v. Corporate Guarantee of Rs. 79.64 Million given to National Skill Development Corporation to secure the loan of Rs. 79.64 Million availed by NIIT Yuva Jyoti Limited, Subsidiary of the Company.

(c) Other money for which the company is contingently liable

- i. Letter of Credit issued by bankers on behalf of the Company outstanding at the end of accounting year Rs. Nil (Previous year Rs. 24.17 Million)
- ii. Stand by Letter of Credit of Rs Nil [USD Nil] (Previous year Rs. 244.20 Million [USD 5.50 Million]) from BNP Paribas in favor of Bank of West, USA on behalf of Element K Corporation, USA
- iii. Security given for working capital limits on behalf of Evolv Services Limited Rs. 10 Million (Previous year Rs. 10 Million) [Amount outstanding at year end Rs 6.43 Million (Previous year Rs. 9.77 Million)], NIIT Institute of Finance Banking and Insurance Training Limited Rs. 10 Million (Previous year Rs.10 Million) [Amount Outstanding at year end Rs. Nil (Previous year Rs. Nil)] and Hole-in-the-Wall Education Limited of Rs 20 Million (Previous year Rs.10 Million) [Amount Outstanding at year end Rs. 16.70 Million (Previous year Rs. 8.01 Million)].
- iv. Andhra Pradesh works contract tax Rs. 101.96 Million (Previous year Rs.91.84 Million). Management does not foresee any financial implication based on the advice of the legal consultant.
- v. Service Tax demand amounting to Rs. 10.49 Million (Previous year Rs. 10.49 Million) and equal amount of penalty i.e. Rs. 10.49 Million (Previous year Rs. 10.49 Million) raised by Commissioner of Service Tax, Delhi. Management does not foresee any financial implication based on the advice of the legal consultant.
- vi. Income Tax demand for Rs. 230.77 Million (Previous year Rs.157.60 Million). Management does not foresee any financial implication based on the advice of the legal consultant.
- vii. Service Tax liability on rental of immovable properties amounting to Rs. Nil (Previous year Rs. 12.07 Million).
- viii. The Company had received Show Cause Notices u/s 263 of the Income Tax Act, 1961, issued by the Commissioner of Income Tax for the Assessment years 1999-00 to 2005-06, who later issued Orders directing the Assessing Officer for re-assessment on certain items. The quantum of Income Tax demand, if any, has neither been quantified nor ascertained and thus, indeterminable at this stage. These orders have been challenged by the Company in the Income Tax Appellate Tribunal, which has directed the Income Tax department to produce all records related to assessment for perusal of the Tribunal. Against the order of the Tribunal, the Income Tax Department has preferred a writ petition in the High Court at Delhi. The matter is under adjudication in the High Court. Based on legal opinion obtained by the Company, the Company is confident that the matter as above shall be decided in its favour.

## 20 CAPITAL AND OTHER COMMITMENTS

- (a) Estimated amount of contracts remaining to be executed on capital account (net of advances) not provided for Rs. 193.82 Million (Previous Year Rs. 281.99 Million).
- (b) For commitments related to lease arrangements, refer Note 40.
- (c) There are certain contracts with State Governments under which the Company is required to transfer ownership of the fixed assets and equipments under leasing arrangement at the written down value (which will be nil), at the end of the contract term.
- (d) The company has issued a letter of support to provide need based financial support to its subsidiaries NIIT Institute of Finance Banking and Insurance Training Limited and Hole-in-the-Wall Education Limited.
- (e) Commitment to support NIIT Institute of Information Technology to meet the shortfall, if any, in repayment of loan taken by it from a bank.
- (f) For commitment in respect of non-disposal of investment in subsidiary, refer note 11 (footnote iv).

## 21 PROPOSED DIVIDEND

The Final Dividend proposed for the year is as follows:-

	<u>As at</u> <u>March 31, 2012</u>	<u>As at</u> <u>March 31, 2011</u>
On equity Shares of Rs. 2/- each		
Amount of Dividend Proposed (Rs. Million)	264.16	247.64
Dividend per Equity Share	Rs. 1.60/- Per Share	Rs. 1.50/- Per Share

## 22 REVENUE FROM OPERATIONS

	Year ended	
	<u>March 31, 2012</u>	<u>March 31, 2011</u>
		(Rs. Million)
<b>Sale of Products :</b>		
Courseware Revenue	2,855.19	2,943.04
Subscription Revenue	36.31	-
Hardware & Accessories Revenue	660.82	213.01
<b>Sale of Services</b>	3,828.96	3,324.09
	<b>7,381.28</b>	<b>6,480.14</b>

## 23 OTHER INCOME

	Year ended	
	<u>March 31, 2012</u>	<u>March 31, 2011</u>
		(Rs. Million)
Interest Income	21.01	76.30
Dividend Income from Long Term Investments in Subsidiaries	-	83.24
Dividend Income from Current Investments	10.85	1.16
Provision/ Other Liabilities Written Back	1.60	5.69
Profit on Sale of Fixed Assets	220.80	-
Gain on Foreign Currency Translation and Transaction (net)	62.11	-
Recovery from Subsidiaries for Management Services	117.72	108.55
Other Non-Operating Income	28.50	19.24
	<b>462.59</b>	<b>294.18</b>

## 24 EMPLOYEE BENEFITS EXPENSE

	Year ended	
	<u>March 31, 2012</u>	<u>March 31, 2011</u>
		(Rs. Million)
Salaries and Benefits	1,634.56	1,303.90
Contribution to Provident and other Funds	79.20	69.16
Staff Welfare	68.80	57.00
	<b>1,782.56</b>	<b>1,430.06</b>

## 25 EMPLOYEE BENEFITS

### A) Defined Contribution Plans

The Company makes contribution towards Superannuation Fund and Pension Scheme to the defined contribution plans for eligible employees.

The Company has charged the following costs in the Statement of Profit and Loss under "Employee Benefits Expense" in Note 24:

Particulars	(Rs. Million)	
	Year ended	
	March 31, 2012	March 31, 2011
Employers' Contribution to Superannuation Fund	12.29	11.06
Employers' Contribution to Employees Pension Scheme	19.29	15.73

Contribution towards Superannuation Fund and Pension Scheme to the defined contribution plans includes following cost for Key Managerial Personnel:

Particulars	(Rs. Million)	
	Year ended	
	March 31, 2012	March 31, 2011
Employers' Contribution to Superannuation Fund	2.16	2.01
Employers' Contribution to Employees Pension Scheme	Nil	0.01

### B) Defined Benefit Plans

#### I. Provident Fund

The Company makes contribution to the "NIIT LIMITED EMPLOYEES' PROVIDENT FUND TRUST" ("the Trust"), which is a defined benefit plan. The Company contributed Rs. 34.88 Million (Previous year Rs. 27.67 Million) including Rs. 1.99 Million (Previous year Rs. 1.85 Million) in respect of Key Managerial personnel during the year to the Trust.

The Company has an obligation to make good the shortfall, if any, between the return from the investments of the Trust and the notified interest rate. 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.

The guidance on implementing AS 15 Employee Benefits (revised 2005), issued by Accounting Standards Board (ASB) of The Institute of Chartered Accountants of India, states that benefits involving employer established provident fund trust, which require interest shortfall to be compensated by the employer is required to be considered as Defined Benefits Plans. The Actuarial Society of India has issued the final guidance for measurement of Provident Fund liability during the year ended March 31, 2012 basis which the actuary has provided a valuation and based on the below mentioned assumptions, determined that there is no short fall as at March 31, 2012.

The details of fund and plan assets of the Trust as at March 31, 2012 (as provided by the actuary):

Particulars	(Rs. Million)	
	As at	
	March 31, 2012	
Present value defined benefit obligation as at the beginning of the year	-	-
Current service cost		0.63
Actuarial (gain)/ loss on obligations		2.93
<b>Present Value Defined Benefit Obligations as at the end of the year</b>		<b>3.56</b>



(ii) Change in Fair Value of Assets

Particulars	As at March 31, 2012 (Rs. Million)
Fair value of plan assets as at the beginning of the year	16.35
Actuarial (loss)/ gain on Plan Assets	14.51
<b>Fair value of Plan Assets as at the end of the year</b>	<b><u>30.86</u></b>

(iii) Estimated Net Asset/ Liability recognised in Balance Sheet as on March 31, 2012

Particulars	As at March 31, 2012 (Rs. Million)
Present value of defined benefit obligation	3.56
Fair value of plan assets	30.86
Funded status [surplus/ (deficit)]	27.30
<b>Net Asset/ (Liability) recognised in Balance Sheet</b>	<b><u>-</u></b>

(iv) Assumptions used in accounting for provident Fund:-

Discount Rate (Per Annum)	8.60%
Expected return on Plan Assets	8.60%
Expected guaranteed interest rate	8.60%

## II. Compensated Absences

Particulars	Year ended (Rs. Million)	
	March 31, 2012	March 31, 2011
<b>(i) Change in present value of obligation:</b>		
Present value of obligation as at the beginning of the year	82.37	77.50
Past service cost	Nil	Nil
Current service cost*	20.98	15.19
Interest cost	6.54	6.18
Benefits Paid	(0.99)	(0.49)
Actuarial (gain)/ loss on obligations	(21.74)	(16.01)
<b>Present value of obligation as at the end of the year</b>	<b><u>87.16</u></b>	<b><u>82.37</u></b>
<b>Classification</b>		
Short Term	81.81	76.23
Long Term	5.35	6.14
<b>Total</b>	<b><u>87.16</u></b>	<b><u>82.37</u></b>

\* Current service cost is gross of recoveries/ (net of credits) from/ to Associates & Subsidiaries [Current year: Rs.0.22 Million, Previous year: Rs. 0.14 Million]

Particulars	(Rs. Million)	
	Year ended	
	March 31, 2012	March 31, 2011
<b>ii) Assumptions used in accounting for Compensated Absences:-</b>		
Discount Rate (per annum)	8.60%	8.00%
Future Salary Increase		
-For First 5 Years	10.00%	10.00%
-Thereafter	7.00%	7.00%

### III. Gratuity Fund

In accordance with Accounting Standard 15, an actuarial valuation was carried out in respect of contribution to Gratuity Fund.

Particulars	(Rs. Million)	
	Year ended	
	March 31, 2012	March 31, 2011
<b>i) Change in Present value of Obligation:-</b>		
Present value of obligation as at the beginning of the year	88.44	75.78
Interest cost	6.52	5.68
Current service cost	10.96	9.46
Benefits paid	(13.83)	(9.50)
Actuarial (gain)/ loss on obligations	1.95	7.02
<b>Present value of obligation as at the end of the year</b>	<b>94.04</b>	<b>88.44</b>
<b>ii) Change in Plan Assets:-</b>		
Fair value of Plan Assets as at the beginning of the year	87.00	74.68
Expected return on Plan Assets	7.93	7.28
Contributions*	9.95	15.02
Benefits Paid	(13.83)	(9.50)
Actuarial (loss)/ gain on Plan Assets	(1.52)	(0.47)
<b>Fair value of Plan Assets as at the end of the year</b>	<b>89.52</b>	<b>87.00</b>

\* Contributions include Recoveries from Associates and Subsidiaries.

\*Actuary's estimates of contributions for Financial year 2012-13 is Rs. 16.01 Million

Particulars	(Rs. Million)				
	As at March 31, 2012	As at March 31, 2011	As at March 31, 2010	As at March 31, 2009	As at March 31, 2008
<b>iii) Amount of Asset/ (obligation) recognised in the Balance Sheet:-</b>					
Fair value of Plan Assets as at the end of the year	89.53	87.00	74.68	66.59	59.59
Present value of obligation as at the end of the year	94.04	88.44	75.78	72.44	64.36
<b>Asset/ (obligation) Recognised in Balance Sheet</b>	<b>(4.51)</b>	<b>(1.44)</b>	<b>(1.10)</b>	<b>(5.85)</b>	<b>(4.77)</b>

Particulars	(Rs. Million)	
	Year ended	
	March 31, 2012	March 31, 2011
<b>iv) Net Gratuity Cost recognised in Statement of Profit &amp; Loss:-</b>		
Current service cost	10.96	9.46
Interest cost	6.52	5.68
Expected return on Plan Assets	(7.93)	(7.28)
Net Actuarial (gain)/ loss recognised during the year	3.48	7.48
<b>Expense recognised in the Statement of Profit &amp; Loss*</b>	<b>13.03</b>	<b>15.34</b>
<b>Actual return on plan assets</b>	<b>7.72</b>	<b>6.82</b>

\*Gross of Recoveries from Associates & Subsidiaries (Current year Rs. 0.29 Million, Previous year Rs. 0.64 Million) and also includes Rs. 2.89 Million (Previous year Rs. 2.97 Million) towards contribution for Key Managerial Personnel.

\*The above Cost is included under "Employee Benefits Expense" in Note 24.

v) Assumptions used in accounting for gratuity plan:-	Year ended	
	March 31, 2012	March 31, 2011
Discount Rate (Per annum)	8.60%	8.00%
Future Salary Increase	5.00%	5.00%
Expected Rate of return on plan assets	9.40%	9.40%

#### vi) Investment details of Plan Assets:-

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

The expected return on plan assets is determined considering several applicable factors mainly the composition of plan assets held, assessed risk of asset management, historical result of the return on plan assets.

## 26 EMPLOYEES STOCK OPTION SCHEME

During the year 2005-06, the Company had established NIIT Employee Stock Option Plan 2005 "ESOP 2005" and the same was approved at the General Meeting of the Company held on May 18, 2005. The plan was set up so as to offer and grant, for the benefit of employees (excluding promoters) of the Company, who are eligible under "Securities and Exchange Board of India (SEBI) (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999", options of the Company in aggregate up to 1,925,000 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. 2/- each (Rs. 10/- each pre bonus and split) fully paid up on payment to the Company, at a price to be determined in accordance with ESOP 2005. ESOP information is given for the number of shares after sub-division and Bonus issue.

The summary of options granted is as follows:

Particulars	Grant III		Grant IV		Vest 1			Grant V			Vest 3	
	2011-12	2010-11	2011-12	2010-11	2011-12	2010-11	2010-11	2011-12	2010-11	2011-12	2010-11	2010-11
Date of Grant	5-Jun-07	5-Jun-07	28-Jul-08	28-Jul-08	26-Oct-09	26-Oct-09	26-Oct-09	26-Oct-09	26-Oct-09	26-Oct-09	26-Oct-09	26-Oct-09
Date of Vesting	5-Jun-08	5-Jun-08	28-Jul-09	28-Jul-09	26-Oct-10	26-Oct-10	26-Oct-11	26-Oct-11	26-Oct-11	26-Oct-12	26-Oct-12	26-Oct-12
Live options at the beginning of the year (Nos.)	409,126	439,177	1,081,050	1,218,300	1,624,046	1,815,228	1,561,220	1,815,228	1,561,221	1,815,229	1,815,229	
Granted during the year (Nos.)	-	-	-	-	-	-	-	-	-	-	-	-
Forfeited/ lapsed fill vesting period (Nos.)	-	-	-	-	-	137,682	159,234	254,008	244,719	254,008	254,008	
Options Vested (Nos)	-	-	-	-	-	1,677,546	1,401,986	-	-	-	-	-
Forfeited/ lapsed post vesting (Nos)	409,126	30,051	153,750	137,250	264,356	53,500	42,296	-	-	-	-	-
Options exercised (Nos)	-	-	-	-	-	-	-	-	-	-	-	-
Outstanding/ exercisable at the end of the year (Nos)	-	409,126	927,300	1,081,050	1,359,690	1,624,046	1,359,690	1,561,220	1,316,502	1,561,221	1,561,221	
Exercise Price (Rs.)	121.62	121.62	88.70	88.70	72.20	72.20	72.20	72.20	72.20	72.20	72.20	72.20
Remaining Contractual Life (Days)	-	66	118	484	573	939	938	1,304	1,304	1,304	1,670	1,670
Fair value of the options based on Black and Scholes Model (Rs.)	37.23	37.23	32.09	32.09	32.00	32.00	34.77	34.77	36.64	36.64	36.64	36.64
Intrinsic Value of the options granted (Rs.)	-	-	-	-	-	-	-	-	-	-	-	-

**NOTES to the Financial Statements for the year ended March 31, 2012**

Contd..

Particulars	Grant VI						Grant VII					
	Vest 1		Vest 2		Vest 3		Vest 1		Vest 2		Vest 3	
	2011-12 23-Jan-10	2010-11 23-Jan-10	2011-12 23-Jan-10	2010-11 23-Jan-10	2011-12 23-Jan-10	2010-11 23-Jan-10	2011-12 22-Oct-10	2010-11 22-Oct-10	2011-12 22-Oct-10	2010-11 22-Oct-10	2011-12 22-Oct-10	2010-11 22-Oct-10
Date of Grant	23-Jan-11	23-Jan-10	23-Jan-12	23-Jan-10	23-Jan-13	23-Jan-10	22-Oct-11	22-Oct-10	22-Oct-12	22-Oct-10	22-Oct-13	22-Oct-10
Date of Vesting	135,770	165,950	129,460	165,950	129,460	165,950	29,020	-	29,020	-	29,020	-
Live options at the beginning of the year (Nos.)	-	-	-	-	-	-	-	-	-	-	-	-
Granted during the year (Nos.)	-	-	-	-	-	-	-	-	-	-	-	-
Forfeited/ lapsed till vesting period (Nos.)	-	30,180	27,160	36,490	32,080	36,490	-	52,020	-	52,020	-	52,020
Options Vested (Nos)	-	135,770	102,300	-	-	-	29,020	-	-	23,000	-	23,000
Forfeited/ lapsed post vesting (Nos)	30,690	-	-	-	-	-	-	-	-	-	-	-
Options exercised (Nos)	-	-	-	-	-	-	-	-	-	-	-	-
Outstanding/ exercisable at the end of the year (Nos)	105,080	135,770	102,300	129,460	97,380	129,460	29,020	29,020	29,020	29,020	29,020	29,020
Exercise Price (Rs.)	69.20	69.20	69.20	69.20	69.20	69.20	67.65	67.65	67.65	67.65	67.65	67.65
Remaining Contractual Life (Days)	662	1,028	1,027	1,393	1,393	1,759	934	1,300	1,300	1,666	1,665	2,031
Fair value of the options based on Black and Scholes Model (Rs.)	30.47	30.47	32.91	32.91	34.74	34.74	28.35	28.35	32.00	32.00	34.35	34.35
Intrinsic Value of the options granted (Rs.)	-	-	-	-	-	-	-	-	-	-	-	-

The assumptions used by independent valuers, for determination of fair value of a share of Rs. 2/- each fully paid up as per the Black & Scholes Model are as follows:

Particulars	Grant III			Grant IV			Grant V			Grant VI			Grant VII		
	Vest 1	Vest 2	Vest 3	Vest 1	Vest 2	Vest 3	Vest 1	Vest 2	Vest 3	Vest 1	Vest 2	Vest 3	Vest 1	Vest 2	Vest 3
Market price considered	88.7	72.2	72.2	72.2	72.2	72.2	69.2	69.2	69.2	69.2	69.2	69.2	67.65	67.65	67.65
Exercise price	88.7	72.2	72.2	72.2	72.2	72.2	69.2	69.2	69.2	69.2	69.2	69.2	67.65	67.65	67.65
Dividend yield	2.79%	1.76%	1.76%	1.76%	1.76%	1.76%	1.76%	1.76%	1.76%	1.76%	1.76%	1.76%	1.76%	1.76%	1.76%
Volatility	45.47%	51.81%	71.63%	66.14%	61.68%	71.56%	71.56%	65.68%	61.44%	65.49%	63.40%	60.71%	60.71%	60.71%	60.71%
Average life of the options (in years)	2.5	2.5	3.5	3.5	4.5	4.5	2.5	3.5	4.5	2.5	3.5	4.5	2.5	3.5	4.5
Risk free rate	7.93%	9.24%	6.55%	6.92%	7.19%	7.19%	6.19%	6.51%	6.80%	7.36%	7.56%	7.73%	7.36%	7.56%	7.73%

Other information regarding employee share based payment is as below:

(Rs. Million)

Particulars	Grant III		Grant IV		Grant V									
					Vest 1		Vest 2		Vest 3					
	2011-12	2010-11	2011-12	2010-11	2011-12	2010-11	2011-12	2010-11	2011-12	2010-11				
Additional expense had the Company recorded the ESOP Expense based on fair value of the options*	-	-	-	-	-	23.93	10.40	21.78	12.29	15.30				

Particulars	Grant VI			Grant VII								
				Vest 1		Vest 2		Vest 3				
	2011-12	2010-11	2011-12	2010-11	2011-12	2010-11	2011-12	2010-11	2011-12			
Additional expense had the Company recorded the ESOP Expense based on fair value of the options*	-	1.00	0.38	0.67	0.27	0.47	0.46	0.36	0.46	0.20	0.33	0.15

\*Net of amount attributable to the employees of the subsidiaries Rs. 8.70 Million (Previous year Rs. 19.67 Million).

For impact on Basic and Dilutive EPS, had fair value of the option been used for determining ESOP expense, refer Note 35.

