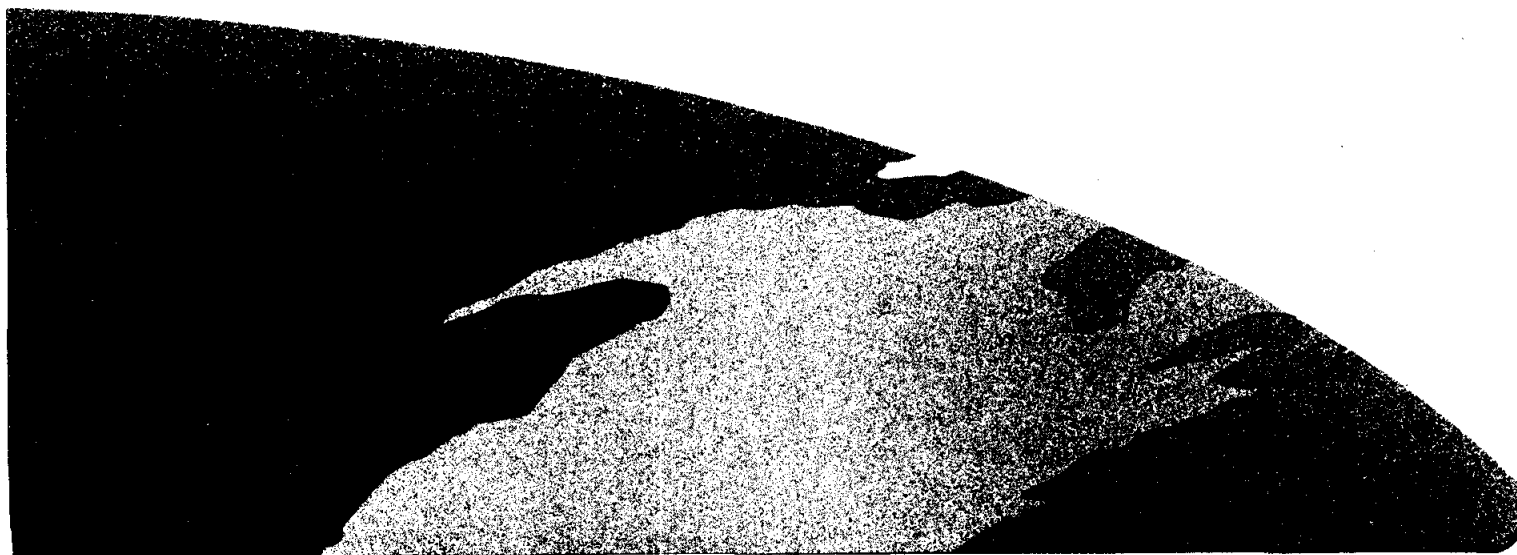


ANNUAL REPORT  
2000-2001

**NIIT**



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**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

Surendra Singh  
Director

Shardul S Shroff  
Director

**Auditors**

M/s Price Waterhouse

**Financial Institutions/Bankers**

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

**EVA Consultants**

Stem Stewart & Co.

**Registered Office**

NIIT Limited  
NIIT House  
C-125 Okhla Phase-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](http://www.niit.com)  
e-Learning portal: [www.netvarsity.com](http://www.netvarsity.com)  
Investor site: [www.niitusa.com/investor](http://www.niitusa.com/investor)

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

All trademarks acknowledged.

