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# OUR VISION

## VALUES, MOTIVES AND BELIEFS

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

•

## NIIT IS PEOPLE

WE HAVE POSITIVE REGARD FOR EACH ONE OF US

•

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

•

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

•

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

•

## NIIT IS QUALITY AND VALUE

EACH OF US WILL ENSURE THAT IN ANY ASSOCIATION WITH SOCIETY, SOCIETY BENEFITS SUBSTANTIALLY MORE THAN:

(a) WHAT SOCIETY GIVES TO US.

(b) WHAT SOCIETY WOULD GAIN FROM ANY OTHER SIMILAR ASSOCIATION

•

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

•

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

•

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

•

## NIIT IS A MISSION

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

•

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

# NIIT



**NIIT Limited****NIIT**

ANNUAL REPORT 2005-06

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# NIIT Limited

# NIIT

## CORPORATE INFORMATION

**Board of Directors**

Rajendra S. Pawar  
*Chairman and Managing Director*

Vijay K. Thadani  
*Chief Executive Officer &  
Whole-time Director*

P. Rajendran  
*Chief Operating Officer &  
Whole-time Director*

Subroto Bhattacharya  
*Director*

Surendra Singh  
*Director*

Shardul S. Shroff  
*Director*

Sanjay Khosla  
*Director*

**Company Secretary**  
Parveen Jain

**Group Chief Financial Officer**  
Ashok Arora

**Chief Financial Officer**  
Jitender Mahajan

**Auditors**  
Price Waterhouse

**Financial Institutions/Bankers**  
ICICI Bank Limited  
Indian Overseas Bank  
Standard Chartered Bank Limited  
Citibank NA  
Wachovia Bank of Georgia

**Registered Office**  
NIIT Limited  
C-125 Okhla Phase - I  
New Delhi 110 020, India  
Email (Investor Services): [investors@niit.com](mailto:investors@niit.com)  
Tel : +91-11-41407000  
Fax : +91-11-26817344

**Corporate Office**  
NIIT House  
85, Sector 32, Institutional Area  
Gurgaon 122 001, India  
Email: [niit.webmaster@niit.com](mailto:niit.webmaster@niit.com)  
Tel : +91-(124)-4293000  
Fax : +91-(124)-4293333

**Registrar and Share Transfer Agent**  
Alankit Assignments Ltd.  
Unit - NIIT Limited  
Alankit House  
2E/21, Jhandewalan Extn.  
New Delhi-110055, India  
Tel : +91-11-23541234, 42541234  
Fax : +91-11-41540064

**NIIT Websites**  
Corporate Website : [www.niit.com](http://www.niit.com)

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.*



## Financial History

### REVENUES & PROFITABILITY (Rs. Mn)

For the Fiscal period ended	30-Sep-01 12 months	30-Sep-02 12 months #	31-Mar-04 18 months ##	31-Mar-05 12 months	31-Mar-06 12 months
Global Revenues (NIIT & its subsidiaries) REVENUES OF NIIT LTD.	11,389 7,108	6,541 3,603	7,076 4,606	3,984 2,871	4,507 3,449
Operating Expenses	5,745	3,088	3,773	2,497	2,874
Interest & Finance Expenses	28	8	20	11	43
Depreciation	359	460	417	195	238
Profit Before Tax	1,051	47	397	168	294
Profit After Tax	960	91	457	160	270
Equity Dividends	174	174	*** 96	106	116
Earnings Per Share (Rs.) * - Basic	24.83	2.35	17.76	8.26	13.97
Operating Margin (%)	19.2	14.3	18.1	13.0	16.7
Profit Before Tax / Revenues (%)	14.8	1.3	8.6	5.9	8.5
Return on Capital Employed	12.7	1.3	17.0	5.3	7.7