27 OTHER EXPENSES	Year ended March 31, 2012 (Rs. Million)	Year ended March 31, 2011 (Rs. Million)
Equipment Hiring	133.77	52.33
Royalties	34.62	32.59
Freight and Cartage	54.93	65.58
Rent (net of recoveries)	411.66	324.46
Rates and Taxes	3.36	4.58
Power & Fuel	94.43	90.01
Communication	95.33	69.87
Legal and Professional (Refer Note 28)	113.61	108.33
Traveling and Conveyance	270.56	209.34
Provision for Doubtful Debts	52.61	69.10
Provision for Doubtful Advances	0.59	0.20
Advances Written off	0.11	-
Insurance	9.68	10.74
Repairs and Maintenance		
- Plant and Machinery	18.04	20.40
- Buildings	1.67	3.09
- Others	53.61	48.65
Consumables	139.23	143.42
Loss on Sale of Fixed Assets (Net)	-	3.53
Loss on foreign currency translation and transaction (net)	-	12.15
Security and Administration Services	51.77	39.05
Bank Charges	15.36	19.68
Marketing & Advertising Expenses	540.54	575.89
Discounts & Rebates	112.88	107.84
Sundry Expenses	34.14	33.68
	<b>2,242.50</b>	<b>2,044.51</b>
28 PAYMENT TO AUDITORS	Year ended March 31, 2012 (Rs. Million)	Year ended March 31, 2011 (Rs. Million)
Statutory Audit fee	4.86	4.86
Tax Audit fee	0.47	0.47
Others	2.03	3.26
Reimbursement of expenses (including Service Tax)	1.37	1.00
	<b>8.73</b>	<b>9.59</b>
29 FINANCE COSTS	Year ended March 31, 2012 (Rs. Million)	Year ended March 31, 2011 (Rs. Million)
Interest Expense	217.69	267.35
Other Borrowing Costs	0.21	1.51
	<b>217.90</b>	<b>268.86</b>

30 EXCEPTIONAL ITEMS	(Rs. Million)	
	Year ended	
	March 31, 2012	March 31, 2011
<b>Income:</b>		
Profit on Sale of Investments in Subsidiary	(28.90)	208.08
Dividend Income from Subsidiary	1,277.38	-
<b>Expenses:</b>		
Provision for Doubtful Debts	(247.43)	-
Service Tax (including interest)	(35.63)	-
Provision for Doubtful Advances	(6.21)	-
Provision for Investment & Doubtful Loan	(40.20)	-
Donations	(62.50)	(72.00)
	<b>856.51</b>	<b>136.08</b>

- (i) Net profit on the sale of the step down subsidiary Element K Corporation, USA, reflected in the consolidated financial statement of the Company, comprises the excess of sale consideration over the net asset of the subsidiary less costs incurred in connection with the sale which included inter-alia performance linked incentive amounting to Rs. 28.90 Million, included in the Profit on Sale of Investments in Subsidiary for the current year. During the previous year, the Company had sold its investment of 10,950,000 fully paid up Equity Shares of Rs. 10/- each in its wholly owned subsidiary, Neo Multimedia Limited (Formerly known as NIIT Multimedia Limited) for a consideration of Rs. 317.58 Million (net of expenses). The amount of Rs. 208.08 Million was recognised as Profit on Sale of Investment which resulted in an increase in profit before tax during the previous year.
- (ii) During the year, the Company received a dividend of Rs. 1,277.38 Million from its subsidiary NIIT (USA) Inc., USA upon sale of Element K Corporation, USA, a step down subsidiary of NIIT (USA) Inc., USA.
- (iii) Provision for doubtful debts comprises provision made in respect of dues from government and other customers aggregating to Rs. 247.43 Million.
- (iv) Service tax on Rent represents amounts provided by the Company in respect of landlords who have not claimed service tax on rent on their immovable property given on lease. In view of the recent decisions of Honorable High Courts of Delhi, Mumbai & Chennai, these amounts have been provided for.
- (v) Due to losses in its subsidiary, Hole-in-the-Wall Education Limited, the Company has made a provision aggregating to Rs. 29.70 Million for Loans, Rs. 10.50 Million in respect of carrying value of investment in the subsidiary. Further an amount of Rs. 6.21 Million has been provided in respect of Advances given to Hole-in-the-Wall Education Limited.
- (vi) During the year the Company has contributed an amount of Rs. 62.50 Million (Previous Year Rs. 72.00 Million) towards donations in the corpus of The NIIT Institute of Information Technology, a society registered under the Societies Registration Act, 1860 which is within the overall limits approved by the shareholders.

### 31. CIF VALUE OF IMPORTS (Rs. Million)

Particulars	Year ended	
	March 31, 2012	March 31, 2011
Purchase of Traded Goods	291.04	424.44
Capital Goods	10.82	12.28

### 32. EXPENDITURE IN FOREIGN CURRENCY (Net of taxes) (Rs. Million)

Particulars	Year ended	
	March 31, 2012	March 31, 2011
Employees Benefits Expense	67.17	17.60
Professional and Technical Outsourcing Expense	151.80	123.28
Legal & Professional	14.01	11.37
Traveling and Conveyance	55.71	34.40
Others	21.35	14.63



### 33. DIVIDEND REMITTED IN FOREIGN CURRENCY

Particulars	Year ended March 31, 2012	Year ended March 31, 2011
Number of Non-residents to whom dividend is paid (Nos.)	2	3
Number of Shares held by Non-residents (Nos.)	97,806	131,556
Amount remitted (Rs. Million)	0.15	0.18
Year to which the dividend related (Financial Year)	2010-11	2009-10

### 34. EARNINGS IN FOREIGN CURRENCY

(Rs. Million)

Particulars	Year ended March 31, 2012	Year ended March 31, 2011
Export of services & products	1,311.43	825.24
Interest (Net of Taxes)	5.43	13.55
Recovery from overseas subsidiaries	134.79	93.56
Sale of Fixed Assets	252.40	-
Dividend Income (Net of Taxes)	1,085.77	-

### 35. EARNINGS PER SHARE:

Particulars	Year ended March 31, 2012	Year ended March 31, 2011
Profit attributable to Equity Shareholders (Rs. Million) - (A)	962.54	497.39
Weighted average number of Equity Shares outstanding during the year (Nos.)- (B)	165,095,597	165,095,597
Nominal Value of Equity Shares (Rs.)	2/-	2/-
Basic Earnings per Share (Rs.) (A/ B)	5.83	3.01
Add : Effect of Potential Dilutive Shares (being employee stock options) (Nos.)	-	-
Weighted average Shares outstanding considered for determining Diluted Earnings per Share (Nos.) - (C)	165,095,597	165,095,597
Profit after considering increased earnings of Dilutive Shares (Rs. Million) (D)	962.54	497.39
Diluted Earnings per Share (Rs.) (D/ C)	5.83	3.01

**EARNINGS PER SHARE {had fair value method been employed for accounting of Employee Stock Options (Refer Note 26)}**

Particulars	Year ended March 31, 2012	Year ended March 31, 2011
Profit attributable to Equity Shareholders (Rs. Million) -(E)	937.95	433.53
Profit attributable to Equity Shareholders for diluted (Rs. Million) -(F)	937.95	433.53
Basic Earnings per Share (Rs.) (E/ B)	5.68	2.63
Diluted Earnings per Share (Rs.) (F/ C)	5.68	2.63

## 36 RELATED PARTY TRANSACTIONS AS PER ACCOUNTING STANDARD 18:

### A. Related party relationship where control exists:

#### Subsidiaries

- 1 NIIT Online Learning Limited
- 2 Hole-in-the-Wall Education Limited
- 3 Scantech Evaluation Services Limited
- 4 NIIT Yuva Jyoti Limited (w.e.f. May 25, 2011)
- 5 NEO Multimedia Limited (Formerly known as NIIT Multimedia Limited) (Till March 30, 2011)
- 6 NIIT Institute of Finance Banking and Insurance Training Limited
- 7 NIIT Institute of Process Excellence Limited
- 8 Evolv Services Limited
- 9 NIIT Limited, UK
- 10 NIIT Antilles NV, Netherlands Antilles
- 11 NIIT Malaysia Sdn. Bhd, Malaysia
- 12 NIIT GC Limited, Mauritius
- 13 NIIT China (Shanghai) Limited, Shanghai
- 14 NIIT Wuxi Service Outsourcing Training School
- 15 Chongqing NIIT Education Consulting Limited, China
- 16 Wuxi NIIT Information Technology Consulting Limited.
- 17 Changzhou NIIT Information Technology Consulting Limited
- 18 Su Zhou NIIT Information Technology Consulting Limited
- 19 PCEC NIIT Institute of Information Technology, Shanghai- (already liquidated)
- 20 NIIT (USA) Inc., USA
- 21 NIIT Ventures Inc., USA
- 22 Element K Corporation, USA (ceased to be subsidiary company w.e.f. October 14, 2011)
- 23 Element K India Private Limited, India (ceased to be subsidiary company w.e.f. October 14, 2011)
- 24 Element K (UK) Limited, United Kingdom (ceased to be subsidiary company w.e.f. October 14, 2011)
- 25 Element K, Canada (ceased to be subsidiary company w.e.f. October 14, 2011)
- 26 PT NIIT Indonesia, Indonesia (Under liquidation)
- 27 NIIT West Africa Limited, Nigeria (w.e.f April 1, 2011)

### B. Other related parties with whom the Company has transacted:

#### a) Associates (Parties in which Company has substantial interest)

1. NIIT Technologies Limited
2. NIIT GIS Limited
3. NIIT Smart Serve Limited

#### b) Key Managerial Personnel

1. Rajendra S Pawar (Chairman and Managing Director)
2. Vijay K Thadani (Chief Executive Officer and Whole-time Director)
3. P Rajendran (Chief Operating Officer and Whole-time Director)

#### c) Relatives of Key Managerial Personnel

1. Renuka Thadani (Wife of Vijay K Thadani)
2. Veena Oberoi (Sister of Vijay K Thadani)

#### d) Parties in which the Key Managerial Personnel of the Company are interested

1. NIIT Institute of Information Technology
2. NIIT Education Society
3. Pace Industries Private Limited
4. NIIT Network Services Limited

C. Details of significant transactions with related parties described above carried out on an arms' length basis:

(Rs. Million)

Nature of Transactions	Subsidiaries	Associates	Key Managerial Personnel	Relatives of Key Managerial Personnel	Parties in which Key Managerial Personnel of the Company are interested	Total
Purchase of Goods {Footnote (ii)}	11.91 (30.81)	0.38 (-)	- (-)	- (-)	0.05 (0.03)	12.34 (30.84)
Sale of Goods {Footnote (iii)}	1.10 (1.74)	0.02 (1.89)	- (-)	- (-)	1.03 (2.87)	2.15 (6.50)
Purchase of Fixed Assets {Footnote (iv)}	17.14 (22.75)	- (0.55)	- (-)	- (-)	- (-)	17.14 (23.30)
Sale of Fixed Assets {Footnote (v)}	258.68 (-)	1.03 (0.06)	- (-)	- (-)	- (4.19)	259.71 (4.25)
Rendering of Services {Footnote (vi)}	1,017.25 (682.97)	5.39 (26.29)	- (-)	- (-)	4.46 (0.02)	1,027.10 (709.28)
Receiving of Services {Footnote (vii)}	56.25 (105.66)	15.94 (28.01)	- (-)	- (-)	0.29 (-)	72.48 (133.67)
Recovery of expenses from {Footnote (viii)}	77.48 (17.01)	12.56 (12.52)	- (-)	- (-)	14.38 (9.35)	104.42 (38.88)
Recovery of expenses by {Footnote (ix)}	63.42 (4.07)	10.43 (9.39)	- (-)	- (-)	- (-)	73.85 (13.46)
Investments made {Footnote (x)}	109.49 (22.00)	- (-)	- (-)	- (-)	- (-)	109.49 (22.00)
-Loans Given {Footnote (xi)}	60.96 (284.89)	- (-)	- (-)	- (-)	15.00 (20.00)	75.96 (304.89)
-Loans Given Received Back {Footnote (xii)}	227.07 (215.89)	- (-)	- (-)	- (-)	15.00 (463.80)	242.07 (679.69)
-Loans/ Inter Corporate Deposits Taken {Footnote (xiii)}	127.00 (115.50)	- (-)	- (-)	- (-)	- (-)	127.00 (115.50)
-Repayment of Loan/ Inter Corporate Deposits taken {Footnote (xiv)}	116.50 (91.50)	- (-)	- (-)	- (-)	- (-)	116.50 (91.50)
-Interest Income {Footnote (xv)}	15.42 (23.73)	- (-)	- (-)	- (-)	0.47 (49.69)	15.89 (73.42)
- Interest expenditure {Footnote (xvi)}	14.34 (11.69)	- (-)	- (-)	- (-)	- (-)	14.34 (11.69)
Remuneration {Footnote (xvii)}	- (-)	- (-)	68.62 (37.20)	- (-)	- (-)	68.62 (37.20)
Other Expenses {Footnote (xviii)}	- (-)	- (-)	- (-)	1.66 (1.15)	63.16 (71.93)	64.82 (73.08)
Other Income {Footnote (xix)}	120.90 (119.55)	- (-)	- (-)	- (-)	- (0.87)	120.90 (120.42)
Dividend Income {Footnote (xx)}	1,277.38 (83.24)	- (-)	- (-)	- (-)	- (-)	1,277.38 (83.24)
Provision for Doubtful Debts and Advances {Footnote (xxi)}	8.95 (-)	- (-)	- (-)	- (-)	- (-)	8.95 (-)
Guarantees and Collaterals {Footnote (xxii)}	679.21 (735.60)	- (-)	- (-)	- (-)	- (-)	679.21 (735.60)

**Footnotes:-**

i) Previous year figures are given in parenthesis.

ii) **Includes Purchase of Goods from:**

NIIT (USA) Inc. Rs. 2.77 Million (Previous year Rs. 19.49 Million)

Evolv Services Limited Rs. Nil (Previous year Rs. 5.40 Million)

Hole-in-the-Wall Education Limited Rs. 2.46 Million (Previous year Rs. 3.60 Million)

NIIT Institute of Finance Banking and Insurance Training Limited Rs. 5.18 Million (Previous year Rs. 0.63 Million)

NIIT Institute of Process Excellence Limited Rs. 1.49 Million (Previous year Rs. 0.72 Million )

iii) **Includes Sale of Goods to:**

NIIT Institute of Information Technology Rs. 1.03 Million (Previous year Rs. 2.87 Million)

NIIT Institute of Finance Banking and Insurance Training Limited Rs. 0.27 Million (Previous year Rs. 1.54 Million)

NIIT Technologies Limited Rs. 0.02 Million (Previous year Rs. 1.89 Million)

NIIT Antilles NV, Netherlands Antilles Rs. 0.64 Million (Previous year Rs.Nil)

iv) **Includes Purchase of Fixed Assets from:**

NIIT (USA) Inc. Rs. 14.71 Million (Previous year Rs. 21.64 Million)

Evolv Services Limited Rs. Nil (Previous year Rs. 0.64 Million)

NIIT Technologies Limited Rs. Nil (Previous year Rs. 0.56 Million)

NIIT Institute of Process Excellence Limited Rs. 2.43 Million (Previous year Rs. 0.48 Million )

v) **Includes Sale of Fixed Assets to:**

NIIT Technologies Limited Rs. 1.03 Million (Previous year Rs. 0.06 Million)

NIIT Institute of Information Technology Rs. Nil (Previous year Rs. 4.19 Million)

NIIT (USA) Inc. Rs. 252.40 Million (Previous year Rs. Nil)

vi) **Includes Rendering of Services to:**

NIIT (USA) Inc. Rs. 617.73 Million (Previous year Rs. 446.94 Million)

NIIT Antilles NV, Netherlands Antilles Rs. 273.02 Million (Previous year Rs.186.64 Million )

NIIT Limited, UK Rs. 102.67 Million (Previous year Rs. 38.61 Million)

NIIT Technologies Limited Rs. 5.39 Million (Previous year Rs. 26.29 Million)

Evolv Services Limited Rs. Nil (Previous year Rs. 0.49 Million)

NIIT Institute of Finance Banking and Insurance Training Limited Rs. 9.44 Million (Previous year Rs. 10.21 Million)

vii) **Includes Receiving of Services from:**

NIIT (USA) Inc. Rs. 9.96 Million (Previous year Rs. 24.62 Million)

NIIT GIS Limited Rs. 1.17 Million (Previous year Rs. 0.37 Million)

NIIT Smart Serve Limited, Rs. 14.33 Million (Previous year Rs. 20.55 Million)

Evolv Services Limited Rs. 23.33 Million (Previous year Rs. 13.73 Million)

NIIT Limited, UK Rs. Nil (Previous year Rs.48.90 Million)

NIIT Institute of Finance Banking and Insurance Training Limited Rs. 9.73 Million (Previous year Rs. 10.49 Million)

NIIT Institute of Process Excellence Limited Rs. 10.23 Million (Previous year Rs. 5.01 Million)

viii) **Includes Recovery of Expenses from:**

Hole-in-the-Wall Education Limited Rs. 4.27 Million (Previous year Rs. 2.37 Million)

NIIT (USA) Inc. Rs. 42.99 Million (Previous year Rs. 1.08 Million)

NIIT Institute of Finance Banking and Insurance Training Limited Rs. 19.23 Million (Previous year Rs. 11.62 Million)

NIIT Technologies Limited Rs. 10.30 Million (Previous year Rs. 10.71 Million)

NIIT GIS Limited Rs. 2.01 Million (Previous year Rs. 1.81 Million)  
NIIT Institute of Information Technology Rs. 14.38 Million (Previous year Rs. 9.35 Million)  
NIIT Institute of Process Excellence Limited Rs. 1.44 Million (Previous year Rs. 0.60 Million)

**ix) Includes Recovery of Expenses by:**

NIIT Technologies Limited Rs. 10.43 Million (Previous year Rs. 9.39 Million)  
NIIT (USA) Inc. Rs. 19.59 Million (Previous year Rs. 3.03 Million)  
NIIT Limited, UK Rs. 43.55 Million (Previous year Rs. Nil)

**x) Represents Investments made in:**

NEO Multimedia Limited (formerly known as NIIT Multimedia Limited) Rs. Nil (Previous year Rs. 7.00 Million)  
NIIT Institute of Process Excellence Limited Rs. 30.00 Million (Previous year Rs. 15.00 Million)  
NIIT Yuva Jyoti Limited Rs. 79.49 Million. (Previous year Rs. Nil)

**xi) Loans Given relates to:**

NEO Multimedia Limited (formerly known as NIIT Multimedia Limited) Rs. Nil (Previous year Rs. 3.20 Million)  
NIIT (USA) Inc. Rs. 36.71 Million (Previous year Rs. 251.19 Million)  
NIIT Institute of Information Technology Rs. 15.00 Million (Previous year Rs. 20.00 Million)  
Evolv Services Limited Rs. 6.75 Million (Previous year Rs. 15.50 Million)  
NIIT Institute of Process Excellence Limited Rs. 17.50 Million (Previous year Rs. 15.00 Million)

**xii) Loans Given Received Back relates to:**

NIIT (USA) Inc. Rs. 146.57 Million (Previous year Rs. 215.89 Million)  
NIIT Education Society Rs. Nil (Previous year Rs. 3.50 Million)  
NIIT Institute of Information Technology Rs. 15.00 Million (Previous year Rs. 460.03 Million)  
Evolv Services Limited Rs. 15.50 Million (Previous year Rs. Nil)  
NIIT Institute of Process Excellence Limited Rs. 32.50 Million (Previous year Rs. Nil)  
NIIT Institute of Finance Banking and Insurance Training Limited Rs. 26.00 Million (Previous year Rs. Nil)

**xiii) Loans/ Inter Corporate Deposits Taken from:**

Scantech Evaluation Services Limited Rs. 127.00 Million (Previous year Rs. 115.50 Million)

**xiv) Repayment of Loans/ Inter Corporate Deposits taken:**

Scantech Evaluation Services Limited Rs. 116.50 Million (Previous year Rs. 91.50 Million)

**xv) Interest Income from:**

NIIT (USA) Inc. Rs. 5.89 Million (Previous year Rs. 15.88 Million)  
Hole-in-the-Wall Education Limited Rs. 3.60 Million (Previous year Rs. 4.34 Million)  
NEO Multimedia Limited (formerly known as NIIT Multimedia Limited) Rs. Nil (Previous year Rs. 0.13 Million)  
NIIT Education Society Rs. Nil (Previous year Rs. 0.06 Million)  
Evolv Services Limited Rs. 2.09 Million (Previous year Rs. 0.12 Million)  
NIIT Institute of Information Technology Rs. 0.47 Million (Previous year Rs. 49.63 Million)  
NIIT Institute of Finance Banking and Insurance Training Limited Rs. 1.53 Million (Previous year Rs. 3.06 Million)  
NIIT Institute of Process Excellence Limited Rs. 2.31 Million (Previous year Rs. 0.19 Million)

**xvi) Interest Expenditure includes:**

Scantech Evaluation Services Limited Rs. 14.34 Million (Previous year Rs. 11.69 Million)

**xvii) Includes transactions for the year with:**

Rajendra S Pawar Rs. 15.16 Million (Previous year Rs.10.04 Million)  
 Vijay K Thadani Rs. 30.80 Million (Previous year Rs. 16.32 Million)  
 P Rajendran Rs. 22.66 Million (Previous year Rs. 10.84 Million)

**xviii) Other Expenses includes:**

Renuka Thadani Rs. 1.00 Million (Previous year Rs. 0.72 Million)  
 Veena Oberoi Rs. 0.66 Million (Previous year Rs. 0.43 Million)  
 Pace Industries Private Limited Rs. 0.66 Million (Previous year Rs. 0.43 Million)  
 NIIT Institute of Information Technology Rs.62.50 Million (Previous year Rs. 71.50 Million)

**xix) Other Income includes:**

NIIT (USA) Inc. Rs. 10.03 Million (Previous year Rs. 6.78 Million)  
 NIIT Antilles NV, Netherlands Antilles Rs. 91.24 Million (Previous year Rs. 85.61 Million)  
 NIIT Institute of Finance Banking and Insurance Training Limited Rs. 11.22 Million (Previous year Rs. 17.04 Million)  
 NIIT Institute of Information Technology Rs. Nil (Previous year Rs. 0.87 Million)  
 NIIT Institute of Process Excellence Limited Rs.3.80 Million (Previous year Rs. 7.89 Million)  
 NIIT Limited, UK Rs. 1.29 Million (Previous year Rs. 0.95 Million)  
 Hole-in-the-Wall Education Limited Rs. 1.08 Million (Previous year Rs.1.01 Million)

**xx) Dividend Income includes:**

Scantech Evaluation Services Limited Rs. Nil (Previous year Rs. 83.24 Million)  
 NIIT (USA) Inc. Rs. 1,277.38 Million (Previous year Rs. Nil)

