

NIIT

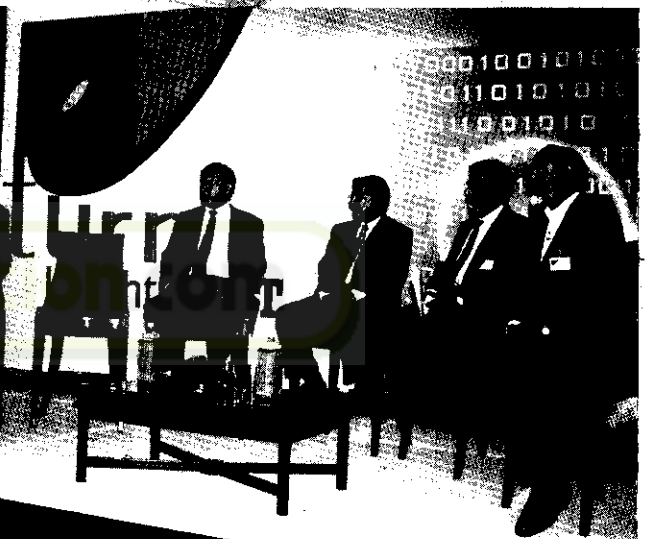
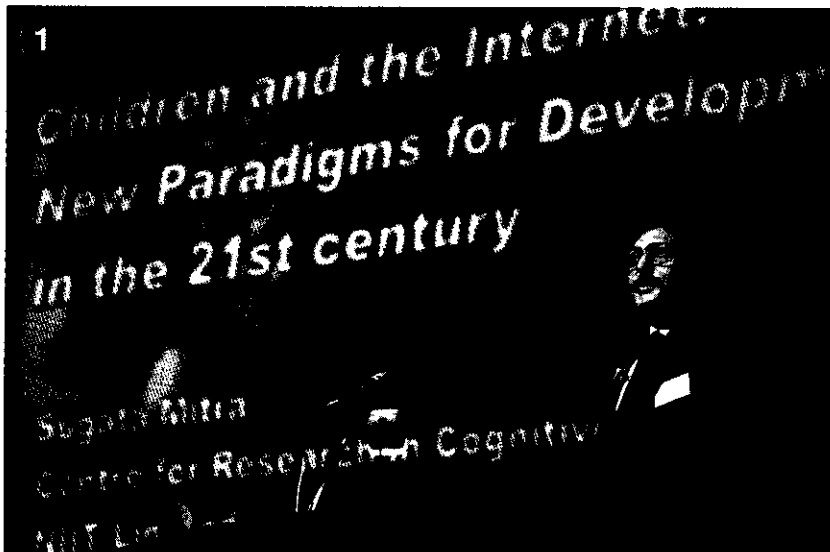
Annual Report
1 9 9 9 - 2 0 0 0

Report Junction.com
e-turn



Bank President James D Wolfensohn at NIIT Headquarters (November 2000) 4. Team spirit at NIIT 5. Toshiba acknowledges NIIT
 an Anand at the World Chess Championships 2000, sponsored by NIIT 8. Board Members at the NIIT Investor Meet (October 2000)
 er signing the MOU for a US\$ 100 million Student Loan Program for iGNIIT students.

NIIT IS PEOPLE



**4603 NIITians.
5 continents.
36 countries.
One family.**

1. R&D Chief Sugata Mitra at Asian Development Conference, Tokyo (June 2000) 2. Face-to-face with customers 3. World Software Solutions through a special award 6. NIITians at Thailand 7. NIIT Brand Ambassador, Grand Master Viswanath 9. NIITians holding the flag high 10. World Bank President James D Wolfensohn and NIIT Chairman Rajendra S Pawar aft

"The larger the island of knowledge,
the longer the shoreline of wonder."

Ralph W Sockman



At NIIT, we're in the midst of a revolution.

Yet again.

And this time, the Internet is at the core of it.

The Internet has added momentum to our Software and Learning businesses by helping us empower more organisations and individuals.

We call this transformation e-turn.

It has created the perfect platform for us to leverage our strengths.

And even spawned a whole new industry: the business of Knowledge Solutions.

In fact, it has already completely changed the way we look at our businesses.

It'll soon change the way you look at your business.

Possibly, even the way you live.

Board of Directors

Rajendra S Pawar
Chairman & Managing Director

Vijay K Thadani
President & Chief Executive Officer

P Rajendran
Chief Operating Officer

Arvind Thakur
Director

Subroto Bhattacharya
Director

Amit Sharma
Director

Auditors

M/s Price Waterhouse

Financial Institutions/Bankers

Standard Chartered Grindlays Bank Limited
Citibank, N.A.
Housing Development Finance Corporation Limited
ICICI Bank Limited
ICICI Limited
Indian Overseas Bank
Lloyds Bank
Sakura Bank
The Hongkong & Shanghai Banking Corporation Limited
Wachovia Bank of Georgia

EVA Consultants

Stern Stewart & Co

Registered Office

NIIT Limited
NIIT House
C-125 Okhla Ph-I
New Delhi 110 020 India
Tel : 91-11-6817341-43
Fax : 91-11-6817344, 6819260

Corporate Office

NIIT Limited
8, Balaji Estate
Sudarshan Munjal Marg
Kalkaji
New Delhi 110 019 India
Tel : 91-11-6482054
Fax : 91-11-6203333

NIIT Websites:

Corporate Website: www.niit.com
e-Learning portal: www.netvarsity.com
Investor site: www.niitusa.com/investor

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

All trademarks acknowledged.