### ASSETS & LIABILITIES (Rs. Mn)

As At	30-Sep-01	30-Sep-02	31-Mar-04	31-Mar-05	31-Mar-06
Sources of Funds					
Equity Capital	386	386	193	193	193
Reserves & Surplus	6,564	6,351	2,499	2,538	2,695
Loan Funds	600	495	214	500	1,195
Deferred Tax Liability	-	87	-	-	-
<b>Total</b>	<b>7,551</b>	<b>7,320</b>	<b>2,906</b>	<b>3,231</b>	<b>4,083</b>
Applications of Funds					
Gross Block (includes Capital Work in Progress)	3,118	3,605	1,745	1,878	2,215
Net Block (includes Capital Work in Progress)	1,575	1,749	726	754	954
Investments	1,904	3,507	1,537	1,487	1,456
Deferred Tax Assets	-	-	-	-	20
Current Assets	5,365	3,129	1,620	1,811	2,758
Current Liabilities	1,293	1,066	977	821	1,105
Net Current Assets	4,072	2,063	643	990	1,653
<b>Total</b>	<b>7,551</b>	<b>7,320</b>	<b>2,906</b>	<b>3,231</b>	<b>4,083</b>
Debt-Equity Ratio	0.09	0.07	0.07	0.18	0.41
Current Ratio	4.15	2.94	1.66	2.21	2.50
Fixed Asset Turnover	2.28	1.00	2.64	1.53	1.56
Receivable Days	66	145	106	137	165
Book value per share (Rs.)	180	174	139	141	149
Share Price on Closing date (BSE) (Rs.)	108	131	180	182	296
Market Capitalisation (Rs. Mn)	4,174	5,050	6,957	** 3,509	5,728

#### Notes:

# The company had simplified its operating arrangement in the Learning Business in year 2002.

## The Company had spun off its Software Solutions business during the period to a separate Company, NIIT Technologies Limited.

\* Based on Equity outstanding as on Balance Sheet date.

\*\* Based on the listed equity shares as on March 31, 2004.

\*\*\* Dividend Paid.

# NIIT at a Glance

## Global Learning Solutions for Individuals, Enterprises, Schools and Colleges

### • For Individuals

Instructor-led Training, Computer-based Training and e-Learning programmes:

- ✦ GNIIT for IT careers
- ✦ 'NIIT Edgeineers', programmes for Engineering and IT Students
- ✦ Degrees in alliance with Universities
- ✦ Bioinformatics programme with Supercomputing Facility, IIT Delhi
- ✦ CATS for IT professionals
- ✦ CareerEdge for IT skills for non-IT careers
- ✦ Maximedia for multimedia skills
- ✦ Planetworkz for ITES careers
- ✦ Board exam preparation solutions
- ✦ SWIFT for Internet and IT literacy
- ✦ NetVarsity for Online Learning

### • For Corporations

Enterprise Learning Solutions:

- ✦ Instructor-led and e-Learning Training in IT and Soft Skills
- ✦ Advisory Services
- ✦ Custom Content Development
- ✦ Application and Process Rollout Training
- ✦ Learner Management Systems
- ✦ Learner Support Services
- ✦ Assessment and testing services

### • For Colleges and Universities

- ✦ Curriculum Design
- ✦ Custom Courseware Development
- ✦ Learning Delivery, Hosting Services
- ✦ Learner and Faculty Support Services
- ✦ Student Administration
- ✦ In-campus IT Programmes

### • For Government and Private Schools

- ✦ Integrated solutions for computer education and computer-aided education for K-12 learners
- ✦ IT integration solutions for the school system
- ✦ IT as an education transformation tool

### • Alliances with global IT majors:

- ✦ Intel, Microsoft, Oracle, SumTotal, Thomson Prometric

### • Assessed at SEI-CMM Level 5



- **Corporate Social Responsibility initiatives:**

- ✧ World Computer Literacy Day
- ✧ International Women's Month
- ✧ Bhavishya Jyoti Scholarships