**xxi) Provision for Doubtful Debts and Advances includes:**

Hole-in-the-Wall Education Limited Rs. 8.95 Million (Previous year Rs. Nil)

**xxii) Guarantees and Collaterals:**

NIIT Institute of Finance Banking and Insurance Training Limited Rs.10.00 Million (Previous year Rs. Nil)  
 Hole-in-the-Wall Education Limited Rs. 20.00 Million (Previous year Rs. 3.00 Million)  
 NIIT (USA) Inc. Rs. 559.57 Million (Previous year Rs. 732.60 Million)  
 Evolv Services Limited Rs. 10 Million (Previous year Rs. Nil)  
 NIIT Yuva Jyoti Limited Rs. 79.64 Million (Previous year Nil)

**D. Outstanding balances (in respect of related parties in A & B above):**

(Rs. Million)

Particulars	As at 31.03.2012			As at 31.03.2011		
	Recoverable	Payables	Guarantees & Collaterals Outstanding	Recoverable	Payables	Guarantees & Collaterals Outstanding
Subsidiaries	409.82	757.98	679.21	694.58	191.11	2,716.20
Associates	7.45	2.18	-	19.89	5.37	-
Key Managerial Personnel	-	28.90	-	-	-	-
Relatives of Key Managerial Personnel	-	-	-	-	-	-
Parties in which Key Managerial Personnel of the Company are interested	16.33	1.78	-	12.00	1.77	-

- 37 The Company internally develops software tools, platforms and content/ courseware. The management estimates that this would result in enhanced productivity and offer more technology based learning products/ solutions to the customers in future. The Company is confident of its ability to generate future economic benefits out of the abovementioned assets. The costs incurred during the year towards the development are as follows:

(Rs. Million)

Description	Year ended March 31, 2012	Year ended March 31, 2011
Salary and other Employee Benefits	135.94	154.00
Professional & Technical Outsourcing Expense	29.91	116.64
Premises Cost	14.68	11.54
Other Expenses	6.63	8.91
<b>Total</b>	<b>187.16</b>	<b>291.09</b>

- 38 Disclosure pursuant to Clause 32 of Listing Agreement in respect of loans given to subsidiaries and other parties in which Key Managerial Personnel are interested:

(Rs. Million)

Name of Company	Outstanding		Maximum Balance during the year	
	As at March 31, 2012	As at March 31, 2011	2010-12	2010-11
NEO Multimedia Limited (Formerly known as NIIT Multimedia Limited)	-	-	-	3.20
Hole-in-the-Wall Education Limited	29.70	36.20	36.20	36.20
NIIT Institute of Finance Banking and Insurance Training Limited	-	26.00	26.00	26.00
Evolv Services Limited	6.75	15.50	21.25	15.50
NIIT (USA) Inc.	-	99.90	147.24	322.28
NIIT Education Society	-	-	-	3.50
NIIT Institute of Information Technology	-	-	15.00	460.30
NIIT Institute of Process Excellence Limited	-	15.00	32.50	15.00
<b>Total</b>	<b>36.45</b>	<b>192.60</b>	<b>278.19</b>	<b>881.98</b>

### 39 SEGMENT INFORMATION

#### Primary Segment Information – Business Segment

The sub businesses are fully aligned to global learning business of the Company and the same are being viewed by the management as a single primary segment, i.e. learning business segment.

#### Secondary Segment Information – Geographical

The secondary segment information in relation to the geographies is as follows:

(Rs. Million)

Particulars	Revenue from customers by location of customers	Carrying amount of segment assets by location of the assets	Additions to fixed assets
India	6,069.85 (5,233.30)	9,187.07 (9,110.20)	1,121.16 (443.00)
America	907.94 (653.80)	- (-)	- (-)
Europe	314.79 (129.50)	- (-)	- (-)
Asia Pacific	88.70 (463.54)	5.70 (9.17)	1.40 (2.63)
<b>Total</b>	<b>7,381.28</b> <b>(6,480.14)</b>	<b>9,192.77</b> <b>(9,119.37)</b>	<b>1,122.56</b> <b>(445.63)</b>

Previous year figures are given in parenthesis.

## 40 LEASES:

### a) Operating Leases:

i. The minimum non-cancelable lease payment outstanding at the Balance Sheet date in respect of Premises:

(Rs. Million)

Particulars	Minimum lease payments	
	As at March 31, 2012	As at March 31, 2011
Not later than 1 year	81.98	81.98
Later than 1 year but not later than 5 years	234.68	316.66

ii. All other significant operating leases entered into by the Company after March 31, 2001, are cancelable on giving a notice of 1 to 6 months.

iii. Aggregate payments during the year under operating leases are as shown hereunder:

(Rs. Million)

Particulars	Minimum lease payments	
	Year ended March 31, 2012	Year ended March 31, 2011
In respect of Premises*	397.87	314.53
In respect of Equipments**	123.30	41.37
In respect of Vehicles	15.40	11.22

\* Includes payment in respect of premises for office and employee accommodation

\*\* Includes payment in respect of computers, printers and other equipments.

iv. Details of Fixed Assets provided on Operating Lease:

(Rs. Million)

Description of Assets	As at March 31, 2012			As at March 31, 2011		
	Gross Value	Accumulated Depreciation	Net Book Value	Gross Value	Accumulated Depreciation	Net Book Value
Buildings	32.24	9.44	22.80	32.24	8.92	23.32

The Aggregate Depreciation charged on the above assets during the year is Rs. 0.52 Million (Previous year Rs. 0.52 Million)

Sub lease receipts recognised in the statement of Profit and Loss for the year amounting to Rs. 0.50 Million (Previous year Rs. Nil)

### b) Finance Leases:

i. Assets acquired under finance lease comprise of Plant & Machinery, Furniture & Fixtures and Software. There are no exceptional/ restrictive covenants in the lease agreements.

ii. The minimum lease payment outstanding and their present value at the Balance Sheet date in respect of assets that have been capitalised are as follows:

(Rs. Million)

Particulars	Minimum lease payments		Present value of lease payments	
	As at March 31, 2012	As at March 31, 2011	As at March 31, 2012	As at March 31, 2011
Not later than 1 year	30.25	30.25	22.39	19.97
Later than 1 year but not later than 5 years	59.33	89.58	51.94	74.34

(Rs. Million)

Particulars	As at March 31, 2012	As at March 31, 2011
Minimum Lease Payments	89.58	119.83
Less : Finance Charges	15.25	25.52
Present Value of Lease Payments	74.33	94.31



## NOTES to the Financial Statements for the year ended March 31, 2012

41 The financial statements for the year ended March 31, 2011 had been prepared as per the then applicable, pre-revised Schedule VI to the Companies Act, 1956. Consequent to the notification of Revised Schedule VI under the Companies Act, 1956, the financial statements for the year ended March 31, 2012 are prepared as per Revised Schedule VI. Accordingly, the Previous year figures have also been reclassified to conform to this year's classification. The adoption of Revised Schedule VI for Previous year figures does not impact recognition and measurement principles followed for preparation of financial statements except for accounting for dividend on investments in subsidiaries. (Refer Note 2.2)

Signatures to the Notes ' 1 ' to ' 41 ' of these Financial Statements.

For and on behalf of the Board

For Price Waterhouse  
Firm Registration No.: 301112E  
Chartered Accountants

**Rajendra S Pawar**  
Chairman & Managing Director  
DIN – 00042516

**Vijay K Thadani**  
CEO & Whole-time Director  
DIN - 00042527

**Usha Rajeev**  
Partner  
Membership No. F-087191

**Ashok Arora**  
Group Chief Financial Officer

**Rohit Kumar Gupta**  
Chief Financial Officer

**Rajesh Arora**  
Company Secretary

Place : New Delhi  
Date : May 9, 2012

### The Board of Directors of NIIT Limited

1. We have audited the attached consolidated balance sheet of NIIT Limited (the "Company") and its subsidiaries and associate company; hereinafter referred to as the "Group" (refer Note 2.1 to the attached consolidated financial statements) as at March 31, 2012, the related consolidated Statement of Profit and Loss and the consolidated Cash Flow Statement for the year ended on that date annexed thereto, which we have signed under reference to this report. These consolidated 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. We did not audit the financial statements of seventeen subsidiaries included in the consolidated financial statements, which constitute total assets of Rs 1,892 Million and net assets of Rs 1,249 Million as at March 31, 2012, total revenue of Rs. 1,827 Million, net profit of Rs. 378 Million and net cash flows amounting to Rs 190 Million for the year then ended. These financial statements and other financial information have been audited by other auditors whose reports have been furnished to us, and our opinion on the consolidated financial statements to the extent they have been derived from such financial statements is based solely on the report of such other auditors.
4. We report that the consolidated financial statements have been prepared by the Company's Management in accordance with the requirements of Accounting Standard (AS) 21 - Consolidated Financial Statements and Accounting Standard (AS) 23 - Accounting for Investments in Associates in Consolidated Financial Statements, notified under sub-section 3C of Section 211 of the Companies Act, 1956.
5. Without qualifying our opinion, we draw attention to Note 48(b) in these financial statements regarding provision for tax expense, pertaining to its subsidiaries in USA, which is dependent on the joint review of the tax computation with the buyer of the subsidiary and other conditions as per the terms of the sale agreement and submission of the tax return. The ultimate outcome of the matter cannot presently be determined, and no adjustment in the provision, which may result due to the outcome of future events, has been made in the financial statements.
6. Based on our audit and on consideration of reports of other auditors on separate financial statements and on the other financial information of the components of the Group as referred to above, and to the best of our information and according to the explanations given to us, in our opinion, the attached consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:
  - (a) in the case of the consolidated Balance Sheet, of the state of affairs of the Group as at March 31, 2012;
  - (b) in the case of the consolidated Statement of Profit and Loss, of the profit of the Group for the year ended on that date; and
  - (c) in the case of the consolidated Cash Flow Statement, of the cash flows of the Group for the year ended on that date.

For Price Waterhouse  
Firm Registration No. : 301112E  
*Chartered Accountants*

**Usha Rajeev**  
*Partner*

Membership Number F-087191

Place : New Delhi  
Date : May 9, 2012

## CONSOLIDATED BALANCE SHEET as at March 31, 2012

	Note	As at March 31, 2012 (Rs. Million)	As at March 31, 2011 (Rs. Million)
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' funds</b>			
Share capital	3	330.20	330.20
Reserves and surplus	4	6,290.02	5,235.11
		<u>6,620.22</u>	<u>5,565.31</u>
<b>Minority Interest</b>	5	38.93	29.68
<b>Non-current liabilities</b>			
Long-term borrowings	6	833.32	2,195.24
Other Long term liabilities	9	140.91	150.32
Long-term provisions	10	170.19	48.89
		<u>1,144.42</u>	<u>2,394.45</u>
<b>Current liabilities</b>			
Short-term borrowings	7	29.00	896.41
Trade Payables	8	2,038.36	1,985.68
Other current liabilities	9	1,011.24	3,210.45
Short-term provisions	10	699.73	400.14
		<u>3,778.33</u>	<u>6,492.68</u>
<b>TOTAL</b>		<u>11,581.90</u>	<u>14,482.12</u>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Fixed assets	11		
-Tangible assets		1,567.77	1,338.26
-Intangible assets		712.87	3,462.19
-Capital work-in-progress		2.63	72.36
-Intangible assets under development		173.27	521.93
Non-current investments	12	1,949.91	1,530.63
Deferred tax assets (net)	13	66.91	306.82
Long-term loans and advances	14	647.84	586.50
Trade Receivables	15	361.96	77.60
Other non-current assets	17	335.52	397.31
		<u>5,818.68</u>	<u>8,293.60</u>
<b>Current assets</b>			
Current investments	12	4.54	110.44
Inventories	18	118.82	153.32
Trade receivables	15	3,569.94	3,820.92
Cash and bank balances	19	997.32	508.29
Short-term loans and advances	14	520.64	799.41
Other current assets	17	551.96	796.14
		<u>5,763.22</u>	<u>6,188.52</u>
<b>TOTAL</b>		<u>11,581.90</u>	<u>14,482.12</u>

The Notes are an integral part of these Consolidated Financial Statements.

This is the Consolidated Balance Sheet referred to in our report of even date.

For and on behalf of the Board

For Price Waterhouse  
Firm Registration No. : 301112E  
Chartered Accountants

**Rajendra S Pawar**  
Chairman & Managing Director  
DIN - 00042516

**Vijay K Thadani**  
CEO & Whole-time Director  
DIN - 00042527

**Usha Rajeev**  
Partner  
Membership No. F-087191

**Ashok Arora**  
Group Chief Financial Officer

**Rohit Kumar Gupta**  
Chief Financial Officer

**Rajesh Arora**  
Company Secretary

Place : New Delhi  
Date : May 9, 2012

## CONSOLIDATED STATEMENT OF PROFIT AND LOSS for the year ended March 31, 2012

	Note	Year ended March 31, 2012 (Rs. Million)	Year ended March 31, 2011 (Rs. Million)
<b>INCOME</b>			
Revenue from Operations	24	12,602.79	12,482.79
Other Income	25	75.91	83.63
<b>Total Revenue</b>		<b>12,678.70</b>	<b>12,566.42</b>
<b>EXPENSES</b>			
Cost of material consumed		56.67	109.62
Purchase of Stock-in-trade		1,607.02	1,238.52
(Increase)/ Decrease in Inventory	18	34.50	(27.40)
Employee Benefits Expense	26	3,189.30	3,348.23
Professional & Technical Outsourcing Expenses		2,347.04	1,619.17
Other Expenses	29	3,931.94	4,666.84
Finance Costs	31	244.63	342.19
Depreciation and Amortisation Expenses	11	874.42	854.33
<b>Total Expenses</b>		<b>12,285.52</b>	<b>12,151.50</b>
<b>Profit before Exceptional items and Tax</b>		<b>393.18</b>	<b>414.92</b>
Exceptional items	32	1,636.42	142.23
<b>Profit before tax</b>		<b>2,029.60</b>	<b>557.15</b>
<b>Tax expense:</b>	13		
- Current tax		1,188.48	124.64
- Deferred tax		265.25	(12.45)
- MAT Credit Entitlement		(45.60)	(36.18)
- Provision for Tax relating to earlier years		0.40	12.52
<b>Profit after tax before Share of results of Associate's Profit and Minority Interests</b>		<b>621.07</b>	<b>468.62</b>
Share of Associates' net profit		479.29	445.71
Net Loss attributable to Minority		1.24	7.47
<b>Profit attributable to Equity shareholders</b>		<b>1,101.60</b>	<b>921.80</b>
<b>Earnings per equity share (Face Value Rs. 2/- each):</b>	34		
- Basic		6.67	5.58
- Diluted		6.67	5.58

The Notes are an integral part of these Consolidated Financial Statements.

This is the Consolidated Statement of Profit and Loss referred to in our report of even date.

For and on behalf of the Board

For Price Waterhouse  
Firm Registration No. : 301112E  
Chartered Accountants

**Rajendra S Pawar**  
Chairman & Managing Director  
DIN - 00042516

**Vijay K Thadani**  
CEO & Whole-time Director  
DIN - 00042527

**Usha Rajeev**  
Partner  
Membership No. F-087191

**Ashok Arora**  
Group Chief Financial Officer

**Rohit Kumar Gupta**  
Chief Financial Officer

**Rajesh Arora**  
Company Secretary

Place : New Delhi  
Date : May 9, 2012

## CONSOLIDATED CASH FLOW STATEMENT for the year ended March 31, 2012

	Year ended March 31, 2012 (Rs. Million)	Year ended March 31, 2011 (Rs. Million)
<b>A. CASH FLOW FROM OPERATING ACTIVITIES:</b>		
Consolidated Profit before Tax and share of Associates' profits but after exceptional items	2,029.60	557.15
Add/ (Less) :		
Depreciation and Amortisation	874.42	854.33
Finance Costs	244.63	342.19
Interest Income	(15.19)	(54.05)
Loss on Fixed Assets sold	5.66	4.10
(Profit)/ Loss from Investments	(10.86)	(1.29)
Miscellaneous Expenditure written off	-	0.09
Impairment of Intangibles	8.71	-
Provision for Doubtful Debts	427.59	157.69
Provision for Doubtful Advances	1.52	0.20
Provision for slow/ non-moving Inventory	1.01	5.11
Inventory Written off	10.20	3.05
Government Grants	(1.56)	(1.37)
Advances written off	0.29	-
Liabilities/ Provisions no longer required written back	(6.02)	(7.94)
Provision for Gratuity & Compensated Absences	(39.50)	9.88
Provision for Indemnity	162.78	-
Unrealised Foreign Exchange (Gain)/ Loss	(12.29)	(62.72)
Profit on sale of Subsidiary	(2,811.96)	(214.23)
<b>Operating profit before working capital changes</b>	<b>869.03</b>	<b>1,035.04</b>
Add/ (Less): (Increase)/ Decrease in operating working capital:		
Trade Receivables (Current & Non Current)	(1,127.85)	(621.81)
Loans and Advances & Other Assets (Current & Non Current)	257.61	(431.85)
Inventories	14.50	(35.56)
Current Liabilities and Provisions (Current & Non Current)	505.99	1,027.28
<b>Cash generated from operations</b>	<b>519.28</b>	<b>1,530.25</b>
Taxes paid (including TDS)	(210.77)	(220.89)
<b>Net cash from Operating activities (A)</b>	<b>308.51</b>	<b>1,309.36</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES:</b>		
Purchase of Fixed Assets (including Capital Work-in-progress, Internally Developed Intangibles and Capital Advances)	(1,541.29)	(1,110.78)
Proceeds from sale of Fixed Assets	100.12	27.24
Proceeds from sale of Mutual Funds	2,494.90	738.78
Purchase of Mutual Funds	(2,389.00)	(843.02)
Purchase of Shares in Subsidiary from Minority	(5.94)	-
Proceeds from Sale of Subsidiary	5,357.63	83.63
Tax paid on sale of Subsidiary	(561.01)	-
Tax paid on dividend transfer to Holding Company	(191.61)	-
Dividend received	119.56	101.45
Loans given to NIIT Institute of Information Technology	(15.00)	(20.00)
Loans given to NIIT Institute of Information Technology received back	15.00	460.30
Loans given to NIIT Education Society received back	-	3.50
Interest Received	13.25	53.77
<b>Net cash from Investing activities (B)</b>	<b>3,396.61</b>	<b>(505.13)</b>

## CONSOLIDATED CASH FLOW STATEMENT for the year ended March 31, 2012

Contd..

	Year ended March 31, 2012 (Rs. Million)	Year ended March 31, 2011 (Rs. Million)
<b>C. CASH FLOW FROM FINANCING ACTIVITIES:</b>		
Receipt from issue of Shares in Subsidiaries from		
Minority Shareholders	20.25	15.33
Payment of Dividend to Minority	(3.82)	-
Proceeds from Long Term Borrowings	79.64	1,166.00
Borrowings repaid during the year	(1,632.21)	(327.71)
Working Capital/ Short Term Borrowings (Net)	(878.63)	(543.24)
Proceeds/ (Payments) relating to Cash Credits (Net)	11.22	(62.27)
Vehicle Loans repaid during the year	-	(1.41)
Redemption of Non Convertible Debentures	(100.00)	(600.00)
Interest Paid	(254.34)	(339.28)
(including financing charges on finance lease arrangements)		
Dividend Paid	(246.85)	(229.92)
Dividend Tax Paid	(40.17)	(39.28)
<b>Net cash used in Financing activities (C)</b>	<b>(3,044.91)</b>	<b>(961.78)</b>
<b>Net Increase/ (Decrease) in Cash &amp; Cash equivalents</b>		
<b>(A) + (B) + (C)</b>	<b>660.21</b>	<b>(157.55)</b>
Adjustment of Cash & Bank Balance on sale		
of Subsidiary	(56.94)	-
Adjustment on account of Foreign Exchange Fluctuations	(127.39)	16.95
<b>Cash and Cash equivalents as at the beginning of the year (Note 1)</b>	<b>475.34</b>	<b>615.94</b>
<b>Cash and cash equivalents as at the end of the year</b>	<b>951.22</b>	<b>475.34</b>

### Notes:

	March 31, 2012 (Rs. Million)	March 31, 2011 (Rs. Million)
<b>1. Cash and Cash Equivalents</b>		
Balance with banks		
Current Accounts	724.46	397.74
[Includes Rs.6.56 Million (Previous year Rs. 7.17 Million) pertaining to amount earmarked for specific contract]		
Exchange Earners' Foreign Currency Account	0.87	0.89
Bank deposits with original maturity of 3 months or less	95.00	-
Cash on hand	13.25	12.94
Cheques, drafts on hand	117.64	63.77
	<b>951.22</b>	<b>475.34</b>

2 The above Consolidated Cash Flow Statement has been prepared under the indirect method as set out in Accounting Standard 3 as notified under Section 211(3C) [Companies (Accounting Standards) Rules, 2006, as amended] and other relevant provisions of the Companies Act, 1956.

3 Figures in paranthesis indicate cash outgo.

4 Previous year figures, to the extent feasible, have been regrouped/ recast wherever necessary to conform to the current year's classification.

The Notes are an integral part of these Consolidated Financial Statements.

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

For and on behalf of the Board

For Price Waterhouse

Firm Registration No. : 301112E  
Chartered Accountants

**Rajendra S Pawar**

Chairman & Managing Director  
DIN - 00042516

**Vijay K Thadani**

CEO & Whole-time Director  
DIN - 00042527

**Usha Rajeev**

Partner

Membership No. F-087191

Place : New Delhi

Date : May 9, 2012

**Ashok Arora**

Group Chief Financial Officer

**Rohit Kumar Gupta**

Chief Financial Officer

**Rajesh Arora**

Company Secretary

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended March 31, 2012

### 1 CORPORATE INFORMATION

NIIT is a global talent development company which was set up in 1981. NIIT ('the Company') currently offers learning and knowledge solutions across globe to Individuals, Enterprises and Institutions in information Technology, Business Process Outsourcing, Banking Finance and Insurance, Executive Management Education, School Education, Communication & Professional Life Skills and Vocational Skills Training.