# NIIT at a glance

- *Global IT Solutions Provider: Synergistic offerings in Software Solutions and Learning Solutions in 38 countries.*
- *Software offerings include Custom Software Development & Maintenance, Legacy Modernization & Maintenance, Enterprise Integration, Knowledge Management and e-Learning. Software Solutions in the Finance, Banking & Insurance and Transport domains.*
- *Global standards in software development processes: ISO 9001 certification from BVQI, UK since 1994. Assessed at Level 5 of SEI-CMM since 1999. Knowledge Solutions facility, the world's 1st content developer to be assessed at SEI-CMM Level 5 in June 2001.*
- *Eighth largest software provider for global markets from India (NASSCOM Report on Indian Software Industry, July 2001).*
- *Composite provider of Information Technology training for all audiences through specific brands - Futurz, CATS, SWIFT & [www.NetVarsity.com](http://www.NetVarsity.com) - focusing on specific segments. Education delivery through Classrooms and Internet.*
- *Provides complete IT training solution for school children (K-12 segment) in over 1100 schools in India.*
- *Ranked among the Top 15 IT Training companies in the world by International Data Corporation, USA, June 2001.*
- *Alumni base of over 2 million.*
- *Global operations in 38 countries: Australia, Bahrain, Bangladesh, Belgium, Botswana, China, Dubai, Egypt, Germany, Ghana, Hong Kong, India, Indonesia, Japan, Kenya, Luxembourg, Malaysia, Mauritius, Nepal, Netherlands, New Zealand, Nigeria, Oman, Philippines, Qatar, Saudi Arabia, Singapore, South Africa, Sri Lanka, Sweden, Tanzania, Thailand, Uganda, UK, USA, Vietnam, Yemen, Zimbabwe.*
- *Alliances with global IT majors including IBM, Microsoft, Oracle, and Sun.*
- *Global customers include British Airways, Channel 4, Deloitte Tohmatsu Consulting, ING Group, Ministry of Defence, Singapore, Singapore International Airlines, SEI Investments and Toshiba.*

# Financial History

## REVENUES AND PROFITABILITY (Rs. Mn)

For the Fiscal Year ending September 30	1996	1997	1998	1999	2000	2001
Global Revenues (NIIT & Subsidiaries)	2832	4307	6484	8800	12371	11389
Revenue of NIIT Ltd	2305	3273	4586	5836	7690	7108
Operating Expenses	1549	2170	3020	3835	4844	5745
Interest & Finance Expenses	149	218	138	46	45	28
Depreciation	103	161	294	436	354	359
Profit Before Taxes (NIIT Ltd)	504	724	1134	1519	2385	1051
Profit After Tax	480	679	1084	1428	2241	960
Equity Dividends	84	90	97	129	164	174
Earning Per Share (Rs.)*	12.37	17.52	28.02	36.95	57.99	24.83
Operating Margin %	32.80	33.70	34.15	34.29	37.02	19.18
Profit before Tax/Revenue %	21.87	22.12	24.73	26.03	31.02	14.79
Return on Capital Employed %	20.17	21.27	28.51	34.49	36.26	12.71

## ASSETS AND LIABILITIES (Rs. Mn)

As at September 30	1996	1997	1998	1999	2000	2001
<b>Sources of Funds</b>						
Equity Capital	257	257	257	386	386	386
Preference Capital	110	70	70	0	0	0
Reserves and Surplus	1039	1615	2601	3757	5798	6564
Loan Funds	981	1256	872	1	0	600
TOTAL	2387	3198	3800	4144	6184	7551
<b>Application of Funds</b>						
Gross Block (Includes & Capital Work in Progress)	1247	1725	1900	2115	2450	3118
Net Block	923	1373	1270	1114	1135	1575
Investments	217	329	572	572	675	1904
Current Assets	1745	2273	2545	3327	5530	5365
Current Liabilities	505	783	592	873	1159	1293
Net Current Assets	1240	1490	1953	2454	4371	4072
Deferred Expenditure	7	6	5	4	3	0
TOTAL	2387	3198	3800	4144	6184	7551
Debt-Equity Ratio	0.76	0.67	0.31	0.00	0.00	0.09
Current Ratio	3.46	2.90	4.30	3.81	4.77	4.15
Fixed Asset Turnover (Times)	1.98	2.09	2.65	2.80	3.14	2.28
Total Asset Turnover (Times)	0.97	1.03	1.21	1.41	1.24	0.94
Receivable Days	127	110	88	79	68	66
Book Value per Share (Rs.) *	34	48	74	107	160	180
Share Price as on Sept.30 (BSE) (Rs.)	241.50	615.75	1367.00	2825.00	1425	108.00
Market Capitalisation (Rs. Mn)	6,222	15,866	35,145	109,188	55075	4174

\* Based on current Equity

# Directors' Report

Dear NIIT Shareowner,

Your Directors take pleasure in presenting the Nineteenth Annual Report along with the Audited Statement of Accounts for the year ended 30th September 2001.