### **Awards & Acknowledgments**

- ✧ Among the Top 20 Companies in the Training Outsourcing Industry: TrainingOutsourcing.com
- ✧ Only Asian IT Education company among the 'Top 20 Worldwide IT Training Market Leaders': International Data Corporation
- ✧ Top Training Company in India: Dataquest
- ✧ Features among the Superbrands of India by the Superbrands Council, US
- ✧ Ranked among the 'Top 10 Most Respected IT Companies': Business World Survey 2004
- ✧ Ranked among '25 Great Places to Work': Business World Survey 2003
- ✧ Ranked among India's 'Top 50 Most Trusted Services Brands' by Economic Times Brand Equity survey
- ✧ 'India's Most Customer Responsive Educational Institution' Award 2005: Avaya GlobalConnect
- ✧ 'Award for Excellence in Innovative HR practices' 2005: Delhi Management Association and Watson Wyatt World
- ✧ China Information World, the Beijing-based IT weekly presented NIIT with awards for 'Best Contribution towards Vocational Education in China (2004)' and 'Best Curricular Structure in China' in 2004
- ✧ China Computer Weekly, the Chongqing-based publication with a base of over one million readers, recognised NIIT as the 'Most Influential Education Certificate Brand in China for 2004' and the company with the 'Best IT training curriculum' for the same period
- ✧ eAngelz 'Asian Visionaries & Leaders', Singapore award for NIIT Chairman Rajendra S. Pawar
- ✧ Government of Chongqing, the largest city in the world, appoints NIIT CEO Vijay Thadani as Economic Advisor to help it become hub of knowledge-based economy
- ✧ Dewang Mehta Award for 'Innovation in IT' to NIIT Chief Scientist Dr. Sugata Mitra from Indian Government's Department of IT.

### **Global operations include training network in**

- ✧ **Americas** - Mexico, Peru, USA
- ✧ **Europe** - Kazakhstan
- ✧ **Asia** - Bangladesh, Cambodia, China, India, Indonesia, Malaysia, Nepal, Philippines, Sri Lanka, Turkey, Vietnam
- ✧ **Middle East** - Bahrain, Iran, Oman, Qatar, Yemen
- ✧ **Africa** - Botswana, Ghana, Mauritius, Nigeria, South Africa, Sudan, Zimbabwe
- ✧ **Australia/Oceania** - Fiji





# NIIT Limited

# NIIT

## Directors' Report

### Dear NIIT Shareowner,

Your Directors take pleasure in presenting the twenty-third Annual Report along with the audited statement of accounts for the financial year ended March 31, 2006.

#### Financial Results

The highlights of your Company's financial results for the period April 1, 2005 to March 31, 2006 are as follows:

Particulars	Rs. Mn	
	2005-06	2004-05
Consolidated Revenues (NIIT and its subsidiaries)	4,507	3,984
Net Sales (Income from operations)	3,378	2,827
Other Income	71	44
Profit before depreciation and taxes	531	363
Depreciation	237	195
Net tax provision	24	8
Net Profit	270	160
Basic EPS (Rs.)	13.97	8.26
Diluted EPS (Rs.)	13.88	8.26

Your Company's total income from operations for the financial year under review was Rs. 3,378 million (as against Rs. 2,827 million in the previous financial year) while the net profit was Rs. 270 million (as against Rs. 160 million in the previous financial year).

#### Business Operations

During the year, your Company further strengthened its leadership position in India. Your Company launched new study programmes to cater to the evolving needs of its customers, especially for engineering students. The increased interest shown by employers in GNIIT and AAE students, evidenced by higher student placements in the IT/ITES industry, resulted in higher enrolments for these courses.

China, with its vast potential in the manpower development space, continues to be a big market for NIIT. Your Company now has over 125 education centres dotting 25 provinces in China, where your Company is working in partnership with local companies, leading universities and software technology parks. A major partnership directly with one of the largest Provincial Governments for training students in IT and English language has taken off and holds great promise.

The year saw a large number of additions to the portfolio of technology companies serviced by your Company. Many of these customers use multiple services provided by your Company, including custom content development, learning technologies and learning delivery and have multi geographic coverage.

Your Company received new contracts from the State

Governments of Assam, Chattisgarh, Himachal Pradesh and Tripura to provide IT and IT-assisted education in schools. Moreover, during the year, your Company successfully completed execution of major part of the IT education contract in 700 schools in Karnataka.

#### NIIT in its 25th Year

The year 2006 marks NIIT's 25th year of operations. Few companies are as closely identified with the history and development of the information technology industry in India as NIIT. In this landmark year, NIIT reached many significant milestones, recording healthy growth and leading the resurgence of the IT training industry in the country.

#### Future Plans

Now on the threshold of completing its first 25 years, your company will begin its next 25 years with a worldwide presence that retains and expands its heritage as the pioneer of IT & IT-assisted education in India.

With this vision, your Company is planning on entering new areas including training for banking, insurance and finance executives, advanced technology based learning and assessment and testing services.

#### Dividend

In view of the good performance, the Directors are pleased to recommend, for approval of the shareholders, a dividend of Rs.6.00 per share, compared to Rs. 5.50 per share in the previous financial year.