### 2 SIGNIFICANT ACCOUNTING POLICIES

#### 2.1 Principles of consolidation

- (i) **Subsidiaries:** Subsidiaries are consolidated from the date on which control is transferred to the group and are not consolidated from the date that control ceases. The financial statements of the Company and its subsidiaries have been consolidated on a line-by-line basis by adding together like items of assets, liabilities, income and expenses. Intra-group balances and intra-group transactions and resulting unrealised profits have been eliminated.

Details of subsidiaries, which have been considered in these consolidated accounts are as follows (Reporting date being March 31, 2012 unless otherwise stated):

Name of the Subsidiary	Percentage of ownership interest	Country of incorporation
1. Hole-in-the-Wall Education Limited	99.99	India
2. NIIT Institute of Finance Banking and Insurance Training Limited	79.60	India
3. Scantech Evaluation Services Limited	100	India
4. NEO Multimedia Limited (Formerly known as NIIT Multimedia Limited) (March 30, 2011)	100	India
5. NIIT Online Learning Limited	90	India
6. Evolv Services Limited	100	India
7. NIIT Institute of Process Excellence Limited	75	India
8. NIIT Yuva Jyoti Limited (w.e.f. May 25, 2011)	90	India
9. NIIT (USA) Inc., USA	100	United States
10. NIIT Antilles NV	100	Netherlands Antilles
11. NIIT Malaysia Sdn Bhd	100	Malaysia
12. NIIT GC Limited	100	Mauritius
13. NIIT China (Shanghai) Limited	100	China
14. NIIT Wuxi Service Outsourcing Training School	60	China
15. Wuxi NIIT Information Technology Consulting Limited	60	China
16. Changzhou NIIT Information Technology Consulting Limited	60	China
17. Chongqing NIIT Education Consulting Limited	60	China
18. Su Zhou NIIT Information Technology Consulting Limited	60	China
19. PCEC NIIT Institute of Information Technology (Liquidated in April 2010)	100	China
20. PT NIIT Indonesia (Under Liquidation)	100	Indonesia
21. NIIT Limited, UK	100	UK
22. NIIT Ventures Inc. USA	100	United States
23. Element K Corporation, USA (ceased to be subsidiary company w.e.f. October 14, 2011)*	100	United States
24. Element K India Private Limited, India (ceased to be subsidiary company w.e.f. October 14, 2011)*	100	India
25. Element K (UK) Limited, UK (ceased to be subsidiary company w.e.f. October 14, 2011)*	100	United Kingdom
26. Element K Canada Inc., Canada (ceased to be subsidiary company w.e.f. October 14, 2011)*	100	Canada
27. NIIT West Africa Limited, Nigeria (w.e.f. April 1, 2011)	100	Nigeria

\* Accounts have been consolidated till October 14, 2011 i.e. date of sale (Refer Note 48).

- (ii) **Associates:** Investments in associate companies have been accounted for by using the equity method of accounting whereby the investment is initially recorded at cost, identifying any goodwill/ capital reserve arising at the time of acquisition. The carrying amount of the investment is adjusted thereafter for the post acquisition change in the investor's share of net assets of the investee.

The details of associate companies (companies over which the Company exercises significant influence, which have been consolidated on "Equity Method") are as follows: (Reporting date used for consolidation :- March 31, 2012)

Name of Associate Company	Percentage of ownership interest and voting power	Cost of Investment (Rs. Million)
NIIT Technologies Limited and its subsidiaries Description of Business :- Software	24.30%	97.50

Reference in these consolidated financial statements to "the Group" shall mean to include NIIT Limited, its subsidiaries and associate consolidated in these financial statements, unless otherwise stated.

## 2.2 Basis of preparation of consolidated financial statements

These consolidated financial statements are prepared on an accrual basis, under the historical cost convention and in accordance with all applicable accounting principles in India. These Financial Statements have been prepared to comply in all material aspects with the applicable accounting standards notified under section 211(3C) [Companies (Accounting Standards) Rules, 2006, as amended] and other the relevant provisions of the Companies Act, 1956.

All assets and liabilities have been classified as current or non-current as per the Group's normal operating cycle and other criteria set out in the Schedule VI to the Companies Act, 1956. Based on the nature of products and the time between the acquisition of assets for processing and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current – non current classification of assets and liabilities.

## 2.3 Other significant accounting policies adopted by the Group are detailed below:

### i) Tangible Fixed Assets and Depreciation

Fixed Assets are stated at acquisition cost except where they are taken over pursuant to an acquisition at a consolidated price. Individual fixed assets taken over pursuant to acquisition are recorded at their fair value on the date of acquisition based on valuation carried out by independent valuers.

Depreciation 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
Plant and Equipments including:	
- Computers, printers and related accessories	2-5 Years
- Electronic Equipments	7-8 Years
- Air Conditioners	10 Years
Office Equipments	7-8 Years
Furniture, Fixtures & Electric Fittings	7-10 Years
Leasehold Improvements	3-5 years or lease period, whichever is lower
Assets under employee benefits scheme except vehicles	3 Years
Assets acquired under lease (Included under Plant & Equipment and Furniture & Fixtures)	Lease Period
All other assets (including vehicles)	Rates prescribed under Schedule XIV to the Companies Act, 1956



Fixed Assets purchased for utilisation in implementing certain contractual obligations with the customers under a project are depreciated over the period of the contract.

## ii) Intangible Fixed Assets and Amortisation

Expenses incurred on internal development of educational content and products are capitalised either individually or as a knowledge bank in the form of software, once their technical feasibility and ability to generate future economic benefits is established in accordance with the requirements of Accounting Standard 26, "Intangible Assets" as notified under section 211(3C) [Companies (Accounting Standards) Rules, 2006, as amended] and other relevant provisions of the Companies Act, 1956. Expenses incurred during the research phase till the establishment of commercial feasibility is charged to the Consolidated Statement of Profit and Loss.

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

a) Internally Generated (Software, Contents and Products)	
- School based non - IT content	10 Years
- Others	3-5 Years
b) Acquired (Software, Contents and Products)	3-5 Years
c) Patents	3-5 Years
d) Goodwill [Other than arising on consolidation]	5 Years

Further, educational content and software are technically evaluated each year for their useful economic life and the unamortised amount of the asset is charged to Consolidated Statement of Profit and Loss as amortisation 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) Goodwill on Consolidation

The excess/ deficit of the cost of the investment in its subsidiaries over its share of net worth (residual interest in the assets of the subsidiaries after deducting all its liabilities) of the subsidiaries at the date of investment in the subsidiaries is treated as goodwill/ capital reserve in the consolidated financial statements. The value of Goodwill arising on consolidation is reviewed for impairment at the end of each accounting year.

## 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 recognised and charged to Consolidated Statement of Profit and Loss. Short-term investments are carried at cost or market value, whichever is lower. Investments in Associates are accounted for based on "Equity Method" in accordance with provisions of Accounting Standard 23 as notified under section 211(3C) [Companies (Accounting Standards) Rules, 2006, as amended] and other relevant provisions of the Companies Act, 1956.

## vi) Inventories

Inventories are valued at lower of cost or net realisable value. Cost is determined on FIFO method in case of Raw Material and Manufactured Finished Goods and using weighted average method in case of other inventory. This also includes applicable costs incurred in bringing inventories to their present location and condition.

**vii) Revenue Recognition**

The revenue in respect of sale of courseware including technical information and reference material and other goods are recognised on dispatch/ delivery of the material to the customer whereas the revenue from the tuition activity is recognised over the period of the course programmes or as per the terms of agreement, as the case may be.

The revenue from time and material contracts is recognised on a man month basis. In respect of fixed price contracts, including certain contracts requiring significant usage of contents capitalised as education software relating to courseware and products (Intellectual Property Rights), revenue is recognised based on the technical evaluation of utilisation of courseware and products and as per the proportionate completion method. The foreseeable losses on completion of contract, if any, are provided for.

The Group undertakes fixed price projects for supply/ installation/ maintenance of technology equipment & infrastructure set up, providing educational product and educational services. Revenue from initial project set up activities & development of products under such contracts is recognised under proportionate completion method. The revenue in such contracts from sale of technology equipments is recognised on delivery of the technology equipment when substantial risks and rewards of ownership in such technology equipment pass to the customer based on contractual terms of the respective contracts and in respect of technology equipments, which are not sold, the revenue from the same along with the revenue from educational services is recognised over the contracted period of service.

Revenue derived pursuant to content hosted on customers' server for a definite period is recognised on delivery of the content. Subscription fee for content hosted on the companies' server is billed on the respective invoicing dates as per the agreement and revenue for the same is recognised ratably over the term of the subscription. Deferred Revenue represents unamortised amounts billed to customers in advance for products, services or subscriptions.

Revenue from recruitment services is recognised on placement of candidate with the client as per the terms of the contract. Revenue from assessment of personnel is recognised on completion of the assessment as per the terms of the contract.

In respect of sale and lease back transactions, revenue is recognised on delivery of the product. Gain on sale on such transactions is recognised in the Consolidated Statement of Profit and Loss over the lease period of the respective product.

Revenue is net of discounts and applicable taxes.

**viii) Other Income**

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

Interest income is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.

**ix) Employee Benefits****Gratuity**

The Group provides for gratuity, a defined benefit retirement plan (the "Gratuity Plan") covering eligible employees in accordance with the Payment of Gratuity Act, 1972. The Gratuity Plan provides a lump sum payment to vested employees at retirement, death, incapacitation or termination of employment, of an amount based on the respective employee's salary and the tenure of employment. Group's liability is actuarially determined at the end of the year using projected unit credit method. Shortfall in the fund size maintained by the Trust set up by the Company with Life Insurance Corporation of India for employees of certain entities within the group is additionally provided for.

Liability for certain entities which are not funded through the Trust maintained with Life Insurance Corporation of India, is actuarially determined and provided for.

Actuarial losses/ gains are charged/ credited to the Consolidated Statement of Profit and Loss in the year in which such losses/ gains arise.

**Compensated Absences**

Liability in respect of compensated absences is provided for both encashable leave and those expected to be availed. The Group has defined benefit plans for compensated absences for employees, the liability for which is determined on the basis of an actuarial valuation at the end of the year using projected unit credit method. Any gain or loss arising out of such valuation is recognised in the Consolidated Statement of Profit and Loss as income or expense as the case may be.

**Superannuation**

The Group makes defined contribution, in respect of employees based in India, to the Trust established for the purpose by the Company towards superannuation fund maintained with Life Insurance Corporation of India. Contribution made during the year is charged to Consolidated Statement of Profit and Loss.

**Provident Fund**

The Group makes contribution to the "NIIT LIMITED EMPLOYEES' PROVIDENT FUND TRUST" for certain entities in India, 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 investments of the trust and the notified interest rate. 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. The Company's contribution towards Provident Fund is charged to Consolidated Statement of Profit and Loss.

For other entities, Provident Fund contributions are made to the Regional Provident Fund Commissioner in accordance with the Employee Provident Fund rules and are accounted as defined contribution plans.

**Pension Fund**

The Group makes defined contribution in respect of employees based in India, to a government administered pension fund. The Group's contribution towards Employee Pension Scheme is charged to Consolidated Statement of Profit and Loss.

**Overseas Plans**

In respect of the subsidiaries incorporated outside India, where applicable, the subsidiaries make defined contributions on a monthly basis towards the respective retirement plans which are charged to Consolidated Statement of Profit and Loss. These Companies have no further obligation towards the respective retirement benefits.

**x) Employees Stock Option Plan (ESOP)**

Equity settled stock options are 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 recognised as deferred employee compensation with a credit to employee stock option outstanding account. The deferred employee compensation is charged to Consolidated Statement of Profit and Loss on straight line basis over the vesting period of the option. The options that lapse are reversed by a credit to employee compensation expense, equal to the amortised portion of value of lapsed portion and credit to deferred employee compensation expense equal to the un-amortised portion. The balance in employee stock option outstanding account, net of any un-amortised deferred employee compensation, is shown separately as part of Shareholders' Funds.

Employee share-based payment plans in the form of cash settled stock options are accounted for using the intrinsic value method. The intrinsic value being the excess of fair value of the underlying share on the date of grant, based on independent valuer report, over its exercise price. The liability for cash settled options is measured at intrinsic value over the life of options whereby intrinsic value is re-measured at each reporting date, with any changes in intrinsic value recognised in the Consolidated Statement of Profit and Loss. The liability at the date of exercise is settled based on valuation of share as per latest audited financials.

**xi) Foreign Currency Transactions/ Translation**

Transactions in foreign currency (currency other than companies' reporting currency) are booked at standard rates determined periodically, which approximates the actual rate, and all monetary assets and liabilities in foreign currency are restated at the end of the accounting year. Gain/ Loss arising out of fluctuations on realisation/ payment or restatement is credited/ charged to the Consolidated Statement of Profit and Loss.

Foreign Currency assets/ liabilities covered by forward contracts are stated at the forward contract rate and difference between the forward rate and the exchange rate at the inception of the forward contract is recognised to the Consolidated Statement of Profit and Loss over the life of the contract except to the extent on which accounting policy on derivative instruments and hedge accounting as detailed in (xii) below.

For the purposes of consolidation, in case of subsidiaries for which operations are considered as non-integral in nature, the assets and liabilities are translated at the year-end exchange rate and income and expenditure items are translated at predetermined rates that approximate the exchange rate prevailing on the date of the transaction. The resultant translation adjustment is reflected as a separate component of Shareholders' Funds as 'Currency Translation Reserve'. Upon dissolution/ disposal of non-Indian subsidiaries, the balance in Currency Translation Reserve in relation to those subsidiaries is transferred to Consolidated Statement of Profit and Loss.

In case of foreign operations which are integral in nature, financial statements are translated as if all its transactions had been entered into by the company itself. Non-monetary assets and income and expenditure items are translated at the rates that approximate the exchange rate prevailing on the date of the transaction. Monetary assets and liabilities are translated at year-end exchange rate. The resultant translation adjustment is charged to the Consolidated Statement of Profit and Loss.

**xii) Derivative Instruments and Hedge Accounting**

In accordance with its risk management policies and procedures, the Group uses derivative instruments such as foreign currency forward contracts to hedge its risks associated with foreign currency fluctuations relating to certain firm commitments and highly probable forecasted transactions. The derivatives that qualify for hedge accounting and designated as cash flow hedges are initially measured at fair value & are remeasured at a subsequent reporting date and the changes in the fair value of the derivatives i.e. gain or loss (net of tax impact) is recognised directly in Shareholders' Funds under hedging reserve to the extent considered highly effective. Gain or loss on derivative instruments that either does not qualify for hedge accounting or not designated as cash flow hedges or designated cash flow hedges to the extent considered ineffective are recognised in the Consolidated Statement of Profit and Loss.

Hedge accounting is discontinued when the hedging instrument expires, sold, terminated, or exercised, or no longer qualifies for hedge accounting. The cumulative gain or loss on the hedging instrument recognised in Shareholders' Funds under hedging reserve is retained there until the forecasted transaction occurs subsequent to which the same is adjusted against the related transaction. If a hedged transaction is no longer expected to occur, the net cumulative gain or loss recognised in Shareholders' Fund is transferred to Consolidated Statement of Profit and Loss in the same period.

**xiii) Leases**

The Lease rental in respect of operating lease arrangements are charged to expense when due as per the terms of the related agreement.

Finance lease transactions are considered as financing arrangements in accordance with Accounting Standard 19 and the leased asset is capitalised at an amount equal to the present value of future lease payments and a corresponding amount is recognised as a liability. The lease payments made are apportioned between finance charge and reduction of outstanding liability in relation to the leased asset.

**xiv) Borrowing Cost**

Borrowing costs are recognised in the Consolidated Statement of Profit and Loss in the period 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 capitalised. Ancillary costs in connection with the arrangement of borrowings are amortised over the period of respective loan.

**xv) Taxation**

Tax expense, comprising of both current tax and deferred tax is included in determining the net results for the year. Deferred tax reflects the effect of timing differences between the assets and liabilities recognised for financial reporting purposes and the amounts that are recognised for current tax purposes. As a matter of prudence deferred tax assets are recognised and carried forward only to the extent, there is reasonable/ virtual certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. Current tax is determined based on the provisions of the Income Tax Laws of the respective countries where such operations are domiciled. Minimum Alternate Tax (MAT) paid in excess of normal income tax is recognised as asset (MAT Credit entitlement) only to the extent, there is reasonable certainty that the Company shall be liable to pay tax as per the normal provisions of the Act in future. MAT Credit is utilised in the year when normal income tax is higher than MAT.

**xvi) Prepaid Expenses**

Prepaid royalties, sales commissions and referral fees are amortised over the average terms of the license or subscription matching with the related revenue.

**xvii) 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. Further, the proportionate share of contingent liabilities of associate companies are recognised as per the provisions of Accounting Standard 23 as notified under section 211(3C) [Companies (Accounting Standards) Rules, 2006, as amended] and other relevant provisions of the Companies Act, 1956.

Disclosure of show cause notices are made on merits of the matters where management foresees possibilities of outflow of resources.

**xviii) Earnings Per Share**

The earnings considered in ascertaining the Earnings Per Share ('EPS') comprises the Net Profit after tax. The number of shares used in computing the basic EPS is the weighted average number of shares outstanding during the year. The diluted EPS is calculated on the same basis as Basic EPS, after adjusting for the effects of potential Dilutive Equity Shares.

**xix) Cash and Cash Equivalents**

In the Consolidated Cash Flow Statement, cash and cash equivalents includes cash on hand, demand deposits with banks, other short-term highly liquid investments with original maturities of three months or less.

	As At March 31, 2012 (Rs. Million)	As At March 31, 2011 (Rs. Million)
<b>3 SHARE CAPITAL</b>		
<b>Authorised</b>		
250,000,000 Equity Shares of Rs. 2/- each (Previous year 250,000,000 Equity Shares of Rs. 2/- each)	500.00	500.00
2,500,000 Redeemable Preference Shares of Rs.100/- each (Previous year 2,500,000 Redeemable Preference Shares of Rs.100/- each)	250.00	250.00
	<b>750.00</b>	<b>750.00</b>
<b>Issued</b>		
165,101,597 Equity Shares of Rs. 2/- each (Previous year - 165,101,597 Equity Shares of Rs. 2/- each)	330.20	330.20
	<b>330.20</b>	<b>330.20</b>
<b>Subscribed and paid - up</b>		
165,095,597 Equity Shares of Rs. 2/- each (Previous year - 165,095,597 Equity Shares of Rs. 2/- each)	330.19	330.19
Add: Forfeited Shares (amount originally paid-up)	0.01	0.01
	<b>330.20</b>	<b>330.20</b>

3.1 Reconciliation of the number of shares outstanding	As at			
	March 31, 2012		March 31, 2011	
	No. of shares	(Rs. Million)	No. of shares	(Rs. Million)
<b>Equity Shares</b>				
Shares outstanding at the beginning of the year	165,095,597	330.19	165,095,597	330.19
Shares Issued during the year	-	-	-	-
Shares bought back during the year	-	-	-	-
<b>Shares outstanding at the end of the year</b>	<b>165,095,597</b>	<b>330.19</b>	<b>165,095,597</b>	<b>330.19</b>

### 3.2 Rights, preferences and restrictions attached to shares

**Equity Shares:** The Company has one class of equity shares having a par value of Rs. 2/- per share. Each shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

### 3.3 Shares held by each shareholder holding more than 5% shares in the Company

	As at			
	March 31, 2012		March 31, 2011	
	No. of shares	% of holding	No. of shares	% of holding
Pace Services Limited	22,557,547	13.66%	22,557,547	13.66%
Global Solutions Private Limited	21,580,980	13.07%	21,580,980	13.07%
FID Funds (Mauritius) Limited				
Citibank N. A. Custody Services	10,139,408	6.14%	10,139,408	6.14%
<b>Total</b>	<b>54,277,935</b>	<b>32.87%</b>	<b>54,277,935</b>	<b>32.87%</b>

### 3.4 Shares reserved for issue under Employee Stock Option Plan (ESOP)

	As at			
	March 31, 2012		March 31, 2011	
	No. of shares	(Rs. Million)	No. of shares	(Rs. Million)
Equity shares (For details refer Note 28)	5,355,002	10.71	6,718,413	13.44
<b>Total</b>	<b>5,355,002</b>	<b>10.71</b>	<b>6,718,413</b>	<b>13.44</b>

### 3.5 Aggregate number of Equity shares issued for the immediately preceding five years

	As at	
	March 31, 2012	March 31, 2011
Alloted as fully paid-up pursuant to contract(s) without payment being received in cash (No. of shares)	-	-
Allotted as fully paid up by way of bonus shares (No. of shares)	54,869,490	54,869,490
Shares bought back (No. of shares)	-	-
	<b>54,869,490</b>	<b>54,869,490</b>

## 4 RESERVES AND SURPLUS

	As at		(Rs. Million)
	March 31, 2012	March 31, 2011	As at March 31, 2011
<b>Capital Reserve</b>			
As per last Balance Sheet	58.60	56.00	
Add: Share in Capital Reserve of Associate	(0.02)	2.60	58.60
<b>Securities Premium Reserves</b>			
As per Last Balance Sheet	547.14	535.70	
Add: Share in Share Premium of Associate	10.51	11.44	547.14
<b>Debenture Redemption Reserve</b>			
As per Last Balance Sheet	156.19	254.13	
Less: Transferred to General Reserve	(25.00)	-	
Add: Transfer from/ (to) Consolidated Statement of Profit and Loss	43.73	(97.94)	156.19
<b>General Reserve (Footnote 1 below)</b>			
As per Last Balance Sheet	746.02	694.56	
Add/ (Less): General Reserve of Associate	0.06	(9.08)	
Add : Transferred from Debenture Redemption Reserve	25.00	-	
Add : Transferred from Surplus in Consolidated Statement of Profit and Loss	136.83	60.54	746.02

	As at March 31, 2012	As at March 31, 2011	(Rs. Million)
<b>Surplus in Consolidated Statement of Profit and Loss</b>			
Balance Brought Forward from Previous year	3,656.15	3,084.22	
Add : Current Year Profit/ (Loss) attributable to Shareholders	1,101.60	921.80	
<b>Less: Appropriations</b>			
Proposed Dividend on Equity Shares	264.16	247.65	
Corporate Dividend Tax on above	42.85	40.17	
Transferred to General Reserve	136.83	60.54	
Transferred to/ (from) Debenture Redemption Reserve	43.73	(97.94)	
Share in Corporate Dividend Tax of Associate	18.81	99.45	
	<u>4,251.37</u>	<u>99.45</u>	3,656.15
<b>Government Grant - Fund</b>			
Opening Balance	4.59	5.96	
Less: Income recognised during the year	(1.56)	(1.37)	
	<u>3.03</u>	<u>(1.37)</u>	4.59
<b>Currency Translation Reserve</b>			
As per Last Balance Sheet	66.42	82.11	
Add : Currency Translation Reserve of Associate	56.94	11.35	
Increase/ (Decrease) during the year on translation of balances	213.20	(27.04)	
	<u>336.56</u>	<u>(27.04)</u>	66.42
<b>Total Reserves and Surplus</b>	<b>6,290.02</b>	<b>5,235.11</b>	

**Footnotes :**

- General Reserve above represents General Reserve as per the Indian Companies Act, 1956 in respect of Indian Companies.
- General Reserve, if any, of overseas Companies are included as part of the Surplus in the Consolidated Statement of Profit and Loss balance as it is not practical to give movement thereof.