## Financial Results

The highlights of the Financial Results for the year 2000-2001 are as follows:

	(Rs. Mn)	
	2000-2001	1999-2000
Global revenues (NIIT and its subsidiaries)	11,389	12,371
Revenues of NIIT Limited	7,108	7,690
Profit before Depreciation & Taxes	1,409	2,801
Less Depreciation	359	354
Profit for the Year	1,051	2,447
Less: Provision for Contingency	-	62
Less Provision for Tax	91	144
Profit after Tax	960	2,241
Total Profit available for Appropriation	960	2,241

## Dividend

In view of the healthy cash position, our confidence in the future, and in keeping with the policy of steady increase in dividend, the board has decided to increase the dividend to Rs. 4.50 per equity share of Rs. 10 against last year's dividend of Rs. 4.25 per equity share.

## Review of Operations

The challenging economic environment triggered by the global slowdown saw your Company's global revenues decrease for the first time since inception. NIIT's global revenue at Rs. 11,389 million declined by 8% over the previous year (Revenues Rs. 12,371 million). The Company's decision to de-emphasise certain high-volume low-margin components of Software business also contributed to this decline.

Learning Business revenues stood at Rs. 5,092 million constituting 45% of the total revenues while Software Business contributed the remaining 55% at Rs. 6,294 million.

The international revenues stood at Rs. 6,023 million, with Americas geography contributing 50% of these revenues as compared to 48% for the previous year. The share of Europe and Asia Pacific & Greater China regions was 23% and 27%, respectively.

The Personnel expenses for the current year increased by 24.88% to Rs. 1,188 million. Development, Production and Execution expenses for the current year increased by 21.84% to Rs. 3,033 million. Other Expenditure for the current year increased by 7% to Rs. 1,552 million.

Operating Expenses during the year grew by 18% and coupled with a decline in Revenues, resulted in a Net Profit of Rs. 960 million, with an Operating profit of Rs. 1,103 million and an Operating Margin of 16%.

The Company made a lower provision for Tax at Rs. 91 million, in line with the lower taxable income. An addition of Rs. 767 million to the reserves increased the total NIIT reserves to Rs. 6,564 million.

The book value per share (with a face value of Rs. 10) has gone up from Rs. 160 to Rs. 180 at the end of the year.

## Global Software Business

Traditionally, NIIT focused and benefited by building applications in new technologies. But the global trend by Corporations to divert budgets to maintain existing core applications rather than build new ones or invest in emerging technologies, during the slowdown, has led to a decline in this segment. The Knowledge Solutions vertical too has been affected during the slowdown.

The year saw NIIT's Knowledge Solutions facility become the first content development facility in the world to be assessed at SEI-CMM Level 5, the highest level of maturity for software development.

In addition to focusing on Legacy Maintenance & Modernisation Systems, your NIIT had earlier in the year brought in structural changes to focus on the Financial Services sector. The proportion of revenues from this sector increased to 21% in the quarter ending 30th September 2001.

The fresh order intake for the current financial year was Rs. 4,921 million while the pending order book stood at Rs. 2,771 million.

## Global Learning Business

NIIT increased its share in the shrinking IT training market by conceptualizing and implementing a three-pronged strategy that included focus on new technologies in the curriculum, brand building and increased presence in un-represented markets.

The Education business being consumer-driven was negatively impacted because of the falling consumer sentiment in the third quarter. However, the fourth quarter saw serious career aspirants seek enrolments in NIIT's industry relevant career programs leading to the highest enrolments for NIIT's long-term Futurz programs in any quarter of the year under review.

The long-term IT education contract for implementation in 700 schools for Government of Karnataka went on stream in the year. This project follows the success of the earlier similar project in Tamil Nadu for training students in 371 schools.

During the year, your NIIT became the first and only Asian IT Education company to be ranked among the Top15 Worldwide IT Training Market Leaders by International Data Corporation, a leading USA based market research and intelligence agency.

NIIT added 488 new centers this year and its benchmarked education is now available at 2,467 learning centers worldwide.

## Future Plans

The global economic environment is going through a phase of slowdown. The events of September 11 have affected the already challenged business environment.

But there is no doubt about the fact that IT has now become fundamental in every walk of life and we will see strong demand as the post-slowdown revival sets in.

Having established leadership in Learning business in Asia, we are determined to become the world leaders in this decade. In the software business, a sharper focus on Finance & Insurance vertical and Legacy & Maintenance Modernisation will spur growth.

*These are challenging times, but then it is only during such times that real strengths are tested and built. Our single-minded focus is to confront the reality with strong strategy and actions, so that we come out a stronger, more resilient company.*

The strategies adopted to grow our Software and Learning business and to manage costs are yielding results.