#### Transfer to Reserves

In accordance with statutory regulations, your Company has transferred a sum of Rs. 27 million to the General Reserves Account.

#### Issuance of Foreign Currency Convertible Bonds

To finance a part of the long term fund requirements, your Company issued Foreign Currency Convertible Bonds (FCCB) aggregating to US \$10 million on private placement basis to Intel Capital Corporation, USA for a tenure of 5 (Five) years. These bonds carry a coupon rate of 2.5% per annum and are convertible into equity shares at a price of Rs 200/- per share.

#### Subsidiaries

During the year under review, your Company has incorporated a new overseas subsidiary by the name NIIT Limited, U.K in United Kingdom to cater to its corporate clients in UK and Europe.

A new Indian subsidiary company by the name NIIT Multimedia Limited was also added. This company is engaged in the business of rendering consultancy and development services in multimedia and other IT related activities.

During the year under review, NIIT Online Learning Limited, a subsidiary of your Company, submitted a petition to the Hon'ble High Court of Delhi, for reduction of equity capital

# NIIT Limited



## Directors' Report (Contd.)

from Rs 120 million to Rs 4.39 million and for extinguishing Preference Shares capital of Rs 325 million. The Hon'ble High Court of Delhi passed the necessary orders on July 20, 2005 and the reduction was registered by the Registrar of Companies on September 19, 2005.

### Corporate Governance

In order to enhance customer satisfaction and stakeholder value, NIIT continues to benchmark its corporate governance practices with the best in the world in line with international norms.

NIIT has complied with all the requirements relating to Corporate Governance as stipulated in Clause 49 of the Listing Agreements of the Stock Exchanges. For the financial year ended March 31, 2006, the compliance report is provided in the Corporate Governance Report attached to the Annual Report. The auditor's certificate on compliance to the conditions of Corporate Governance stipulated in Clause 49 of the Listing Agreements of the Stock Exchanges forms a part of this Annual Report.

NIIT's philosophy on Corporate Governance envisages the attainment of the highest levels of transparency, accountability and equity in all facets of its operations, in all interactions with its stakeholders including Shareholders, NIITians, Lenders and Regulatory Authorities.

### Directors

As per the provisions of the Companies Act, 1956 and Articles 64, 65 and 66 of the Articles of Association of your Company, Mr. Vijay K. Thadani, Mr. Subroto Bhattacharya and Mr. Sanjay Khosla, Directors of the Company, retire by rotation at the forthcoming Annual General Meeting and being eligible, offer themselves for reappointment.

### Directors' responsibility statement

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

- That in preparation of Annual Accounts for the financial year, applicable Accounting Standards have been followed along with the proper explanations relating to material departures;
- 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 period;
- That the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

- That the Directors have prepared the annual accounts on a going concern basis.

Information relating to Conservation of Energy, Technology Absorption, Research and Development, Exports, 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 the Rules made thereunder.

### Conservation of energy

The operations of your Company are not energy-intensive. However, appropriate measures, wherever possible, have been initiated to conserve energy. NIIT is continuously evaluating new technologies and invests in them to make its infrastructure more energy efficient.

### Technology absorption

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

During the year the businesses also created and improved their basic tools and techniques that were effectively deployed for software development, building software platforms, creating training materials and new curricula for the global marketplace.

In addition, your Company strengthened its relationships with a large number of technology companies including Intel and Microsoft.

### Research and Development

Your Company received one more patent in 2005-06 for the invention of Computer Assisted Experiment Kit (CAX), for school classrooms. CAX kits enable students to conduct experiments in high school Physics with the help of a computer and associated hardware apparatus created in NIIT's laboratories.

Current research by your company's R&D at the Centre for Research in Cognitive Systems (CRCS) on remote evaluation of candidates for the BPO and other industries uses their earlier work on the automatic evaluation of voice accents. This technology, likely to be ready for the market this year, will enable employers to evaluate candidates in remote places using the Internet. In addition to creating a new business line, this technology will enable thousands of young Indians in remote locations to access jobs in the cities.

The year saw the publication of a major paper on the findings of the last six years of experiments with self-organised education for children. The paper, published in the Australasian Journal of Educational Technology, received the AERA SIG Communication of Research Annual Award for