5 MINORITY INTEREST	As at March 31, 2012 (Rs. Million)	As at March 31, 2011 (Rs. Million)
As per Last Balance Sheet	29.68	21.82
Add : Increase in Minority Share Capital	20.25	15.33
Less: Decrease on account of purchase from Minority	(5.94)	-
Less: Decrease in Minority Share due to payment of dividend	(3.82)	-
Less: Minority Share in loss of current year	(1.24)	(7.47)
	<b>38.93</b>	<b>29.68</b>

[Minority Share of loss of the subsidiary companies in excess of their interest of Rs. Nil (Previous year Rs. 2.09 Million) has been absorbed by the Majority Shareholders]



(Rs. Million)

**6 LONG-TERM BORROWINGS**

	As at			
	March 31, 2012 Non-Current Portion	March 31, 2011	March 31, 2012 Current Maturities	March 31, 2011
<b>A) SECURED</b>				
i) Non Convertible Debentures	700.00	900.00	200.00	100.00
ii) Term Loans from Banks:				
-Rupee Term Loans	-	375.00	-	125.00
-Other Term Loans	-	821.40	-	310.80
iii) Term Loans from Others	79.64	-	-	-
<b>Sub Total (A)</b>	<b>779.64</b>	<b>2,096.40</b>	<b>200.00</b>	<b>535.80</b>
<b>B) UNSECURED</b>				
i) Finance Lease Obligation	53.68	98.84	24.62	31.04
<b>Sub Total (B)</b>	<b>53.68</b>	<b>98.84</b>	<b>24.62</b>	<b>31.04</b>
<b>Amount disclosed under the head "Other Current Liabilities" (Note 9)</b>	-	-	(224.62)	(566.84)
<b>Total (A+B)</b>	<b>833.32</b>	<b>2,195.24</b>	-	-

**6.1 Details of security given against Loans**

- i) 12% Non Convertible Debentures issued to Life Insurance Corporation of India and 11.25% Non Convertible Debentures issued to Indian Overseas Bank are secured by way of first charge on pari-passu basis on the immovable and movable fixed assets of the Company. The Company had maintained sufficient asset cover to discharge the principle amount of these debentures at all times during the year.
- ii) Rupee Term Loan was secured by exclusive charge, by hypothecation of specific movable fixed assets and receivables/ deferred recoverable relating to specific school projects. During the current financial year, the loan has been prepaid in full to the lender and the related securities have subsequently been released.
- iii) (A) Other Term Loan in the Previous year of Rs. 466.20 Million [USD 10.50 Million ] in NIIT (USA) Inc., USA from ICICI Bank Limited, Bahrain was secured by :
  - a) First pari-passu charge over (or with respect to the company's assets located in the United States, a first priority perfected security interest in) all the present and future immovable and movable assets of NIIT (USA) Inc., USA
  - b) A corporate guarantee extended by NIIT Limited.
  - c) A Pledge of 14.49 Million Equity Shares of NIIT Technologies Limited held by Scantech Evaluation Services Limited in favour of ICICI Bank Limited, Bahrain, executed vide share pledge agreement dated October 27, 2009.  
During the year, the loan has been prepaid in full to the Lender and the associated charges/ securities (including corporate guarantee and pledge) have been released.
- (B) Other Term Loan in the Previous year of Rs. 666.00 Million [USD 15 Million] in NIIT (USA) Inc., USA from ICICI Bank UK PLC, UK was secured by :
  - a) A charge created by NIIT (USA) Inc., USA over present and future, assets including intellectual property ranking at par with already encumbered assets and those assets that are subject to a charge/ security interest under the Facility Agreement dated July 28, 2006 with ICICI Bank Limited and its affiliates
  - b) A corporate guarantee up to an amount of USD 16.50 Million extended by NIIT Limited for all the obligations of NIIT (USA) Inc., USA under this facility agreement.  
During the year, the loan has been prepaid in full to the Lender and the associated charges/ securities (including corporate guarantee and pledge) have been released.
- iv) Term Loan from others comprises loan from National Skill Development Corporation ("NSDC") and is secured by first charge on both present and future acquired assets comprising of movable fixed assets, book debts, receivables and the balance lying to the credit of designated bank accounts including without limitation all

movable plant and machinery, capital equipment, together with its accessories, computer hardware and software, digital content, learning material electronic spares and machine spares. The entire loan amount is also covered by a corporate guarantee from holding Company, NIIT Limited.

## 6.2 Terms of repayment

- (i) (a) 12% Non Convertible Debentures to Life Insurance Corporation of India amounting to Rs. 500 Million are redeemable at par as follows:

Redemption Date	Value to be redeemed (Rs. Million)
20th October 2015	166.67
20th October 2014	166.67
20th October 2013	166.66
	<u>500.00</u>

- (b) 11.25% Non Convertible Debentures to Indian Overseas Bank amounting to Rs. 500 Million are redeemable at par as follows:

Redemption Date	Value to be redeemed (Rs. Million)
17th March 2014	200.00
17th March 2013	200.00
17th March 2012 (Redeemed)	100.00
	<u>500.00</u>

- (ii) Term Loan from others is repayable in instalments over a period of 10 years including the initial moratorium period of 5 years and 4 months i.e. upto March 31, 2017. Loan is interest free for period upto March 31, 2015 and thereafter, interest rate of 7.5% p.a. is payable on the outstanding loan amount.

- (iii) Finance Lease Obligation is repayable in Equated Monthly Installments during the tenure of lease.

7 SHORT-TERM BORROWINGS	As at March 31, 2012 (Rs. Million)	As at March 31, 2011 (Rs. Million)
<b>A) SECURED</b>		
From Banks - Cash Credit	29.00	17.78
<b>Sub Total (A)</b>	<u>29.00</u>	<u>17.78</u>
<b>B) UNSECURED</b>		
Loans from Banks		
a) Working Capital Loan	-	278.63
b) Other Loans	-	600.00
<b>Sub Total (B)</b>	<u>-</u>	<u>878.63</u>
<b>Total (A+B)</b>	<u>29.00</u>	<u>896.41</u>

## 7.1 Details of Security given against Loans

- i) Cash Credit Limits are secured by hypothecation of stocks and book debts of NIIT Limited. The Group has utilised the cash credit (fund-based) limits to the extent of Rs.29.00 Million (Previous year Rs. 17.78 Million) as at year end.
- ii) Element K Corporation, a subsidiary, had utilized its line of credit from the Bank of the West, USA for Rs. 123.25 Million [USD 2.77 Million] at the year ended March 31, 2011. The line of credit was secured by way of a standby letter of credit issued by BNP Paribas, India, counter guaranteed by NIIT Limited. Upon sale of Element K Corporation during the current financial year, the facility ceased to exist and thereby the standby letter of credit issued by BNP Paribas, India, counter guaranteed by NIIT Limited, was since released.

(Rs. Million)

**8 TRADE PAYABLES**

	As at	
	March 31, 2012	March 31, 2011
	Current	
- Sundry Creditors	2,038.36	1,985.68
	<b>2,038.36</b>	<b>1,985.68</b>

(Rs. Million)

**9 OTHER LIABILITIES**

	As at			
	March 31, 2012	March 31, 2011	March 31, 2012	March 31, 2011
	Long-Term Liabilities		Current Liabilities	
Current Maturities of Long Term Borrowings (Note 6)	-	-	224.62	566.84
Interest accrued but not due on borrowings	-	-	13.88	23.59
Unpaid dividends *	-	-	6.98	6.18
Unclaimed fractional share payment	-	-	0.10	0.23
Security Deposits Payable	1.78	1.78	-	1.58
Deferred Revenue	5.95	81.65	57.87	1,358.40
Advances from Customers	133.18	66.89	356.74	708.55
Statutory Dues	-	-	98.35	180.88
Other Payables**	-	-	252.70	364.20
	<b>140.91</b>	<b>150.32</b>	<b>1,011.24</b>	<b>3,210.45</b>

\* There are no amounts due for payment to the Investor Protection Fund under section 205 C of the Companies Act, 1956 as at the year end.

\*\* includes capital creditors and payable to Employees

(Rs. Million)

**10 PROVISIONS**

	As at			
	March 31, 2012	March 31, 2011	March 31, 2012	March 31, 2011
	Long-Term		Short-Term	
Provision for employee benefits (Refer Note 27):				
-Provision for Gratuity	1.48	6.04	5.22	2.69
-Provision for Compensated Absences	5.93	42.85	109.08	109.63
Proposed Dividend	-	-	264.16	247.65
Provision for Corporate Dividend Tax	-	-	42.85	40.17
Provision for Indemnity	162.78	-	-	-
Provision for Current Tax	-	-	905.21	-
Less : Advance Tax	-	-	(626.79)	-
	<b>170.19</b>	<b>48.89</b>	<b>699.73</b>	<b>400.14</b>

March 31, 2012	March 31, 2011
(Rs. Million)	(Rs. Million)

**10.1 Movement in Provision for Indemnity (Refer Note 48) :**

Opening Balance	-	-
Additions	162.78	-
Balance at the year end	<b>162.78</b>	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended March 31, 2012

Contd..

**11 FIXED ASSETS**

(Rs. Million)

Description of Assets	GROSS BLOCK				DEPRECIATION AND AMORTISATION				NET BLOCK	
	As on 01.04.2011	Additions during the Year	Sales/ Adj. during the Year	Translation Adjustment increase/ (decrease)	As on 31.03.2012	Charge For the Year	Sales/ Adj. during the Year	Translation Adjustment increase/ (decrease)	As on 31.03.2012	As on 31.03.2011
<b>Intangible</b>										
Land - Freehold (Refer footnote i below)	20.51	-	-	-	20.51	-	-	-	-	20.51
Building (Refer footnote ii below)	209.32	-	-	-	209.32	3.41	-	-	33.94	175.38
Plant & Equipments	2,030.24	388.24	325.74	24.15	2,116.89	319.95	285.55	19.21	1,294.13	789.72
- Owned	62.24	8.64	72.50	6.66	5.04	10.52	40.75	3.55	4.59	30.97
- Leased	206.40	42.33	10.59	0.51	238.65	35.55	9.48	0.40	143.90	88.97
Office Equipments	0.05	-	0.01	-	0.04	-	0.01	-	0.04	-
- Leased	406.39	242.47	66.64	1.40	583.62	73.43	59.54	1.33	301.74	119.87
Lease Hold Improvements	217.13	105.82	29.22	4.19	297.92	41.28	24.51	3.04	159.62	77.32
Furniture & Fixtures	5.40	2.38	2.38	-	3.02	0.19	2.31	-	2.64	0.64
- Owned	49.41	8.42	6.60	1.57	52.80	5.43	4.28	0.35	19.44	31.47
- Leased	3,207.09	795.92	513.68	38.48	3,527.81	489.76	426.43	27.88	1,960.04	1,567.77
Sub Total (a)	3,025.79	386.68	203.72	(1.66)	3,207.09	418.86	86.03	(0.83)	1,868.83	1,338.26
<b>Intangible (Educational Content/ Products)</b>										
Intellectual Property Rights	30.43	62.73	(0.03)	-	93.19	11.68	0.01	0.03	29.36	63.83
- Acquired	1,436.34	576.61	1,329.51	133.66	817.09	254.91	490.46	49.91	400.21	416.89
- Internally Generated (Refer footnote iii & v below)	119.65	-	-	-	119.65	23.76	-	-	54.22	65.43
Software	1,518.93	78.49	105.89	104.58	1,596.11	94.73	78.37	102.07	1,471.93	165.43
- Acquired	7.53	0.17	8.49	0.79	7.45	0.02	8.26	0.79	124.18	0.08
- Leased	16.14	14.68	2,556.37	243.76	41.77	2.26	-	-	13.87	4.53
Patents	2,339.70	-	-	13.94	109.60	1.50	-	-	1.50	40.27
Goodwill on Consolidation (Refer footnote iii below)	95.66	-	-	-	95.66	-	-	-	109.60	-
Sub Total (c)	5,564.38	732.68	4,000.23	496.73	2,793.56	388.86	577.10	136.94	2,080.69	712.87
Previous year (b)	5,111.79	515.57	5.32	(57.66)	5,664.38	435.47	0.24	(17.63)	2,102.19	3,462.19
Total (a + c)	8,771.47	1,528.60	4,513.91	535.21	6,321.37	878.62	1,003.53	194.62	4,040.73	4,800.45
Previous year (b+d)	8,137.58	902.25	209.04	(59.32)	8,771.47	854.33	86.27	(18.46)	3,971.02	4,800.45

Capital work in progress

Intangible assets under development (refer footnote iv & v below)

2.63  
173.27  
521.93

Footnotes :

- Out of the total land as above, 25 acres of land amounting Rs. 6.52 Million at Taisal Behror, District Alwar is allotted for education purpose. This land cannot be transferred without the approval of the allotment authority.
- Gross Block of Building includes 10 shares of Rs. 50 / - each in the Guru Vidya Co-operative Housing Society Limited.
- Charge for the year includes provision for impairment of intangible assets of Rs. 2.70 Million and Goodwill on Consolidated of Rs. 1.50 Million included as exceptional item in Consolidated Statement of Profit and Loss.
- Net of provision for impairment of intangible asset under development of Rs. 4.51 Million which is included as exceptional item in Consolidated Statement of Profit and Loss.
- Refer Note 36 for cost incurred during the year on internally generated intangible assets.

(Rs. Million)

12 INVESTMENTS	As at			
	March 31, 2012	March 31, 2011	March 31, 2012	March 31, 2011
	Non-Current		Current	
<b>A. TRADE (QUOTED)</b>				
<b>In Associate</b>				
NIIT Technologies Limited				
- Capital Reserve	(415.86)	(415.86)	-	-
- Net Assets Value (Opening Value)	1,946.49	1,685.37	-	-
Less: Dividend Received	(108.70)	(101.45)	-	-
Share of Associate's net profit	479.29	445.71	-	-
Share/ (Adjustment) in Post Acquisition Reserves	48.69	(83.14)	-	-
<b>Sub Total (A)</b>	<b>1,949.91</b>	<b>1,530.63</b>	-	-
<b>B. NON TRADE [UNQUOTED]</b>				
In Mutual Fund, Debts and Money Market Securities				
Opening Investment	-	-	110.44	4.91
Add : Purchases	-	-	2,389.00	843.02
Less : Sales	-	-	(2,494.90)	(737.49)
[Fair market value as on March 31, 2012 Rs. 6.49 Million (Previous year Rs. 111.88 Million)]				
<b>Sub Total (B)</b>	-	-	<b>4.54</b>	<b>110.44</b>
<b>Total ( A + B)</b>	<b>1,949.91</b>	<b>1,530.63</b>	<b>4.54</b>	<b>110.44</b>

### 13 TAXATION

- (a) Upon finalisation of Income Tax return of the Company for the Assessment year 2011-12 an amount of Rs. 0.40 Million (Net) (Previous year Rs. 3.15 Million) has been charged during the year.
- (b) Detailed break up of Deferred Tax Assets/ Liabilities and reconciliation of current year deferred tax credit is as follows:

Geography :- India Deferred Tax Assets/ Liabilities	(Rs. Million)		
	As on 01.04.2011	Charged/ (Credited) to Consolidated Statement of Profit and Loss	As on 31.03.2012
<b>Deferred Tax Liabilities:</b>			
a) Tax impact of difference between carrying amount of fixed assets in the financial statements and as per the Income Tax calculation.	54.53	24.10	78.63
<b>Total (A)</b>	<b>54.543</b>	<b>24.10</b>	<b>78.63</b>
<b>Deferred Tax Assets:</b>			
a) Tax impact of expenses charged in the Consolidated Statement of Profit and Loss but allowable as deductions in future years under income tax:			
-Provision for doubtful debts and advances	(40.04)	(98.45)	(138.49)
-Provision for Inventory	(2.16)	0.49	(1.67)
-Provision for Compensated Absences, Bonus, Gratuity and other timing differences	(27.56)	(1.98)	(29.54)
-Deferred Income on sale and lease back transaction	(3.90)	1.11	(2.79)
-Provision for Employee Reimbursements on claim basis	(7.93)	(0.75)	(8.68)
b) Others	-	(1.24)	(1.24)
<b>Total (B)</b>	<b>(81.59)</b>	<b>(100.82)</b>	<b>(182.41)</b>
<b>Net Deferred Tax Liabilities/ (Assets) (A+B)</b>	<b>(27.06)</b>	<b>(76.72)</b>	<b>(103.78)</b>

Add: - Tax impact of difference between carrying amount of fixed assets in the financial statements and as per the Income Tax calculation which originate during the tax holiday period but which reverses after the tax holiday period. Adjusted on account of sale of Element K Corporation.

	(1.64)	-	-
<b>Net Deferred Tax Liabilities/ (Assets)</b>	<b>(28.70)</b>	<b>(76.72)</b>	<b>(103.78)</b>
<i>Previous year</i>	<i>(0.60)</i>	<i>(28.10)</i>	<i>(28.70)</i>

### Geography :- USA

Deferred Tax Assets/ Liabilities	(Rs. Million)			
	As on 01.04.2011	Charged/ (Credited) to Consolidated Statement of Profit and Loss	Currency Translation Adjustment	As on 31.03.2012
<b>Deferred Tax Liabilities:</b>				
a) Tax impact of difference between carrying amount of fixed assets in the financial statements and as per the Income Tax calculation.	13.39	34.59	3.40	51.38
b) Impact of expenses prepaid in financial statements but allowed as deduction in current year	132.67	(145.92)	13.25	-
<b>Total (A)</b>	<b>146.06</b>	<b>(111.33)</b>	<b>16.65</b>	<b>51.38</b>
<b>Deferred Tax Assets:</b>				
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	(10.91)	12.00	(1.09)	-
-Provision for Compensated Absences, Bonus, Gratuity and other timing differences	(50.70)	55.27	(5.08)	(0.51)
-Difference in carrying amount of Goodwill	(12.61)	13.87	(1.26)	-
-Deferred Revenue	(113.09)	124.38	(11.29)	-
b) Carry forward unabsorbed losses/ depreciation	(238.48)	262.30	(23.82)	-
<b>Total (B)</b>	<b>(425.79)</b>	<b>467.82</b>	<b>(42.54)</b>	<b>(0.51)</b>
<b>Net Deferred Tax Liabilities/(Assets) (A+B)</b>	<b>(279.73)</b>	<b>356.49</b>	<b>(25.89)</b>	<b>50.87</b>
<i>Previous year</i>	<i>(283.39)</i>	<i>-</i>	<i>3.66</i>	<i>(279.73)</i>

**Geography :- China & Others**

	(Rs. Million)			
Deferred Tax Assets/ Liabilities	As on 01.04.2011	Charged/ (Credited) to Consolidated Statement of Profit and Loss	Currency Translation Adjustment	As on 31.03.2012
<b>Deferred Tax Liabilities:</b>				
Others	19.70	(10.68)	2.69	11.71
<b>Total (A)</b>	<u>19.70</u>	<u>(10.68)</u>	<u>2.69</u>	<u>11.71</u>
<b>Deferred Tax Assets:</b>				
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	(9.10)	(0.96)	(1.81)	(11.87)
-Provision for Compensated Absences, Bonus, Gratuity and other timing differences	(8.05)	(3.04)	(1.80)	(12.89)
-Provision for Inventory	-	(0.87)	(0.08)	(0.95)
-Deferred Revenue	(0.94)	1.03	(0.09)	-
<b>Total (B)</b>	<u>(18.09)</u>	<u>(3.84)</u>	<u>(3.78)</u>	<u>(25.71)</u>
<b>Net Deferred Tax Liabilities/(Assets) (A+B)</b>	<u>1.61</u>	<u>(14.52)</u>	<u>(1.09)</u>	<u>(14.00)</u>
<i>Previous year</i>	<i>(13.49)</i>	<i>15.65</i>	<i>(0.55)</i>	<i>1.61</i>

**Footnotes to Note 13 (b)above**

- (i) Deferred Tax Assets and Liabilities are being offset to the extent they relate to taxes on income levied by the same governing taxation laws.
- (ii) Deferred Tax Asset on Long term capital loss has not been recognised in absence of virtual certainty of availability of Long term capital gains.