NIIT is committed to upgrading the quality of its products and services, increasing the strength and reach of the NIIT brand, thereby creating sustainability and long-term profitability of the business.

### Corporate Governance

In order to enhance customer satisfaction and stakeholder value, NIIT has been striving for excellence by benchmarking its corporate governance practices with global norms.

Corporate Governance at NIIT has evolved not only by ensuring compliance with regulatory requirements but also by being responsive to the stakeholders' as well as customer needs. In view of the recommendations of Securities and Exchange Board of India (SEBI), and to effectively tap the expertise, wisdom and experience of the independent non-executive directors in terms of valuable inputs on strategic as well as operational issues, the Company constituted an Audit Committee, a Compensation Committee, Strategy Committee and a Shareholders'/Investor Grievances Committee.

NIIT's philosophy on Corporate Governance envisages the attainment of highest levels of transparency, accountability and equity in all facets of its operations and in all interactions with its stakeholders including shareholders, NIIT-ians, lenders and the regulatory authorities. The Corporate Governance practices followed by the Company are enclosed as Annexure to this report. A certificate from M/s Price Waterhouse, the statutory auditors of the Company, regarding compliance of conditions of Corporate Governance stipulated by Stock Exchanges is enclosed to this Report.

### Directors

Mr Rajendra S Pawar, Mr P Rajendran and Mr Arvind Thakur, Directors of your Company, retire by rotation at the forthcoming Annual General Meeting and being eligible, offer themselves for re-appointment.

The year under review saw the induction of Mr Surendra Singh and Mr Shardul S Shroff as Directors on the Board of NIIT Limited. The decision to induct additional non-executive independent Directors was taken to facilitate best corporate governance practices in the Company.

Mr Surendra Singh, a distinguished career bureaucrat and Mr Shardul S Shroff, an eminent Corporate Lawyer bring in their specialised knowledge and vital experience to the Company.

### Directors Responsibility Statement

As required under section 217 (2AA) of the Companies Act, 1956, the Directors of the Company hereby state and confirm:

1. That in preparation of Annual Accounts for the year, applicable Accounting Standards have been followed along with the proper explanations relating to material departures;
2. That the Directors have selected such accounting policies and applied them consistently, and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for that year;
3. That the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

4. That the Directors had prepared the annual accounts on a going concern basis.

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

#### - Conservation of Energy

The nature of your Company's operations involves low energy consumption. However appropriate measures, wherever possible, have been initiated to conserve energy.

#### - Technology Absorption

Your Company's core businesses demand absorption of emerging technologies to stay at the cutting-edge of technology. Your Company has developed further methods for absorbing, adapting and effectively deploying new technologies. The research laboratories continue their impressive work in the leading edge of various technology areas and act as the technology window for your Company. During the year, these laboratories also created basic tools and techniques that were effectively deployed for software development, building software products, and creating training materials and new curricula.

#### - Research and Development

In an industry characterised by rapid advance of technological obsolescence, your Company has always been prepared for new technological challenges, thereby ensuring a continuous move up the value chain by laying a strong emphasis on its Research & Development capabilities. This focus has led to the creation of several innovative products, including educational multimedia products and NetVarsity, the novel online learning facility on the Internet, which are acknowledged as being on the cutting-edge of technology. The key focus of CRCS (Center for Research in Cognitive Systems) located at IIT, Delhi is to carry out in-depth research and understanding of human cognition that leads to increased effectiveness of the Company's offerings. Scientists at NIIT are creating solutions to deal with the new learning environment thrown open by the Internet. The CRCS is conducting the Hole-in-the-wall experiment to check out the concept of the minimally invasive education through Internet access to underprivileged children. CRCS continued to research in emerging technologies and areas relating to Net-centric Computing, Machine-user interface and cognitive sciences.

The details of expenditure incurred on Research & Development are mentioned in Note No. 11 to Schedule 21, forming part of the Balance Sheet and Profit and Loss Account for the current year.

#### - Exports and Foreign Exchange Earnings and Outgo

The details of foreign exchange earnings and outgo, are mentioned in Notes No. 12, 13 and 14 contained in the Notes to Accounts (Schedule No. 21) forming part of the Balance Sheet and Profit and Loss Account for the current year.

#### Public Deposits

Your Company had no public deposits outstanding as on 30th September 2001.



## Human Resources and Employee Stock Option Scheme

Your Company continued to enjoy warm and healthy relations with its employees at all locations. Your Directors take this opportunity to record their appreciation for the outstanding contribution of all NIIT-ians.