Letter from the Leadership Team	5
The Best of e-turn: NIIT at a glance	14
The Rewards of e-turn: Financial Highlights	15
Our Vision	16
e for exhilaration: LeaderSpeak on Global Software Solutions Business	17
The edge is Knowledge: LeaderSpeak on Knowledge Solutions Business	25
Learning is eternal: LeaderSpeak on Learning Solutions Business	30
eureka: LeaderSpeak on Research & Development	36
Energising People: LeaderSpeak on Human Resources	41
Praise for e-turn	46
Management Discussion and Analysis	47
Corporate Governance	63
Risk Management	74
Directors' Report	81
Accounts 1999-2000	
Acknowledgements for e-turn	



Arvind Thakur

P Rajendran

Vijay K Thadani

Rajendra S Pawar

LETTER FROM THE LEADERSHIP TEAM

Dear Shareowner,

We are passionately involved in building an organisation that will have an increasing and positive impact on our customers – both organisations and individuals – across the world.

Whether designing and implementing an intricate Software Solution for a world-leading financial institution, or developing and upgrading the IT skills of one of our 350,000 students in 26 countries, our single-minded focus is to create exceptional value for each customer and thereby make them more successful in their endeavours.

OUR ASPIRATION

In this quest of building a world-leading global corporation, we have to cross many milestones and set new, challenging goals along the way.

The year 1999-2000 saw us cross a significant milestone – Rs 1000 crore in revenue (Rs 10 billion), and impelled us to set a new challenge of crossing the next order of magnitude – Rs 10,000 crore (Rs 100 billion). We intend to surpass this milestone early in the second half of this new decade.

This pursuit of size will be balanced with the improvement of profitability in the corporation. As we grow in our global aspirations, we intend to sharpen the focus of our businesses through a two-pronged strategy. Of instituting a rigorous portfolio management process at the corporate level on the one hand, and on the other, implementing structures that will enhance the 'focus and concentration' within each business, while granting them greater responsibility and autonomy.

*As the world ushers in the Knowledge Era, and India gears up to play an increasingly important role in the global IT Services arena, our e-turn gives us renewed confidence. Our ability to craft new strategies and structures, coupled with our invaluable endowments – a strong balance sheet, a leading brand, a well-respected management team, world-class process capability in software development, and pioneering contributions in the Learning Business – will help us move towards our aspiration of attaining leadership while being benchmarked as **the** Knowledge Corporation of the 21st Century.*

AN ENVIRONMENT LADEN WITH OPPORTUNITIES

The Indian IT Services Industry is headed for a decade of healthy growth due to a number of supportive factors.

First, the IT Services sector is receiving the highest priority for growth in the plans of the Indian Government. While that may not count for much in terms of generating demand, the supportive policies – such as financing, tax benefits, fast-tracking of procedures, priority allocation of telecom infrastructure for software exports – are creating an environment that is conducive for start-up and growth.

Second, the European Union is waking up to the reality that the EU nations have no option but to invest very aggressively in IT application, since that is the only way they can catch up with the productivity levels of the US. This was a concrete recommendation that came out of the Lisbon Summit of the EU in June 2000. The fact that IT has contributed to the remarkable growth was reiterated by the Chairman of the US Federal Reserve, Alan Greenspan on December 5, 2000 when he said, "Information Technology has revolutionised the conduct of business over the past decade".

The India-EU Summit on June 27 at Lisbon, made IT its focus. It had EU leaders stating, in unequivocal terms, that they saw no option but to rely on India to help them cope with the massive task of catching up in the widespread application of IT.

Third, this interest in Indian IT is not restricted to countries of the EU. The year saw leaders from all parts of the world - PM Yoshiro Mori from Japan, and PM Goh Chok Tong from Singapore - visiting India and openly inviting Indian IT Services companies to participate actively in their nations.

Fourth, in spite of concerns of a slowdown in the US, there is enormous scope, in the medium term, for growth in that market since Indian Software companies still contribute a small percentage of share.

Fifth, the shortage of trained IT manpower worldwide is set to increase, and this augurs well for the Learning Business.

And sixth, the emergence of the Knowledge Era is creating opportunities that did not exist before, in areas that demand a unique combination of competencies that few organisations possess – of blending diverse capabilities in software development, digital content development, education and training – to build Knowledge Solutions for organisations.

Few companies can benefit from this combination of factors in the medium term as much as NIIT can. Extensive globalisation (presence in 36 countries with brand salience in over 25); a range of services (from Software to Learning); a unique Business Model (synergistic blend of Software and Learning, preparing a special vantage point for leadership in the Knowledge Business); a rich set of alliances (downstream – the Business Partner network of Learning Centres, and upstream – technology leaders like Oracle, Microsoft, Red Hat and Sun Microsystems); the worldwide transformation of Education (where early symptoms of globalisation and privatisation are visible) – in each of these dimensions NIIT sees great opportunities and possesses great strengths.

We believe that these opportunities can be leveraged by the NIIT that we are building – a model that is considered sustainable, strong and steady.

ELEMENTS OF OUR STRATEGY

Our Strategy Set operates on issues at two levels – those that need to be addressed at the corporate level by the Corporate Center, and those that need to be addressed by each of the Independent Business Units (IBUs).

Starting this fiscal (October 1, 2000), the Company is being reorganised to deal with the challenges of growing from a Rs 10 billion company to a Rs 100 billion corporation.

The third in a series of restructuring exercises (1989, 1995, 2000), it is aimed at extracting a 'lean, meaningful and hungry' Corporate Center from the large matrix structure, and separating out different business units, now termed as Independent Business Units (IBUs) to apply the