(Rs. Million)

**14 LOANS AND ADVANCES**

	As at			
	March 31, 2012	March 31, 2011	March 31, 2012	March 31, 2011
	Long-Term		Short-Term	
<b>i) Capital Advances</b>				
Unsecured, considered good	16.10	27.57	-	-
<b>(A)</b>	<b>16.10</b>	<b>27.57</b>	<b>-</b>	<b>-</b>
<b>ii) Security Deposits Receivable</b>				
Unsecured, considered good	317.21	318.31	82.50	51.43
Unsecured, considered doubtful	5.05	5.05	-	-
Less: Provision for doubtful Deposits	(5.05)	(5.05)	-	-
<b>(B)</b>	<b>317.21</b>	<b>318.31</b>	<b>82.50</b>	<b>51.43</b>
<b>iii) Advances recoverable in cash or in kind</b>				
Unsecured, considered good	15.96	37.30	438.14	725.92
Unsecured, considered doubtful	1.75	2.43	-	-
Less: Provision for doubtful advances	(1.75)	(2.43)	-	-
<b>(C)</b>	<b>15.96</b>	<b>37.30</b>	<b>438.14</b>	<b>725.92</b>
<b>iv) Other Advances</b>				
a) Advance payment of Fringe Benefit Tax	92.77	92.77	-	-
Less: Provision for Fringe Benefit Tax	(91.66)	(91.66)	-	-
	<b>1.11</b>	<b>1.11</b>	<b>-</b>	<b>-</b>
b) Advance Tax	1,229.05	910.21	-	31.80
Less : Provision for Tax	(1,014.98)	(745.79)	-	(9.74)
	<b>214.07</b>	<b>164.42</b>	<b>-</b>	<b>22.06</b>
c) MAT Credit entitlement				
- Opening Balance	37.79	1.75	-	-
- Reversal of MAT credit	-	(0.14)	-	-
- Addition during the year	45.60	36.18	-	-
	<b>83.39</b>	<b>37.79</b>	<b>-</b>	<b>-</b>
<b>(D)</b>	<b>298.57</b>	<b>203.32</b>	<b>-</b>	<b>22.06</b>
<b>Total (A+B+C+D)</b>	<b>647.84</b>	<b>586.50</b>	<b>520.64</b>	<b>799.41</b>



(Rs. Million)

**15 TRADE RECEIVABLES**

	As at			
	March 31, 2012	March 31, 2011	March 31, 2012	March 31, 2011
	Non-Current		Current	
<b>a) Outstanding for a period exceeding six months from the date they are due for payment</b>				
Unsecured, considered good	-	-	932.78	912.53
Unsecured, considered doubtful	1,149.57	690.45	-	-
Less: Provision for doubtful debts	(1,149.57)	(690.45)	-	-
	-	-	<b>932.78</b>	<b>912.53</b>
<b>b) Others</b>				
Unsecured, considered good	361.96	77.60	2,637.16	2,908.39
Unsecured, considered doubtful	-	15.28	-	-
Less: Provision for doubtful debts	-	(15.28)	-	-
	<b>361.96</b>	<b>77.60</b>	<b>2,637.16</b>	<b>2,908.39</b>
	<b>361.96</b>	<b>77.60</b>	<b>3,569.94</b>	<b>3,820.92</b>

(Rs. Million)

**16 MOVEMENT OF PROVISION FOR DOUBTFUL DEBTS**

	As at	
	March 31, 2012	March 31, 2011
Opening Provision	705.73	737.63
Add: Additional Provisions created	427.59	157.69
(Less): Provision written back	(0.46)	-
(Less): Bad Debts written off	(39.64)	(183.90)
Add/ (Less) : Currency Translation Adjustments	88.09	(5.69)
(Less): Decrease due to sale of subsidiary	(31.74)	-
<b>Closing Provision</b>	<b>1,149.57</b>	<b>705.73</b>

(Rs. Million)

**17 OTHER ASSETS**

	As at			
	March 31, 2012	March 31, 2011	March 31, 2012	March 31, 2011
	Non-Current		Current	
Non-Current Bank Balances (Note 19)	17.80	17.53	-	-
Unbilled revenue	315.66	379.03	487.17	560.20
Interest Receivable	2.06	0.75	1.83	1.19
Other Receivables	-	-	62.96	234.75
	<b>335.52</b>	<b>397.31</b>	<b>551.96</b>	<b>796.14</b>

18 INVENTORIES	(Rs. Million)	
	As at	
	March 31, 2012	March 31, 2011
<b>As at the end of the year</b>		
Raw Material	-	5.26
Traded Goods		
a) Education and Training Material*		
- Manufactured	-	6.50
- Others	114.05	138.94
b) Software	4.77	2.62
	<b>118.82</b>	<b>153.32</b>
<b>As at the beginning of the year</b>		
Raw Material	5.26	5.46
Traded Goods		
a) Education and Training Material		
- Manufactured	6.50	9.72
- Others	138.94	104.13
b) Software	2.62	6.61
	<b>153.32</b>	<b>125.92</b>
<b>(Increase)/ Decrease in Inventory</b>	<b>34.50</b>	<b>(27.40)</b>

\* Net of provision for non-moving inventories of Rs.8.94 Million (Previous year Rs.7.93 Million) and inclusive of inventory in electronic form.

19 CASH AND BANK BALANCES	(Rs. Million)			
	As at			
	March 31, 2012	March 31, 2011	March 31, 2012	March 31, 2011
	Non-Current		Current	
<b>Cash and cash equivalents:</b>				
Balance with banks				
-Current Accounts	-	-	724.46	397.74
[Includes Rs.6.56 Million (Previous year Rs. 7.17 Million) pertaining to amount earmarked for specific contract]				
-Exchange Earners' Foreign Currency Account	-	-	0.87	0.89
-Bank deposits with original maturity of 3 months or less	-	-	95.00	-
Cash on hand	-	-	13.25	12.94
Cheques, drafts on hand	-	-	117.64	63.77
<b>Sub-Total (A)</b>	<b>-</b>	<b>-</b>	<b>951.22</b>	<b>475.34</b>
<b>Other bank balances:</b>				
Bank deposits*				
-With original maturity of more than 3 months and upto 12 months	-	-	39.12	26.77
-With original maturity of more than 12 months	17.80	17.53	-	-
Dividend Accounts	-	-	6.98	6.18
* Pledged as Margin Money				
<b>Sub-Total (B)</b>	<b>17.80</b>	<b>17.53</b>	<b>46.10</b>	<b>32.95</b>
<b>Total (A+B)</b>	<b>17.80</b>	<b>17.53</b>	<b>997.32</b>	<b>508.29</b>
<b>Amount disclosed under "Other Non Current Assets" (Refer note 17)</b>	<b>(17.80)</b>	<b>(17.53)</b>	<b>-</b>	<b>-</b>
<b>Total (A+B+C)</b>	<b>-</b>	<b>-</b>	<b>997.32</b>	<b>508.29</b>

**20 CONTINGENT LIABILITIES**

a) **Claims against the Group not acknowledged as debts (including associate company) Rs. 12.77 Million (Previous year Rs.16.20 Million).**

**b) Guarantees:**

- i) Guarantees issued by bankers (including associate company) outstanding at the end of accounting year Rs. 505.89 Million (Previous year Rs. 51.96 Million).
- ii) Corporate Guarantee Nil (Previous year Rs. 155.40 Million) [USD 3.50 Million (Net of Loan outstanding USD 10.50 Million and payments made USD 29.50 Million)] given to ICICI Bank on behalf of NIIT (USA) Inc., USA
- iii) Corporate Guarantee Nil (Previous year Rs. 66.60 million) [USD 1.50 million (Net of loan outstanding USD 15 million)] given to ICICI Bank UK PLC, UK on behalf of NIIT (USA) Inc., USA.
- iv) Guarantees issued to bankers outstanding at the end of accounting year Rs. 112.73 Million (Previous year Rs. 203.86 Million) relating to associate company.
- v) Corporate Guarantees outstanding at the end of accounting year Rs.403.35 Million (Previous year Rs. 347.21 Million) relating to associate company.
- vi) Corporate Guarantee of Rs. 559.57 Million (USD 11 Million) has been issued by NIIT Limited during the current financial year to SkillSoft Corporation, USA & SkillSoft Ireland Limited to secure them against any Indemnification Obligations of NIIT Ventures Inc. and NIIT (USA) Inc., with respect to sale of certain assets of Element K Corporation and Stock sale of Element K Corporation by NIIT Ventures Inc.,USA.

**c) Other money for which the company is contingently liable**

- i) Letter of Credit issued by bank on behalf of the Company outstanding at the end of accounting year Nil (Previous year Rs. 24.17 million).
- ii) Andhra Pradesh works contract tax amounting to Rs. 101.96 Million (Previous year Rs. 91.83 Million). Management does not foresee any financial implication based on the advice of the legal consultant.
- iii) Service Tax demand amounting to Rs.42.84 Million (Previous year Rs. 10.48 Million) and amount of penalty i.e. Rs. 10.48 Million (Previous year Rs. 10.48 Million) raised by Commissioner of Service Tax, Delhi. Management does not foresee any financial implication based on the advice of the legal consultant.
- iv) Income Tax demand for Rs. 230.77 Million (Previous year Rs. 157.60 Million). Management does not foresee any financial implication based on the advice of the legal consultant.
- v) Service Tax liability on rental of immovable properties amounting to Rs. Nil (Previous year Rs. 12.07 Million).
- vi) Income tax demand of associate company of Rs. 87.26 Million (Previous year Rs. 41.59 Million).
- vii) Central Excise demand of associate company of Rs. 58.60 Million (Previous year Rs. 58.98 Million).

**21** The Group had received Show Cause Notices u/s 263 of the Income Tax Act, 1961, issued by the Commissioner of Income Tax for the Assessment years 1999-00 to 2005-06, who later issued Orders directing the Assessing Officer for re-assessment on certain items. The quantum of Income Tax demand, if any, has neither been quantified nor ascertained and thus, indeterminable at this stage. These orders have been challenged by the Group in the Income Tax Appellate Tribunal, which has directed the Income Tax department to produce all records related to assessment for perusal of the Tribunal. Against the order of the Tribunal, the Income Tax Department has preferred a writ petition in the High Court at Delhi. The matter is under adjudication in the High Court. Based on legal opinion obtained by the Group, the Group is confident that the matter as above shall be decided in its favour.

**22 CAPITAL AND OTHER COMMITMENTS**

- a) Estimated amount of contracts remaining to be executed on capital account (net of advances) not provided (including associate company) for Rs. 262.94 Million (Previous year Rs. 357.77 Million).
- b) For commitments related to lease arrangements, refer note 38.

- c) There are certain contracts with State Governments under which the Company is required to transfer ownership of the fixed assets and equipments under leasing arrangements at the written down value (which will be nil), at the end of the contract term.
- d) Commitment to support NIIT Institute of Information Technology to meet the shortfall, if any, in repayment of loan taken by it from a bank.
- e) The Company's initial investment of Rs. 79.49 Million in NIIT Yuva Jyoti Limited ("NYJL") can not be sold, pledged or otherwise encumbered wholly or in part for a period of four years. The Company is also required to continue to hold a minimum of 51% of the total paid-up equity share capital of NYJL during the term of the agreement with National Skill Development Corporation (NSDC).

## 23 PROPOSED DIVIDEND

The Final Dividend proposed for the year is as follows:-

On equity Shares of Rs. 2/- each

Amount of Dividend Proposed (Rs. Million)

Dividend per Equity Share

	As at	
	March 31, 2012	March 31, 2011
	264.16	247.65
	Rs. 1.60/- Per Share	Rs.1.50/- Per Share

(Rs. Million)

## 24 REVENUE FROM OPERATIONS

### Sale of Products :

Courseware Revenue

Subscription Revenue

Hardware & Accessories Revenue

### Sale of Services

	Year ended	
	March 31, 2012	March 31, 2011
	4,559.90	5,311.45
	984.62	1,504.53
	787.96	224.34
	6,270.31	5,442.47
	<u>12,602.79</u>	<u>12,482.79</u>

(Rs. Million)

## 25 OTHER INCOME

Interest Income

Profit on sale of Current Investments (Net)

Dividend Income from Current Investments

Provision/ Other Liabilities written back

Gain on foreign currency translation and transaction (net)

Other non-operating income

	Year ended	
	March 31, 2012	March 31, 2011
	15.19	54.05
	-	0.12
	10.86	1.17
	6.02	7.94
	26.59	-
	17.25	20.35
	<u>75.91</u>	<u>83.63</u>

(Rs. Million)

## 26 EMPLOYEE BENEFITS EXPENSES\*

Salaries and Benefits

Contribution to Provident and Other Funds

Welfare and Other expenses

	Year ended	
	March 31, 2012	March 31, 2011
	2,973.01	3,155.18
	124.52	113.06
	91.77	79.99
	<u>3,189.30</u>	<u>3,348.23</u>

\* Net of expenses amounting to Rs. 0.84 Million (Refer Note 49)

## 27 EMPLOYEE BENEFITS

### A) Defined Contribution Plans

The Group makes contribution towards Provident Fund (other than NIIT Limited and certain other domestic subsidiaries), Superannuation Fund and Pension Scheme to the defined contribution plans for eligible employees.

The Group has charged the following costs in Contribution to Retirement Benefit Funds in the Consolidated Statement of Profit and Loss:-

Particulars	(Rs. Million)	
	Year ended	
	March 31, 2012	March 31, 2011
Employers' Contribution to Provident Fund	4.17	9.71
Employers' Contribution to Superannuation Fund	13.11	11.66
Employers' Contribution to Employees Pension Scheme	48.42	35.47
Contribution to 401 (K) plans	9.27	9.48
<b>Total</b>	<b>74.97</b>	<b>66.32</b>

Contribution towards Provident Fund, Superannuation Fund and Pension Scheme to the defined contribution plans includes following cost for Key Managerial Personnel:

Particulars	(Rs. Million)	
	Year ended	
	March 31, 2012	March 31, 2011
Employers' Contribution to Superannuation Fund	2.16	2.01
Employers' Contribution to Employees Pension Scheme	Nil	0.01

### B) Defined Benefit Plans

#### I. Provident Fund

The Group makes contribution to the "NIIT LIMITED EMPLOYEES' PROVIDENT FUND TRUST" ("the Trust") [for NIIT Limited and certain other domestic subsidiaries], which is a defined benefit plan. The Group contributed Rs. 36.58 Million (Previous year Rs. 29.60 Million) including Rs. 1.99 Million (Previous year Rs. 1.85 Million) in respect of Key Managerial personnel during the year to the Trust.

The Group has an obligation to make good the shortfall, if any, between the return from the investments of the Trust and the notified interest rate. 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.

The guidance on implementing AS 15 Employee Benefits (revised 2005), issued by Accounting Standards Board (ASB) of The Institute of Chartered Accountants of India, states that benefits involving employer established provident fund trust, which require interest shortfall to be compensated by the employer is required to be considered as Defined Benefits Plans. The Actuarial Society of India has issued the final guidance for measurement of Provident Fund liability during the year ended March 31, 2012 basis which the actuary has provided a valuation and based on the below mentioned assumptions, determined that there is no short fall as at March 31, 2012.

The details of fund and plan assets of the Trust as at March 31, 2012 (as provided by the actuary):

**(i) Change in Defined Benefit Obligation**

Particulars	As at March 31, 2012 (Rs. Million)
Present Value Defined Benefit Obligation as at the beginning of the year	-
Current service cost	0.63
Actuarial (gain)/ loss on Obligations	2.93
<b>Present Value Defined Benefit Obligations as at the end of the year</b>	<u><u>3.56</u></u>

**(ii) Change in Fair Value of Assets**

Particulars	As at March 31, 2012 (Rs. Million)
Fair value of Plan Assets as at the beginning of the year	16.35
Actuarial (loss)/ gain on Plan Assets	14.51
<b>Fair value of Plan Assets as at the end of the year</b>	<u><u>30.86</u></u>

**(iii) Estimated Net Asset/ Liability recognised in Balance Sheet as on March 31, 2012**

Particulars	As at March 31, 2012 (Rs. Million)
Present value of Defined Benefit Obligation	3.56
Fair Value of Plan Assets	30.86
Funded Status [Surplus/ (Deficit)]	27.30
<b>Net Asset/ (Liability) recognised in Balance Sheet</b>	<u><u>-</u></u>

**(iv) Assumptions used in accounting for provident Fund:-**

Discount Rate (Per Annum)	8.60%
Expected return on Plan Assets	8.60%
Expected guaranteed interest rate	8.60%

**II. Compensated Absences**

(Rs. Million)

Particulars	Year ended	
	March 31, 2012	March 31, 2011
<b>i) Change in Present value of Obligation:-</b>		
Present value of obligation as at the beginning of the year	152.48	143.24
Interest Cost	8.28	8.70
Past Service cost	-	-
Current service cost*	(6.67)	36.60
Benefits Paid	(5.07)	(10.86)
Actuarial (gain)/ loss on Obligations	(34.01)	(25.20)
<b>Present value of obligation as at the end of the year</b>	<u><u>115.01</u></u>	<u><u>152.48</u></u>

\*Current service cost is gross of recoveries/ (Net of Credits) from/ (to) entities other than subsidiaries Rs. (0.22) Million (Previous year Rs. (0.03) Million)

ii) Principal actuarial assumptions used in accounting for Compensated Absences:-

Particulars	Year ended	
	March 31, 2012	March 31, 2011
<b>For entities in USA :</b>		
Discount Rate (per annum)	1.00%	2.50%
Future Salary Increase	3.00%	3.00%
<b>For entities in Malaysia :</b>		
Discount Rate (per annum)	4.70%	4.70%
Future Salary Increase		
For First 5 Years	10.00%	10.00%
Thereafter	7.00%	7.00%
<b>For entities in China :</b>		
Discount Rate (per annum)	3.70%	3.90%
Future Salary Increase		
For First 5 Years	10.00%	10.00%
Thereafter	7.00%	7.00%
<b>For NIIT Antilles NV:</b>		
Discount Rate (per annum)	1.00%	3.00%
Future Salary Increase		
For First 5 Years	10.00%	10.00%
Thereafter	7.00%	7.00%
<b>For South Africa branch of NIIT Antilles NV:</b>		
Discount Rate (per annum)	8.90%	9.40%
Future Salary Increase		
For First 5 Years	10.00%	10.00%
Thereafter	7.00%	7.00%
<b>For Evolv Services Limited :</b>		
Discount Rate (per annum)	8.60%	8.00%
Future Salary Increase	5.50%	5.50%
<b>For Other Entities :</b>		
Discount Rate (per annum)	8.60%	8.00%
Future Salary Increase		
For First 5 Years	10.00%	10.00%
Thereafter	7.00%	7.00%

### III. Gratuity Fund

#### I. Funded

(Rs. Million)

Particulars	Year ended	
	March 31, 2012	March 31, 2011
<b>i) Change in Present value of Obligation:-</b>		
Present value of obligation as at beginning of the year	91.67	78.60
Interest cost	6.78	5.91
Current service cost	11.97	10.24
Benefits paid	(13.83)	(9.50)
Actuarial (gain)/ loss on obligations	2.67	6.42
<b>Present value of obligation as at the year end</b>	<b>99.26</b>	<b>91.67</b>
<b>ii) Change in Plan Assets:-</b>		
Fair value of Plan Assets as at the beginning of the year	90.22	77.11
Expected return on Plan Assets	8.34	7.53
Contributions	10.74	15.56
Benefits Paid	(13.83)	(9.50)
Actuarial (loss)/ gain on Plan Assets	(0.30)	(0.48)
<b>Fair value of Plan Assets as at the end of the year</b>	<b>95.17</b>	<b>90.22</b>

Actuary's estimates of contributions for the next financial year is Rs. 17.78 Million.

iii) Amount of Asset/ (Obligation) recognised in the Balance Sheet:-	Fair value of Plan Assets as at the end of the year	Present value of obligation as at the end of the year	(Assets)/ obligation recognised in Balance Sheet*
As at March 31, 2012	95.17	99.26	4.09
As at March 31, 2011	90.22	91.67	1.45
As at March 31, 2010	77.11	78.60	1.49
As at March 31, 2009	68.54	74.82	6.28
As at March 31, 2008	60.55	65.23	4.68

\* Net of Assets recognised in Balance Sheet Rs. 1.09 Million (Previous year Rs. 0.76 Million)

(Rs. Million)

Particulars	Year ended	
	March 31, 2012	March 31, 2011
<b>iv) Net Gratuity Cost recognised in Consolidated Statement of Profit and Loss :</b>		
Current service cost	11.97	10.24
Interest cost	6.78	5.91
Expected return on Plan Assets	(8.34)	(7.53)
Net Actuarial (gain)/ loss recognised during the year	2.97	6.89
<b>Expense recognised in Consolidated Statement of Profit and Loss *</b>	<b>13.38</b>	<b>15.51</b>
<b>Actual return on plan assets</b>	<b>8.03</b>	<b>7.06</b>

\*Includes recovery from entities other than subsidiaries amounting to Rs. Nil (Previous year Rs. 0.30 Million)



v) Assumptions used in accounting for gratuity plan:	Year ended	
	March 31, 2012	March 31, 2011
Discount Rate (Per Annum)	8.60%	8.00%
Future Salary Increase	5.00%	5.00%
Expected Rate of return on plan assets	9.40%	9.40%

#### vi) Investment details of Plan Assets:

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

The expected return on plan assets is determined considering several applicable factors mainly the compensation of plan assets held, assessed risk of asset management, historical result of the return on plan assets.