The required information as per Section 217(2A) of the Companies Act, 1956, read with Companies (Particulars of Employees) Rules 1975, forms part of this Report. However as per provisions of Section 219 (1) (b) (iv) of the Companies Act, 1956, the report and accounts are being sent to all shareholders of the

Company excluding the Statement of Particulars of Employees under Section 217(2A) of the Act. Any shareholder interested in obtaining a copy of the said Statement may write to the Company Secretary at the Registered Office of the Company.

Your Directors had announced an Employee Stock Option Scheme (ESOS) which was approved by the Members at their Annual General Meeting held on 12th January 2000 and modified the same at their Extraordinary General Meeting held on 17th August 2000. The ESOS was further modified at the Annual General Meeting held on 22nd January 2001, for increase in the overall limit of 5% of the Issued Equity Shares of the Company to 10%. The overall limit is presently 10% of the Issued Equity Shares of the Company.

The details required to be disclosed under SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 are as follows:

Options granted (up to 30th September 2001) (Including grant of options out of lapsed options)	: 2,081,800
Pricing formula	: As per Point A of Annexure attached
Options vested	: 332,973
Total number of shares arising as a result of exercise of option	: Nil
Options lapsed (as on 30th September 2001) (Including vested options lapsed)	: 603,975
Variations of terms of Options in respect of options granted on 7th April 2000	: Variations in terms of Options were approved at the Extraordinary General Meeting held on 17th August 2000. The same are disclosed as Point B of Annexure attached.
Variations of terms of Options in respect of options granted on 23rd October 2000	: No variation
Money realised by exercise of options	: Nil
Total number of options in force as on 30th September 2001 (including vested options)	: 1,477,825
Employee-wise details of options granted to	
1. Senior Management	: Total number of options granted to senior management were 425,850
2. Any other employee who receives a grant in any one year of option amounting to 5% or more of option granted during that year	: Nil
3. Identified employees who were granted option during any one year, equal to or exceeding 1% of the Issued Capital (excluding outstanding warrants and conversions) of the Company at the time of grant	: Nil

## Auditors

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

## Particulars of Subsidiary Companies

A statement pursuant to Section 212 of the Companies Act, 1956, giving particulars of NIIT's Subsidiary companies is annexed hereto as part of this Report.

The Company has obtained permission from the Department of Company Affairs, Ministry of Law, Justice and Company Affairs, Government of India, for annexing the consolidated accounts of the following Subsidiary companies:

NIIT Asia Pacific Pte. Ltd, Singapore  
NIIT Europe Ltd., UK  
NIIT Australasia Pte Ltd., Singapore

The Company has also obtained the permission from Department of Company Affairs, Ministry of Law, Justice and Company Affairs, Government of India, for annexing unaudited accounts of the following Subsidiary Companies:

NIIT USA Inc., USA  
NIIT Japan KK, Japan  
NIIT Benelux BV, Netherlands  
NIIT Belgium NV, Belgium  
NIIT Antilles NV, Netherlands Antilles

The detailed Statement of Accounts of all NIIT Subsidiaries are available at the Registered Office of the Company.

## Acknowledgment

Your Directors place on record their appreciation for the valuable patronage, co-operation and goodwill received by the company from esteemed customers, business partners, technology partners, commercial associates, stakeholders, financial institutions/bankers, government departments, media and its employees.

For and on behalf of the Board

**Rajendra S Pawar**  
Chairman & Managing Director

Dated: 20th December 2001

Place : New Delhi



## ANNEXURE TO DIRECTORS' REPORT

### A. Exercise Price/Pricing Formula :

The Options would be granted at a Price ("Exercise Price") which will not be less than 85% of the fair market value of the shares on the date on which the Board of Directors of the Company (includes Constituted Committee of Directors), based on the recommendations of the Committee, approve the Grant of such Options to the employees ("Date of Grant") or such price as the Board of Directors/Committee may determine in accordance with the regulations and guidelines prescribed by Securities and Exchange Board of India or other relevant authority, from time to time, subject to a floor price of the par value of the share. For the purpose, fair market value of the shares on a given Date of Grant would be the closing price of the shares on that date on the Stock Exchange where the shares are quoted and which has the highest trading volumes on that date. If the share price is not quoted on the given date, the share price on the next trading day will be considered for the purpose.