## II. Non Funded

(Rs. Million)

Particulars	Year ended	
	March 31, 2012	March 31, 2011
<b>i) Change in Present value of Obligation:</b>		
Present value of obligation as at beginning of the year	6.53	6.19
Interest cost	0.32	0.43
Current service cost	(2.23)	1.48
Benefits paid	(2.06)	(1.59)
Actuarial (gain)/ loss on obligations	(1.04)	0.02
<b>Present value of obligation as at the year end</b>	<b>1.52</b>	<b>6.53</b>

#### ii) Net Gratuity cost recognised in Contribution to Retirement Benefit Funds in Consolidated Statement of Profit and Loss :

Current service cost	0.63	1.49
Interest cost	0.18	0.43
Net Actuarial (gain)/ loss recognised during the year	(1.23)	0.02
<b>Expense recognised in Consolidated Statement of Profit and Loss</b>	<b>(0.42)</b>	<b>1.94</b>

iii) Assumptions used in accounting for gratuity plan:-	Year ended	
	March 31, 2012	March 31, 2011
Discount Rate (Per Annum)	8.00%	8.00%
Future Salary Increase	5.00%	5.00%

Gratuity expenses recognised for funded and non-funded schemes in Consolidated Statement of Profit and Loss amounts to Rs. 12.97 Million (Previous year Rs. 17.14 Million). Gratuity liability recognised for funded and non-funded schemes as at year end amounts to Rs.12.31Million (Previous year Rs. 8.73 Million).

## 28 EMPLOYEES STOCK OPTION SCHEME

The Company has established NIIT Employee Stock Option Plan 2005 "ESOP 2005" and approved at the General Meeting of the Company held on May 18, 2005.

The plan has been set up so as to offer and grant, for the benefit of employees (excluding promoters) of the Group, who are eligible under "Securities Exchange Board of India (SEBI) (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999", options of the Company in aggregate up to 1,925,000 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. 2/- each (Rs. 10/- each pre bonus and split) fully paid up on payment to the Company, for such shares, at a price to be determined in accordance with ESOP 2005. ESOP information is given for the number of shares after sub-division and Bonus issue

The summary of options granted is as follows:

Particulars	Grant III			Grant IV			Grant V			Grant VI		
	2011-12	2010-11	2011-12	2010-11	2011-12	2010-11	2011-12	2010-11	2011-12	2010-11	2011-12	2010-11
	5-Jun-07	5-Jun-07	28-Jul-08	28-Jul-08	26-Oct-09	26-Oct-09	26-Oct-09	26-Oct-09	26-Oct-11	26-Oct-11	26-Oct-11	26-Oct-11
Date of Grant												
Date of Vesting	5-Jun-08	5-Jun-08	28-Jul-09	28-Jul-09	26-Oct-10	26-Oct-10	26-Oct-11	26-Oct-11	26-Oct-11	26-Oct-12	26-Oct-12	26-Oct-12
Live options at the beginning of the year (Nos.)	409,126	439,177	1,081,050	1,218,300	1,624,046	1,815,228	1,561,220	1,815,228	1,561,221	1,815,229	1,561,221	1,815,229
Granted during the year (Nos.)	-	-	-	-	-	-	-	-	-	-	-	-
Forfeited/ lapsed fill vesting period (Nos.)	-	-	-	-	-	-	-	-	-	-	-	-
Options Vested (Nos)	-	-	-	-	-	137,682	159,234	254,008	244,719	254,008	244,719	254,008
Forfeited/ lapsed post vesting (Nos)	409,126	30,051	153,750	137,250	264,356	42,296	42,296	-	-	-	-	-
Options exercised (Nos)	-	-	-	-	-	-	-	-	-	-	-	-
Outstanding/ exercisable at the end of the year (Nos)	-	409,126	927,300	1,081,050	1,359,690	1,624,046	1,359,690	1,561,220	1,316,502	1,561,221	1,316,502	1,561,221
Exercise Price (Rs.)	121.62	121.62	88.70	88.70	72.20	72.20	72.20	72.20	72.20	72.20	72.20	72.20
Remaining Contractual Life (Days)	-	66	118	484	573	939	938	1,304	1,304	1,304	1,304	1,670
Fair value of the options based on Black and Scholes Model (Rs.)	37.23	37.23	32.09	32.09	32.00	32.00	34.77	34.77	34.77	36.64	34.77	36.64
<b>Intrinsic Value of the options granted (Rs.)</b>	-	-	-	-	-	-	-	-	-	-	-	-

Particulars	Grant VI			Grant VII		
	Yest 1	Yest 2	Yest 3	Yest 1	Yest 2	Yest 3
	2011-12	2010-11	2011-12	2010-11	2011-12	2010-11
Date of Grant	23-Jan-10	23-Jan-10	23-Jan-10	23-Jan-10	22-Oct-10	22-Oct-10
Date of Vesting	23-Jan-11	23-Jan-12	23-Jan-13	23-Jan-13	22-Oct-11	22-Oct-12
Live options at the beginning of the year (Nos.)	135,770	165,950	129,460	165,950	29,020	29,020
Granted during the year (Nos.)	-	-	-	-	-	-
Forfeited/ lapsed fill vesting period (Nos.)	-	-	-	-	-	-
Options Vested (Nos)	30,180	27,160	32,080	36,490	-	52,020
Forfeited/ lapsed post vesting (Nos)	135,770	102,300	-	-	29,020	-
Options exercised (Nos)	-	-	-	-	-	-
Outstanding/ exercisable at the end of the year (Nos)	105,080	135,770	102,300	129,460	29,020	29,020
Exercise Price (Rs.)	69.20	69.20	69.20	69.20	67.65	67.65
Remaining Contractual Life (Days)	662	1,028	1,027	1,393	934	1,300
Fair value of the options based on Black and Scholes Model (Rs.)	30.47	30.47	32.91	34.74	28.35	32.00
<b>Intrinsic Value of the options granted (Rs.)</b>	-	-	-	-	-	-

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended March 31, 2012**

Contd..

The assumptions used by independent valuers, for determination of fair value of a share of Rs. 2/- each fully paid up as per the Black & Scholes Model are as follows:

Particulars	Grant III			Grant IV			Grant V			Grant VI			Grant VII		
	2011-12	2010-11	2009-10	Vest 1	Vest 2	Vest 3	Vest 1	Vest 2	Vest 3	Vest 1	Vest 2	Vest 3	Vest 1	Vest 2	Vest 3
Market price considered	121.62	88.7	72.2	72.2	72.2	72.2	69.2	69.2	69.2	67.65	67.65	67.65	67.65	67.65	67.65
Exercise price	121.62	88.7	72.2	72.2	72.2	72.2	69.2	69.2	69.2	67.65	67.65	67.65	67.65	67.65	67.65
Dividend yield	2.79%	2.04%	1.76%	1.76%	1.76%	1.76%	1.76%	1.76%	1.76%	1.76%	1.76%	1.76%	1.76%	1.76%	1.76%
Volatility	45.47%	51.81%	71.63%	66.14%	66.14%	61.68%	71.56%	65.68%	61.44%	65.49%	63.40%	60.71%	60.71%	60.71%	60.71%
Average life of the options (in years)	2.5	2.5	2.5	3.5	3.5	4.5	2.5	3.5	4.5	2.5	3.5	4.5	2.5	3.5	4.5
Risk free rate	7.93%	9.24%	6.55%	6.92%	6.92%	7.19%	6.19%	6.51%	6.80%	7.36%	7.56%	7.73%	7.36%	7.56%	7.73%

(Rs. Million)

Other information regarding employee share based payment is as below:

Particulars	Grant III		Grant IV		Grant V		Grant VI		Grant VII	
	2011-12	2010-11	2011-12	2010-11	2011-12	2010-11	2011-12	2010-11	2011-12	2010-11
Additional expense had the Company recorded the ESOP Expense based on fair value of the options	-	-	-	-	29.62	13.47	27.14	16.08	19.07	19.07

(Rs. Million)

Particulars	Grant VI			Grant VII		
	Vest 1	Vest 2	Vest 3	Vest 1	Vest 2	Vest 3
Additional expense had the Company recorded the ESOP Expense based on fair value of the options	3.37	1.37	1.13	1.50	0.46	0.36
	2011-12	2010-11	2011-12	2010-11	2011-12	2010-11
	-	-	-	0.46	0.20	0.15

Other Subsidiaries have granted stock options to its employees. Information regarding employee share based payments is as below:

**Element K Corporation**

(Rs. Million) NIIT Institute of Finance Banking and Insurance Training Limited ("NIFBIT")

(Rs. Million)

Particulars	Year ended 31.03.2011		
	Grant I	Grant II	Grant III
Expense amortised during the year on the basis of intrinsic value of the options	2.38	2.11	1.84
Additional Expense/ (Income) had the Company recorded the ESOP expense based on the fair value of the options	(0.51)	5.09	6.90
Closing value of liability for cash settled options	2.75	3.09	1.84
Expense arising from increase in intrinsic value of liability for cash settled options during the year	0.61	2.05	1.84

Particulars	Grant I					
	2011-12		2010-11		2010-11	
Additional expense had the Company recorded the ESOP Expense based on fair value of the options	Vest 1	Vest 2	Vest 3	Vest 1	Vest 2	Vest 3
	-	-	-	-	-	0.03

For impact on Basic and Diluted EPS, had fair value of the options been used for determining ESOP expense, refer Note 3.4 below

(Rs. Million)

**29 OTHER EXPENSES\***

	Year ended	
	March 31, 2012	March 31, 2011
Equipment Hiring	221.48	169.93
Royalties	696.71	1,303.98
Freight and Cartage	95.60	137.45
Rent (net of recoveries)	529.74	452.53
Rates and Taxes	14.71	17.64
Power & Fuel	115.40	117.23
Communication	131.73	117.92
Legal and Professional (Refer Note 30 below)	168.97	188.52
Traveling and Conveyance	462.92	372.13
Provision for Doubtful Debts	76.67	157.69
Provision for Doubtful Advances	1.52	0.20
Advances Written off	0.29	-
Insurance	24.83	26.11
Repairs and Maintenance		
- Plant and Machinery	64.66	95.60
- Buildings	7.51	13.47
- Others	63.61	56.60
Consumables	143.89	147.82
Loss on Sale of Fixed Assets (Net)	5.66	4.10
Loss on foreign currency translation and transaction (net)	-	12.59
Security and Administration Services	60.96	46.36
Miscellaneous Expenditure written off	-	0.09
Bank Charges	32.66	48.59
Marketing & Advertising Expenses	713.72	767.06
Sales Commission	126.56	243.42
Discounts & Rebates	112.95	107.88
Sundry Expenses	59.19	61.93
	<b>3,931.94</b>	<b>4,666.84</b>

\* Net of expenses amounting to Rs. 8.02 Million (Refer Note 49)

(Rs. Million)

**30 PAYMENT TO AUDITORS**

	Year ended	
	March 31, 2012	March 31, 2011
a) Payment to the Parent Company auditor:		
Audit fee	10.07	9.60
Tax Audit fees	0.61	0.70
Others	2.02	3.84
Reimbursement of expenses (including Service Tax)	1.80	2.59
	<b>14.50</b>	<b>16.73</b>

b) Payment to other auditors amounting to Rs. 5.95 Million (Previous year Rs. 4.95 Million).

31 FINANCE COSTS	(Rs. Million)	
	Year ended	
	March 31, 2012	March 31, 2011
Interest Expense	234.42	316.89
Other Borrowing Costs	10.21	25.30
	<u>244.63</u>	<u>342.19</u>

32 EXCEPTIONAL ITEMS	(Rs. Million)	
	Year ended	
	March 31, 2012	March 31, 2011
<b>Income:</b>		
Profit on sale of Subsidiary	2,094.18	214.23
<b>Expenses:</b>		
Provision for doubtful debts	(350.92)	-
Service Tax (including interest)	(35.63)	-
Provision for Impairment of intangibles	(8.71)	-
Donations	(62.50)	(72.00)
	<u>1,636.42</u>	<u>142.23</u>

- (i) Profit on sale of Subsidiary for the current year is net of costs incurred in connection with the sale (Refer note 48). For details of profit for sale of subsidiary in the previous year, refer Note 47.
- (ii) Provision for doubtful debts comprises provision made in respect of dues from government and other customers aggregating to Rs. 350.92 Million.
- (iii) Service tax on Rent represents amounts provided by the Group in respect of landlords who have not claimed service tax on rent on their immovable property given on lease. In view of the recent decisions of Honorable High Courts of Delhi, Mumbai & Chennai, these amounts have been provided for.
- (iv) For provision for impairment of intangibles, refer note 39.
- (v) During the year the Group has contributed an amount of Rs. 62.50 Million (Previous Year Rs. 72.00 Million) towards donations in the corpus of The NIIT Institute of Information Technology, a society registered under the Societies Registration Act, 1860 which is within the overall limits approved by the shareholders.
- 33 (a) During the current year, NIIT West Africa Limited was incorporated in Nigeria through NIIT Antilles NV by investing Rs. 3.38 Million (USD 0.07 Million). NIIT Antilles NV holds 100% of the shareholding of NIIT West Africa Limited. The new company was formed for enhancing operational efficiency and augmenting direct connect with the students and business partners in Nigeria.
- (b) During the current year, NIIT Yuva Jyoti Limited ("NYJL") was incorporated on May 25, 2011. Investment of Rs. 79.49 Million was made by the Company in the equity shares with face value of Rs. 10/- each. The Company holds 90% of the paid up capital with the balance being held by National Skill Development Corporation.

### 34 EARNINGS PER SHARE:

	Year ended	
	March 31, 2012	March 31, 2011
Profit attributable to Equity Shareholders (Rs. Million) (A)	1,101.60	921.80
Weighted average number of Equity Shares outstanding during the year (Nos.) – (B)	165,095,597	165,095,597
Add : Effect of Potential Dilutive Shares (being Stock options) (Nos.)	-	-
Weighted average shares outstanding considered for determining Diluted Earnings per Share (Nos.) - (C)	165,095,597	165,095,597
Nominal Value of Equity Shares (Rs.)	2/-	2/-
Basic Earnings per Share (Rs.) (A/ B)	6.67	5.58
Diluted Earnings per Share (Rs.) (A/ C)	6.67	5.58
<b>EARNINGS PER SHARE [had fair value method been employed for accounting for Employee Stock Options (Refer Note 28)]</b>		
Profit attributable to Equity Shareholders (Rs. Million)-(D)	1,068.30	826.75
Basic Earnings per Share (Rs.) (D/ B)	6.47	5.01
Diluted Earnings per Share (Rs.) (D/ C)	6.47	5.01

### 35 RELATED PARTY TRANSACTIONS AS PER ACCOUNTING STANDARD 18:

#### a) Related parties with whom the Group has transacted:

##### Associate Companies

1. NIIT Technologies Limited
2. NIIT Technologies Inc., USA
3. NIIT Technologies Pte Limited, Singapore
4. NIIT GIS Limited
5. NIIT Technologies Limited, UK
6. NIIT Smart Serve Limited, UK
7. NIIT Technologies Pty Limited
8. NIIT Insurance Technologies Ltd UK
9. NIIT Smart Serve Limited, India
10. NIIT Technologies BV
11. NIIT Healthcare Technologies Inc.
12. NIIT Media Technologies LLC, UK

##### Key Managerial Personnel

1. Rajendra S Pawar (Chairman and Managing Director)
2. Vijay K Thadani (Chief Executive Officer and Whole-time Director)
3. P Rajendran (Chief Operating Officer and Whole-time Director)

##### Relatives of Key Managerial Personnel

1. Renuka Thadani (Wife of Vijay K Thadani)
2. Veena Oberoi (Sister of Vijay K Thadani)

##### Parties in which the Key Managerial Personnel of the Group are interested

1. NIIT Institute of Information Technology
2. NIIT Education Society
3. Pace Industries Private Limited
4. NIIT Network Services Limited

**b) Details of significant transactions and balances with related parties on an arms' length basis:**

(Rs. Million)

Nature of Transactions	Associates	Key Managerial Personnel	Relatives of Key Managerial Personnel	Parties in which Key Managerial Personnel of the Company are interested	Total
Purchase of goods (Footnote i)	0.38 (-)	- (-)	- (-)	0.80 (0.03)	1.18 (0.03)
Sale of Goods (Footnote ii)	3.09 (1.89)	- (-)	- (-)	1.36 (2.87)	4.45 (4.76)
Rendering of services to (Footnote iii)	8.30 (35.34)	- (-)	- (-)	4.46 (0.10)	12.76 (35.44)
Receiving of services from (Footnote iv)	96.08 (90.97)	- (-)	- (-)	0.29 (-)	96.37 (90.97)
Purchase of fixed assets (Footnote v)	0.05 (0.55)	- (-)	- (-)	5.51 (-)	5.56 (0.55)
Sale of Fixed Assets (Footnote vi)	1.03 (0.06)	- (-)	- (-)	- (4.19)	1.03 (4.25)
Recovery of expenses from (Footnote vii)	44.28 (34.50)	- (-)	- (-)	14.38 (9.35)	58.66 (43.85)
Recovery of expenses by (Footnote viii)	12.72 (13.68)	- (-)	- (-)	- (-)	12.72 (13.68)
Loans Given (Footnote ix)	- (-)	- (-)	- (-)	15.00 (20.00)	15.00 (20.00)
Loans Given Received Back (Footnote x)	- (-)	- (-)	- (-)	15.00 (463.80)	15.00 (463.80)
Interest Income (Footnote xi)	- (-)	- (-)	- (-)	0.47 (49.69)	0.47 (49.69)
Dividend Income (Footnote xii)	108.70 (101.45)	- (-)	- (-)	- (-)	108.70 (101.45)
Remuneration (Footnote xiii)	- (-)	68.62 (37.20)	- (-)	- (-)	68.62 (37.20)
Other expenses (Footnote xiv)	- (-)	- (-)	1.65 (1.15)	63.16 (71.93)	64.81 (73.08)
Other Income (Footnote xv)	- (-)	- (-)	- (-)	- (0.87)	- (0.87)
Loan Received (Footnote xvi)	- (161.22)	- (-)	- (-)	- (-)	- (161.22)
Loan Received paid back (Footnote xvii)	- (161.22)	- (-)	- (-)	- (-)	- (161.22)
Interest Expense (Footnote xviii)	- (1.26)	- (-)	- (-)	- (-)	- (1.26)

**Footnotes:-**

Previous year figures are given in parenthesis.

**i) Includes Purchase of Goods from:**

NIIT Institute of Information Technology Rs. 0.80 Million (Previous year Rs. 0.03 Million)

NIIT GIS Limited Rs. 0.38 Million (Previous year Rs.Nil)

**ii) Includes Sale of Goods to:**

NIIT Institute of Information Technology Rs.1.36 Million (Previous year Rs. 2.87 Million)

NIIT Technologies Limited Rs. 3.07 Million (Previous year Rs. 1.89 Million)

NIIT GIS Limited Rs. 0.02 Million (Previous year Rs.Nil)

**iii) Includes Rendering of Services to:**

NIIT Technologies Limited Rs. 5.39 Million (Previous year Rs. 27.17 Million)

NIIT Technologies Pte Limited, Singapore Rs. 2.13 Million (Previous year Rs. 2.80 Million)

NIIT Institute of Information Technology Rs. 4.46 Million (Previous year Rs. 0.10 Million)

NIIT Smart Serve Limited, India Rs. Nil (Previous year Rs. 0.02 Million )

NIIT Technologies Limited, UK Rs. 0.78 Million (Previous year Rs. 5.35 Million)

**iv) Includes Receiving of Services from:**

NIIT Smart Serve Limited, UK Rs. Nil (Previous year Rs. 52.31 Million)

NIIT Smart Serve Limited, India Rs. 71.90 Million (Previous year Rs. 20.55 Million)

NIIT Technologies Pty Limited Rs. 11.08 Million (Previous year Rs. 6.17 Million)

NIIT Technologies Pte Limited, Singapore Rs.6.31 Million (Previous year Rs. 3.87 Million)

NIIT GIS Limited Rs. 1.17 Million (Previous year Rs. 0.04 Million)

NIIT Technologies Inc., USA Rs. 1.02 Million (Previous year Rs. 0.06 Million)

NIIT Technologies Limited Rs. 0.45 Million (Previous year Rs. 7.09 Million)

NIIT Network Services Limited Rs. 0.29 Million (Previous year Rs. Nil)

NIIT Technologies BV Rs. 4.15 Million (Previous year Rs. Nil)

**v) Includes Purchase of Fixed Assets from:**

NIIT Technologies Limited Rs. Nil (Previous year Rs. 0.06 Million)

NIIT Technologies Pte Limited, Singapore Rs.0.05 Million (Previous year Rs. Nil)

NIIT Institute of Information Technology Rs. 5.51 Million (Previous year Rs. Nil)

**vi) Includes Sale of Fixed Assets to:**

NIIT Institute of Information Technology Rs. Nil (Previous year Rs. 4.19 Million)

NIIT Technologies Limited Rs. 1.03 Million (Previous year Rs. 0.06 Million)

**vii) Includes Recovery of Expenses from:**

NIIT Technologies Limited Rs. 28.91 Million (Previous year Rs. 10.83 Million)

NIIT GIS Limited Rs. 2.01 Million (Previous year Rs. 1.81 Million)

NIIT Institute of Information Technology Rs. 14.38 Million (Previous year Rs. 9.35 Million)

NIIT Technologies Inc., USA Rs. 5.60 Million (Previous year Rs. 21.13 Million)

NIIT Smart Serve Limited, India Rs. 0.26 Million (Previous year Rs. 0.07 Million)

NIIT Technologies Limited, UK Rs. 4.95 Million (Previous year Rs. Nil)

NIIT Healthcare Technologies Inc. Rs. 0.14 Million (Previous year Rs. Nil)

NIIT MediaTechnologies LLC, UK Rs. 2.41 Million (Previous year Rs. Nil)



**viii) Includes Recovery of Expenses by:**

NIIT Technologies Limited Rs. 10.43 Million (Previous year Rs. 9.39 Million)  
NIIT Technologies Limited, UK Rs. Nil (Previous year Rs. 3.84 Million)  
NIIT Technologies Inc., USA Rs. 0.23 Million (Previous year Rs. 0.04 Million)  
NIIT Technologies Pty Limited Rs. 2.00 Million (Previous year Rs. Nil)  
NIIT Technologies Pte Limited, Singapore Rs. 0.06 Million (Previous year Rs. Nil)

**ix) Loans Given relates to:**

NIIT Institute of Information Technology Rs. 15 Million (Previous year Rs. 20 Million)

**x) Loans Given Received Back relates to:**

NIIT Education Society Rs. Nil (Previous year Rs. 3.50 Million)  
NIIT Institute of Information Technology Rs. 15.00 Million (Previous year Rs. 460.30 Million)

**xi) Interest Income from:**

NIIT Education Society Rs. Nil (Previous year Rs. 0.06 Million)  
NIIT Institute of Information Technology Rs. 0.47 Million (Previous year Rs. 49.63 Million)

**xii) Includes Dividend Income from:**

NIIT Technologies Limited, India Rs. 108.70 Million (Previous year Rs. 101.45 Million)

**xiii) Remuneration Paid to :**

Rajendra S Pawar Rs. 15.16 Million (Previous year Rs. 10.04 Million)  
Vijay K Thadani Rs. 30.80 Million (Previous year Rs. 16.32 Million)  
P Rajendran Rs. 22.66 Million (Previous year Rs. 10.84 Million)

**xiv) Other Expenses includes**

Renuka Thadani Rs. 0.99 Million (Previous year Rs. 0.72 Million)  
Veena Oberoi Rs. 0.66 Million (Previous year Rs. 0.43 Million)  
Pace Industries Private Limited Rs. 0.66 Million (Previous year Rs. 0.43 Million)  
Donations to NIIT Institute of Information Technology Rs. 62.50 Million (Previous year Rs. 71.50 Million)

**xv) Other Income includes:**

NIIT Institute of Information Technology Rs. Nil (Previous year Rs. 0.87 Million)

**xvi) Includes Loans Received from:**

NIIT Insurance Technologies Ltd, UK Rs. Nil (Previous year Rs. 70.16 Million)  
NIIT Technologies Inc., USA Rs. Nil (Previous year Rs. 91.05 Million)

**xvii) Includes Loans Received repaid to:**

NIIT Technologies Inc., USA Rs. Nil (Previous year Rs. 91.06 Million)  
NIIT Insurance Technologies Ltd, UK Rs. Nil (Previous year Rs. 70.16 Million)

**xviii) Includes Interest Paid to:**

NIIT Technologies Inc., USA Rs. Nil (Previous year Rs. 0.71 Million)  
NIIT Insurance Technologies Ltd, UK Rs. Nil (Previous year Rs. 0.55 Million)

## c) Balance as on March 31, 2012

(Rs. Million)

Nature of Transactions	Associates	Key Managerial Personnel	Relatives of Key Managerial Personnel	Parties in which Key Managerial Personnel of the Company are interested	Total
Receivable	12.33 (24.63)	- (-)	- (-)	16.33 (12.71)	28.66 (37.34)
Payable	4.17 (21.52)	28.90 (-)	- (-)	3.69 (1.77)	36.76 (23.29)

36 The Group is internally developing new software tools, platforms and content/ courseware. The investments would further expand the business of the Group in existing and new markets, enhance capabilities of its products and software and offer more technology based learning products/ solutions to the customers in future. The Group is confident of its ability to generate future economic benefits out of the above mentioned assets. The costs incurred towards the development is as follows:

(Rs. Million)

Description	Year ended	
	March 31, 2012	March 31, 2011
Salary and Other employee benefits	157.51	363.10
Professional & Outsourcing Expenses	48.00	171.89
Rent	15.98	26.10
Other Expenses	9.94	21.32
<b>Total</b>	<b>231.43</b>	<b>582.41</b>

### 37 SEGMENT INFORMATION

#### Primary Segment Information – Business Segment

The sub businesses are fully aligned to global learning business of the Group and the same are being viewed by the management as a single primary segment, i.e. learning business segment.

#### Secondary Segment Information – Geographical

The secondary segment information in relation to the geographies is as follows:

(Rs. Million)

Particulars	Revenue from customers by location of customers	Carrying amount of segment assets by location of the assets	Additions to fixed assets
India	6,656.23 (6,097.61)	9,121.27 (8,217.16)	1,200.56 (506.25)
America	4,604.50 (5,451.16)	1,805.36 (5,800.31)	307.61 (390.64)
Europe	513.59 (296.70)	254.51 (164.64)	0.30 (0.19)
Rest of the World	828.47 (637.32)	400.76 (300.01)	20.13 (5.17)
<b>Total</b>	<b>12,602.79</b> <b>(12,482.79)</b>	<b>11,581.90</b> <b>(14,482.12)</b>	<b>1,528.60</b> <b>(902.25)</b>

Previous year figures are given in parenthesis.

### 38 LEASES:

#### a) Operating Leases:

Total of future Minimum Lease Payments under non-cancelable leases outstanding at the Balance Sheet date:

Particulars	(Rs. Million)	
	As at	
	March 31, 2012	March 31, 2011
Not later than 1 year	127.11	209.75
Later than 1 year but not later than 5 years	311.80	694.05
Later than 5 years	-	95.39

Aggregate payments during the year under operating leases in respect of equipments, vehicles and premises for office and employees accommodation amounting to Rs. 684.41 Million (Previous year Rs. 543.28 Million).

Total of future minimum sublease receipts (in respect of premises) expected to be received under non-cancelable subleases at the closing of the Balance Sheet amount to Rs. 23.23 Million (Previous year Rs. 25.38 Million). Sub lease receipts recognised in the Consolidated Statement of Profit and Loss for the year amounted to Rs. 6.04 Million (Previous year Rs. 5.90 Million). The sublease has been netted off against the respective lease rental expenses in the Consolidated Statement of Profit and Loss.

#### b) Finance Leases:

- i. Asset acquired under finance lease comprising of plant & machinery and furniture & fixtures. There are no exceptional/ restrictive covenants in the lease agreements.
- ii. The minimum lease payment outstanding and their present value at the balance sheet date in respect of plant and machinery and furniture and fixtures that have been capitalised are as follows:

Particulars	(Rs. Million)	
	As at	
	March 31, 2012	March 31, 2011
<b>Not later than 1 year</b>		
Minimum lease payments	32.70	43.05
Finance charges	8.08	12.01
Present value of lease payments	24.62	31.04
<b>Later than 1 year but not later than 5 years</b>		
Minimum lease payments	61.35	115.79
Finance charges	7.67	16.95
Present value of lease payments	53.68	98.84
<b>Total</b>		
Minimum lease payments	94.05	158.84
Finance charges	15.75	28.96
Present value of lease payments	78.30	129.88

- 39 The net worth of Hole-in-the-wall Education Limited ("HiWEL") was fully eroded in the year ended on March 31, 2007. On the basis of business projections available with HiWEL, the accounts have been prepared on a going concern basis keeping in view of contracts and plans which would enable HiWEL to generate sufficient funds to carry out its operations. In view of this, the financial position of the HiWEL is expected to improve in the ensuing financial year. However, the Company has impaired its intangibles aggregating to Rs. 8.71 Million (including Goodwill on Consolidation of Rs. 1.50 Million) on the basis of prudence and disclosed as an exceptional item in the Consolidated Statement of Profit and Loss.

- 40 The Net worth of NIIT Institute of Finance Banking and Insurance Training Limited (“NIFBIT”) stood eroded as at beginning of the financial year 2010-11. NIFBIT reported a net Profit before tax of Rs. 33.34 Million for the year ended March 31, 2012 as against net loss of Rs. 12.26 Million for the corresponding previous year. The Company witnessed an increase in student registrations and consequently increase in revenues along with improvement in cash flows during the year. Based on its projected financial performance and cash flows, the net worth position of the Company is expected to further improve in the ensuing financial year. In view of the above, the financial statements of NIFBIT have been prepared on a going concern basis and these have been included in these consolidated financial statements.
- 41 The net worth of NIIT Institute of Process Excellence Limited (“NIPE”) has substantially eroded as at March 31, 2011. NIPE reported a net Profit before tax of Rs. 3.10 Million for the year ended March 31, 2012 as against net loss of Rs. 63.36 Million for the corresponding previous year. The Company witnessed an increase in revenues along with improvement in cash flows during the year. Based on its projected financial performance and cash flows, the net worth position of the Company is expected to further improve in the ensuing financial year. During the year, the Company has further invested a sum of Rs. 30 Million (Previous year Rs. 15 Million) in NIPE. In view of the above the financial statements of NIPE have been prepared on a going concern basis and these have been included in these consolidated financial statements.
- 42 Pursuant to the sale of main business of NIIT Online Learning Limited (‘NOLL’) to the Company, NOLL has not yet undertaken any further business activity. The management of NOLL is not contemplating liquidation and is evaluating business options though at present there is no concrete plan, but have represented that they shall take up suitable business at an opportune time. The assets and liabilities of NOLL are stated at realisable value and thus no further adjustments to the same are considered necessary.
- 43 The Company had acquired control in Evolv Services Limited (“Evolv”) as on January 15, 2008 and was also issued 359,780 warrants, each warrant entitles to acquire one share of Evolv Services Limited at an exercise price of Rs. 50.55 per share aggregating to Rs. 18.18 Million. During the previous year, Company had exercised these warrants to acquire equal number of shares in the share capital of Evolv. This had resulted into a further increase in proportion of shareholding to 61.15%. During the year, the Company has acquired remaining shareholding of 38.85% in Evolv Services Limited for a total consideration of Rs. 20.63 Million.
- 44 The Company’s wholly owned domestic subsidiary, Scantech Evaluation Services Limited, has declared dividend amounting to Rs. 91.17 Million (Previous year Rs. 83.24 Million) during the year. In terms of provisions of sub-section 1A of Section 115O of the Income Tax Act 1961, liability for dividend distribution tax of Rs. 42.85 Million is net of the dividend distribution tax paid by the subsidiary company amounting to Rs. 14.79 Million (Previous year Rs. 13.50 Million).
- 45 In consideration of National Skill Development Corporation (“NSDC”) supporting the skill development activities and initiatives of NIIT Yuva Jyoti Limited (“NYJL”), inter-alia, by way of tangible and intangible support, NYJL has entered into a revenue sharing agreement with NSDC. In terms of this agreement, NYJL has agreed to share certain percentage of its operating revenue with NSDC over a period of 5 years beginning April 1, 2017. This revenue sharing is subject to timely disbursement and reimbursements and intangible supports to be provided by the NSDC and may be revised downwards in case of any change in the business plan.
- 46 During the financial year 2008-09, Chongqing NIIT Education Consulting Limited, China, had received government grants amounting to Rs. 7.46 Million (CNY 1 Million) and NIIT Wuxi Service Outsourcing Training School had received government grants amounting to Rs. 1.54 Million (CNY 0.21 Million) from Chongqing Fiscal Bureau for incentive of NIIT Chongqing’s establishment and from Wuxi National Hi-tech Industrial Development Area Administration Committee respectively to encourage and support NIIT Wuxi’s development. The grant money was invested for the intended purpose, hence the proportionate amount of Rs. 1.56 Million (Previous year 1.37 Million) has been credited to other income.

47 The Company disposed off its entire holding of 10,950,000 fully paid up Equity Shares of Rs. 10/- each in its wholly owned subsidiary NEO Multimedia Limited (Formerly known as NIIT Multimedia Limited) for a net consideration of Rs. 317.58 Million (net of expenses) on March 30, 2011. Accordingly, NEO Multimedia Limited ceased to be a subsidiary of the Company. The amount of Rs. 214.23 Million determined as below was recognised as Profit on sale of subsidiary in the Consolidated Statement of Profit and Loss for the year ended March 31, 2011:

Particulars	(Rs. Million)
Cash & Bank	0.05
Fixed Assets	91.43
Capital Advances	15.94
Miscellaneous Expenses	0.82
<b>Total Assets</b>	<b><u>108.24</u></b>
Current Liabilities	4.89
<b>Total Liabilities</b>	<b><u>4.89</u></b>
Net Assets	103.35
Consideration (net of expenses)	317.58
<b>Net profit on sale of subsidiary</b>	<b><u>214.23</u></b>

48 a) During the year, the Group sold the assets and investment in Element K Corporation ("EK"), a wholly owned subsidiary for an aggregate consideration of USD 109.65 Million (Rs. 5,381.76 Million). The net profit on the sale has been determined as below:

	(Rs. Million)
<b>Gross consideration (Post working capital adjustments) *</b>	<b>5,381.76</b>
<b>Less:-</b>	
Carrying value of assets (net of liabilities)	(88.94)
Goodwill on consolidation	<u>(2,480.86)</u>
<b>Profit before costs incurred in connection with sale</b>	<b><u>2,811.96</u></b>
Costs incurred in connection with sale **	<u>(717.78)</u>
<b>Net profit before tax on sale</b>	<b><u>2,094.18</u></b>

\* The adjustment between the estimated working capital and final working capital as of the closing date settled subsequent to the balance sheet date.

\*\* Include expenses on account of employee stock option payments Rs. 260.20 Million and legal & professional expenses, performance linked incentives, salaries & benefits, provisions for indemnity [as stated in note (c) below] and other related costs aggregating to Rs. 457.58 Million in connection with the sale.

b) The group has included in these consolidated financial statements provision for income tax aggregating to Rs. 838.36 Million (USD 17.2 Mn) pertaining to its subsidiaries in USA which includes tax pertaining to profit on sale of EK. This provision has been made in these consolidated financial statements on the basis of views of two independent expert counsel, on a conservative basis.

The Group is carrying on a ongoing detailed exercise for finalising the tax return and the ultimate tax expense will be determined on the basis of joint review of the tax computation along with the buyer of the subsidiary as per the terms of the sale agreement.

c) Provisions & Contingencies {Refer Note 10 & 20 (b) (vi) above}

As a part of the Agreement, NIIT USA Inc., Subsidiary of NIIT Limited, has indemnified the buyer or its representatives up to a maximum amount of Rs. 559.57 Million [USD 11 Million] on any claims arising in excess of Rs. 55.96 Million [USD 1.1 million] However, such indemnity is not limited in respect of certain fundamental representations as per the sale agreement.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended March 31, 2012**

The Company has estimated an amount of Rs. 162.78 Million [USD 3.2 Million] as at March 31, 2012 in respect of liabilities which could possibly arise on account of the indemnity provisions and these have been included under costs incurred in connection with sale above. The ultimate outcome is not determinate as at the balance sheet date.

d) The consolidated financial results for the year ended March 31, 2012 include the results of the operations of EK for the period upto October 14, 2011. Accordingly, figures for the current year are not comparable to those for the corresponding Previous year.

- 49 The Group has entered into a Market Development Assistance (MDA) Agreement with NSDC, whereby NSDC has agreed to provide assistance for the specified purpose of Market Development in the focus sectors. MDA shall be disbursed in installments over a period of 4 years and 4 months upto March 31, 2016. The Group has received first installment of Rs. 10 Million from the NSDC during the year, out of which Rs. 8.86 Million has been incurred by the Group upto March 31, 2012. The balance unspent amount of Rs. 1.14 Million is included in Other Payables under the head Other Current Liabilities.
- 50 The financial statements for the year ended March 31, 2011 had been prepared as per the then applicable, pre-revised Schedule VI to the Companies Act, 1956. Consequent to the notification of Revised Schedule VI under the Companies Act, 1956, the consolidated financial statements for the year ended March 31, 2012 are prepared as per Revised Schedule VI. Accordingly, the Previous year figures have also been reclassified to conform to this year's classification. The adoption of Revised Schedule VI for Previous year figures does not impact recognition and measurement principles followed for preparation of consolidated financial statements.

Signatures to the Notes ' 1 ' to ' 50 ' above

For and on behalf of the Board

For Price Waterhouse  
Firm Registration No. : 301112E  
Chartered Accountants

**Rajendra S Pawar**  
Chairman & Managing Director  
DIN - 00042516

**Vijay K Thadani**  
CEO & Whole-time Director  
DIN - 00042527

**Usha Rajeev**  
Partner  
Membership No. F-087191

**Ashok Arora**  
Group Chief Financial Officer

**Rohit Kumar Gupta**  
Chief Financial Officer

**Rajesh Arora**  
Company Secretary

Place : New Delhi  
Date : May 9, 2012

**Financial Summary of Subsidiary Companies as at March 31, 2012**

(Pursuant to General Circular No. 2/2011 dated February 8, 2011 issued by Ministry of Corporate Affairs)

Name of the Subsidiary Company**	Currency*	Share Capital	Reserves (Refer Note 2 below)	Total Assets	Total Liabilities	Details of Investment (Except in case of Investment in Subsidiary)	Turnover (Refer Note 5 below)	Profit/ (Loss) before Taxation	Provision for Tax/ Deferred tax charge/ (credit)	Profit After Tax	Dividend Proposed / Paid
NIIT China Learning Limited	INR	4.39	0.96	5.41	0.06	3.84 (Refer note 3 below)	-	(0.29)	-	(0.29)	-
Hole-in-the-Wall Education Limited	INR	66.00	(104.54)	40.63	79.17	-	29.91	(8.19)	-	(8.19)	-
Scitech Evolution Services Limited	INR	99.10	62.31	267.61	106.19	98.20 (Refer note 4 below)	-	121.34	3.67	117.47	91.17
NIIT Institute of Finance Banking and Insurance Training Limited	INR	101.13	(136.80)	79.40	115.08	-	398.48	33.34	-	33.34	-
NIIT (USA) Inc., USA	USD	1,136.13	105.76	1,972.92	681.03	-	1,841.07	2,560.37	839.68	1,720.68	1,277.38
NIIT Ventures Inc., USA***	USD	0.00	9.90	43.96	34.06	-	-	2,957.59	-	2,957.59	2,683.63
PT NIIT Indonesia, Indonesia	IDR	7.56	(6.65)	0.91	-	-	-	-	-	-	-
NIIT Amflits NV, Netherlands Amflits	USD	1,644.13	(928.78)	1,325.63	610.28	-	688.84	7.63	3.21	4.41	-
NIIT Malaysia Sdn Bhd, Malaysia	MYR	71.10	(64.11)	37.46	0.47	-	1.86	(23.95)	-	(23.95)	-
NIIT GC Limited, Mauritius	USD	971.8	(81.77)	63.25	47.83	-	-	(1.58)	-	(1.58)	-
NIIT China (Shanghai) Limited, Shanghai	CNY	10.25	110.08	280.34	160.01	-	278.17	39.02	7.33	31.69	-
NIIT Wu Service Outsourcing Training School	CNY	4.50	64.50	95.23	26.22	-	144.34	19.82	3.78	16.04	-
NIIT Limited, U.K.	GBP	12.65	23.12	267.27	231.50	-	467.14	9.66	3.73	5.93	-
Evo's Services Limited	INR	14.75	27.92	85.87	43.20	-	107.24	30.20	-	30.20	-
NIIT Institute of Process Excellence Limited	INR	220.00	(169.87)	81.63	31.50	-	129.00	3.10	-	3.10	-
Chongqing NIIT Education Consulting Limited	CNY	3.68	10.10	38.03	24.25	-	83.83	9.69	1.45	8.24	9.56
Wuxi NIIT Information Technology Consulting Limited	CNY	5.73	(0.63)	6.88	1.78	-	-	(0.04)	-	(0.04)	-
Chengzhou NIIT Information Technology Consulting Limited	CNY	3.43	(6.99)	0.99	4.55	-	11.94	(5.27)	0.17	(5.43)	-
Su Zhou NIIT Information Technology Consulting Limited	CNY	3.44	(5.08)	5.40	7.04	-	11.91	(1.55)	0.04	(1.59)	-
NIIT Yura Japan Limited	INR	88.32	(80.10)	158.93	100.71	-	1.22	(80.10)	-	(80.10)	-
NIIT West Africa Limited	NGN	3.32	(1.31)	5.82	3.80	-	2.95	(1.81)	-	(1.81)	-

\* Local currency of the respective entity in which financials are made.

\*\* Excluding Element K Corporation and its subsidiaries

\*\*\* Share Capital INR 4661

Notes: 1. Amount in foreign currency in the Financial Statements of the subsidiaries mentioned above have been converted in Indian Rupee equivalent as per the generally accepted accounting principles in India.

2. Reserves include Currency Translation Reserve.

3. Amount represents investment in Mutual Funds.

4. Amount represents investment in NIIT Technologies Limited Rs. 97.50 Million and Rs. 0.70 Million in Mutual Funds.

5. Turnover does not include Other Income.

Indian rupee equivalents of the foreign currencies mentioned in the above table as on March 31, 2012 is as follows:

1 EUR = 0.0051 INR      1 CNY = 8.0784 INR

1 MYR = 16.4133 INR      1 USD = 50.8700 INR

1 GBP = 81.4553 INR      1 NGN = 0.3307 INR

  
**NIIT****NIIT Limited**

Regd. Office : B-234, Okhla Ind. Area, Phase-I, New Delhi 110020

**PROXY FORM****29<sup>th</sup> Annual General Meeting - July 2, 2012**

Folio No. \_\_\_\_\_ DP ID No. \_\_\_\_\_ Client ID No. \_\_\_\_\_  
I/We \_\_\_\_\_ of \_\_\_\_\_ in the district  
of \_\_\_\_\_ being a member/members of NIIT 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 Mapple Exotica, Khasra No.123, Chattarpur Mandir Road, Satbari, New Delhi 110 074, on Monday, the  
2<sup>nd</sup> day of July, 2012. Signed on this \_\_\_\_ day of \_\_\_\_ 2012

Affix Revenue Stamp here
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Signature of Proxy

Signature of Member(s)

*Note : This Form, in order to be effective, should be duly stamped, signed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.*

  
**NIIT****NIIT Limited**

Regd. Office : B-234, Okhla Ind. Area, Phase-I, New Delhi 110020

**ATTENDANCE SHEET****29<sup>th</sup> Annual General Meeting - July 2, 2012**

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

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 A.M., at Mapple Exotica,  
Khasra No.123, Chattarpur Mandir Road, Satbari, New Delhi 110 074, on Monday, the 2<sup>nd</sup> day of July, 2012

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.*

**Please note that no Gift/Gift Coupons will be distributed at AGM venue**