### B. Variations of terms of options in respect of options granted on April 7, 2000.

1. The original grant was at the closing market price on November 22, 1999 and was at the value of Rs. 2476/- (Rupees Two Thousand Four Hundred and Seventy Six only) per share. The variation proposed would now permit the eligible employees to apply for Equity Shares at the exercise price prevailing on the closing market price of the shares, on the date of the Board Meeting i.e. April 7, 2000 ("Revised Date of Grant" herein). The closing market price on the Revised Date of Grant was Rs. 1593/- (Rupees One Thousand Five Hundred Ninety Three only) per share on the Stock Exchange, Mumbai, which recorded the highest trading volume on that date.
2. The minimum period of one year between the grant of options and vesting of options for the Option holder will now commence from the Revised Date of Grant i.e. April 7, 2000 and not November 22, 1999.
3. The following clauses of the NIIT Employee Stock Option Scheme, relating to "Award" which read as :

"2.9.1 Options will be awarded each year based on performance evaluation and recommendations of the Compensation Committee

2.9.2 Scaled annual award over 5 years from first award. Such scaled award of Options subject to the approval of the Compensation Committee, will progressively increase with each annual period e.g Year 1-10% of Grant, Year 2 - 15%, Year 3 - 20%, Year 4 - 25% and Year 5 - 30% of the Grant."

will be replaced in the NIIT Employees Stock Option Scheme, as modified, and will read as:

"2.9.1 Options will be awarded for each year based on the recommendations of the Compensation Committee.

2.9.2 Scaled/uniform award of Options as permitted above, with conversion upto five years, from the first award, subject to the approval of the Compensation Committee."

Further Clause no. 2.9.3 of the NIIT Employee Stock Option Scheme, which read as following is deleted :

- 2.9.3 Performance will be considered for award each year:
- 100% Award only on achievement of 100% performance
  - For performance level below 100%, the quantum of Award would be determined by the Compensation Committee and conveyed individually.

### 4. The Existing clause no. 2.12.2 and 2.12.3 falling under "Other

Terms" of NIIT Employee Stock Option Scheme, which read as:

"2.12.2 Upon Shares being issued on exercise of Options, the Compensation Committee shall re-adjust the Option Value originally granted at the Strike Price, if authorised by the original Special Resolution of the Company's Shareholders, which shall proportionately increase the number of Options and/or the exercise price in accordance with Guidelines 5.3(f) of the SEBI Guidelines:

For Bonus/Stock Splits: The share awarded/vested will proportionately increase in numbers at no additional cost to the NIIT-ians in case of any Stock Split/Bonus Issue made in the interim period between dates of Grant and Exercise.

For Rights Issue: In the event of a Rights Issue of Shares in such interim period between dates of Grant and Exercise, NIIT-ians will be entitled to the Rights Shares on their agreeing to take such shares and on payment of the issue price plus such holding costs, if any, as declared by Compensation Committee from time to time, for such shares.

2.12.3 The above Bonus/Rights shares shall be transferred to the NIIT-ians, along with the shares pertaining to the original Grant on the relevant Exercise dates."

will be replaced in the NIIT Employee Stock option Scheme, as modified and will read as:

### "2.12.2 Changes in Capital Structure

If (i) the Company or its Subsidiaries shall at any time be involved in a merger, consolidation, dissolution, liquidation, re-organisation, exchange of shares, sale of all or substantially all of the assets or stock of the Company or its Subsidiaries or a transaction similar thereto, (ii) any stock, stock split, reverse stock split, stock combination, reclassification, recapitalisation or other change in the capital structure of the Company or its subsidiaries, or any distribution to holders of Equity Shares other than cash dividends, shall occur or (iii) any other event shall occur which in the judgment of the Committee necessitates any action as in its judgment shall be necessary to preserve to the option holder's rights substantially proportionate to the rights existing prior to such event, including, without limitation, adjustments in (a) number and kinds of shares subject to Options, (b) the Option Price and (c) the number and kinds of shares. To the extent that such action shall include and increase or decrease in the number of shares subject to outstanding Options, the number of shares shall be increased or decreased, as the case may be, proportionately.

If a change in Control shall occur, then the Committee may make such adjustments as it, in its discretion determines are necessary or appropriate in light of the change in Control (including, without limitation, the substitution of stock other than the stock of the Company as the stock optioned hereunder, and the acceleration of the exercisability of the Options), provided that the Committee determines that such adjustments are not prejudicial to the interest of the Option holders.

2.12.3 The judgment of the Compensation Committee with respect of any matter referred to in the above clause 2.12.2 shall be conclusive and binding upon each Option holder without the need for any amendment to the Scheme."

# Corporate Governance

## INTRODUCTION

The Company is committed to achieve the highest standards of Corporate Governance. Towards this end, it continues to adopt the best practices in Corporate Governance. The Company complies with the requirements regarding Corporate Governance as stipulated under clause 49 of the Listing Agreements of the Stock Exchanges where its shares are listed. The Company believes in compliance not only in letter but also in spirit and its practices reflect this philosophy.

## COMPANY'S PHILOSOPHY IN CODE OF GOVERNANCE

Our Corporate Governance policies recognise the accountability of the Board and the importance and impact of its decisions on all constituents including shareholders, customers, NIIT-ians and the regulatory authorities. The functions of the Board and the Executive Management are well defined and are distinct from one another. We have taken a series of steps, including setting up of sub-committees of the Board to oversee the functions of Executive Management. These sub-committees of the Board, mainly consisting of non-executive Directors, meet regularly to discharge their objectives.

Given your company's aspirations to be a leader, it is only right that it wins and keeps the confidence of shareowners, customers, creditors, NIIT-ians, associates or the State at all times. Corporate Governance helps us enhance corporate transparency and responsibility while maximizing long-term wealth of our investors.

## SETTING THE STANDARDS

To uphold a high level of performance, we follow some simple criteria:

- Accountability of top management to all stakeholders
- Adoption and adherence of the best corporate practices and policies
- Disclosure of all relevant information to stakeholders
- Adherence to financial, legal and environmental obligations
- Maintaining customer confidence by providing quality products and services
- Ensuring professional soundness, competency and complete transparency at all times
- Inculcating pride in all NIIT-ians

## BOARD OF DIRECTORS

The NIIT Board consists of eight members. Four Directors on the Board are independent and non-executive Directors. Independent Directors do not have any material, pecuniary relationship or transactions with the Company, its Promoters, its Management or its Subsidiaries. The Board believes this helps the independent directors to maintain their independence. The functions, roles, responsibilities and accountability of the Board are clearly defined. In addition to its primary role of monitoring corporate performance, the functions of the Board include:

- Articulating the Corporate Philosophy and Mission
- Formulating Strategies and Business Plans
- Reviewing and approving Financial Plans and Budgets
- Monitoring Corporate Performance against Strategies and Business Plans including overseeing operations
- Company-wide conformance to ethics and compliance with laws and regulations
- Reviewing and approving Borrowing, Lending, Investment Limits and Exposure Limits
- Keeping shareholders informed regarding plans, strategies and performance

Your Company's Board of Directors is in conformity with the code of Corporate Governance. The structure of the Board is as under:

Name	Designation	Category
Mr Rajendra S Pawar	Chairman & Managing Director	Executive Chairman
Mr Vijay K Thadani	Chief Executive Officer & Director	Executive CEO
Mr P Rajendran	Chief Operating Officer & Wholetime Director	Executive
Mr Arvind Thakur	President, Global Software Business & Wholetime Director	Executive
Mr Subroto Bhattacharya	Director	Non-Executive & Independent
Mr Amit Sharma	Director	Non-Executive & Independent
Mr Surendra Singh	Director	Non-Executive & Independent
Mr Shardul S Shroff	Director	Non-Executive & Independent

The brief profile and role of each of the Directors is given below:

### Mr Rajendra S Pawar

**Designation:** Chairman and Managing Director

**Profile:** A distinguished alumnus of IIT, Delhi and co-founder of NIIT, Mr Rajendra S Pawar pioneered the IT Training industry in India. An IT Visionary, Mr Pawar is a part of the Indian Prime Minister's National Task Force on Information Technology and is deeply involved in the use of IT for governmental systems, and in the broader issues of the government's IT strategy and policy. He has also been invited by various industry bodies to head their IT and Quality Committees.

**Roles and Responsibilities:** Mr Pawar provides thought leadership and vision to the entire top team through his strategic insights on corporate strategy, global marketing and corporate modelling. He leads key Corporate Centre functions like Corporate Development, Strategic HR, Research & Development and Corporate Communications. He also provides strategic direction to NIIT's online learning initiatives.