

LEADERSHIP

IN GLOBAL TALENT DEVELOPMENT



Annual Report 2007 - 08
NIIT Limited

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

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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 & Legal Counsel

Parveen Jain

Group Chief Financial Officer

Ashok Arora

Chief Financial Officer

Jitender Mahajan

Auditors

Price Waterhouse

Banks

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
Tel : +91-11-41407000
Fax : +91-11-26817344

Corporate Office

NIIT House
85, Sector 32, Institutional
Gurgaon 122 001, India
Email: 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 : +91-11-42541967

Website

www.niit.com



All trademarks acknowledged.

FINANCIAL HISTORY

REVENUES & PROFITABILITY (Rs. Mn)

For the Fiscal period ended	31-Mar-04 18 months ##	31-Mar-05 12 months	31-Mar-06 12 months	31-Mar-07 12 months	31-Mar-08 12 months
Global Revenues (NIIT & its subsidiaries)	7,076	3,984	4,507	7,951	10,068
REVENUES OF NIIT LTD.	4,606	2,871	3,449	4,008	4,975
Operating Expenses	3,773	2,497	2,874	3,325	4,112
Interest & Finance Expenses	20	11	43	50	74
Depreciation	417	195	238	314	358
Profit Before Tax	397	168	294	319	431
Profit After Tax	457	160	270	329	328
Equity Dividends	96	106	116	143	214
Earnings Per Share (Rs.) * - Basic	17.76	8.26	13.97	16.97	2.02
Operating Margin (%)	18.1	13.0	16.7	17.0	17.3
Profit Before Tax / Revenues (%)	8.6	5.9	8.5	8.0	8.7
Return on Capital Employed	17.0	5.3	7.7	8.5	9.0

ASSETS & LIABILITIES (Rs. Mn)

As At	31-Mar-04	31-Mar-05	31-Mar-06	31-Mar-07	31-Mar-08
Sources of Funds					
Equity Capital	193	193	193	198	329
Reserves & Surplus	2,499	2,538	2,695	2,896	3,308
Loan Funds	214	500	1,195	1,340	816
Deferred Tax Liability	-				
Total	2,906	3,231	4,083	4,434	4,453
Applications of Funds					
Gross Block (includes Capital Work in Progress)	1,745	1,878	2,215	2,630	2,870
Net Block (includes Capital Work in Progress)	726	754	954	1,158	1,208
Investments	1,537	1,487	1,456	1,702	1,785
Deferred Tax Assets			20	77	95
Current Assets	1,620	1,811	2,758	2,846	2,996
Current Liabilities	977	821	1,105	1,349	1,631
Net Current Assets	643	990	1,653	1,497	1,365
Miscellaneous Expenditure					
Total	2,906	3,231	4,083	4,434	4,453
Debt-Equity Ratio	0.07	0.18	0.41	0.43	0.22
Current Ratio	1.66	2.21	2.50	2.11	1.84
Fixed Asset Turnover	2.64	1.53	1.56	1.52	1.73
Receivable Days	106	137	165	144	100
Dividend per share (Rs.)	5.00	5.50	6.00	6.50	1.30 ***
Book value per share (Rs.) *	139	141	149	157	22
Share Price on Closing date (BSE) (Rs.)	180	182	296	665	98
Market Capitalisation (Rs. Mn)	6,957 **	3,510	5,728	13,138	16,141

Notes:## 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

*** Based on the Face value of Rs. 2 per share

NIIT at a Glance

Global Learning Solutions for Individuals, Enterprises, Schools and Colleges

- ❖ Global student strength of 5 million
- ❖ Presence in 34 countries worldwide
- ❖ Largest Learning Content Development facility in the world

• For Individuals

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

- ❖ GNIIT for IT careers
- ❖ 'NIIT Edgeineers', a range of specialized programmes to provide cutting-edge career for engineering graduates and IT professionals
- ❖ NIIT GlobalNet+, specialised programmes on Networking and Infrastructure Management
- ❖ Degrees in alliance with Universities
- ❖ SWIFT for Internet and IT literacy
- ❖ Board exam preparation solutions
- ❖ Bioinformatics and Educational Technology programmes
- ❖ Executive Management Programmes for working professionals, from premier business schools through NIIT Imperia, Centre for Advanced Learning
- ❖ Training programmes for financial services sector from NIIT Institute of Finance, Banking & Insurance (IFBI)
- ❖ Facilitate scholarship programmes through Bhavishya Jyoti Scholarship initiative

• 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
- ❖ A suite of catalogue products from Element K
- ❖ Assessment and Testing services from NIIT Litmus
- ❖ English language testing and assessment services through ETS
- ❖ English language training from Evolv

• 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 and computer-aided education for K-12 learners
- ❖ MathLAB - an innovative concept to teach and learn Mathematics in schools

- **Hole-in-the-Wall Education Ltd. (HiWEL)**

- ❖ Minimally Invasive Education kiosks to provide free and unsupervised access to computers for children belonging to economically and socially marginalized populations

- **Alliances with global IT majors:**

- ❖ Adobe, EMC, Cisco, Intel, Microsoft, Oracle, Sun Microsystems, SumTotal, Thomson Prometric

- **Assessed at SEI-CMM Level 5**

- **Awards and Acknowledgements**

- ❖ NIIT (HiWEL) has been conferred the coveted 'Digital Opportunity Award' by World Information Technology Services Alliance (WITSA) in 2008
- ❖ NIIT is ranked amongst India's 'Most Respected Companies' in the IT sector in a survey done by Business World magazine in 2007
- ❖ NIIT is ranked amongst the 'Top 10 Business Brands since 60 years of Independence', by The Week magazine
- ❖ NIIT has been rated as 'Top Training Company 2007', by Dataquest
- ❖ NIIT is ranked amongst 'India's Top 50 Most Trusted Services Brands' in a survey conducted by The Economic Times Brand Equity in 2007
- ❖ NIIT is ranked as 'India's Most Customer Responsive Educational Institution' as per Avaya GlobalConnect Customer Responsiveness Awards in 2007
- ❖ NIIT was awarded the 'Indian Franchisor of the Year Award' in 2007 by Franchising Association of India
- ❖ NIIT is ranked among the Top 20 Companies in the Training Outsourcing Industry in 2007, by TainingOutsourcing.com
- ❖ International Data Corporation has ranked NIIT among the 'Top 20 IT training companies, worldwide' and the only one from Asia
- ❖ NIIT has been rated amongst Training Magazine's 'Top 125' elite companies worldwide, for its innovative Training practices in the year 2007
- ❖ NIIT has featured among the Superbrands of India (2003-05) by the Superbrands Council, US
- ❖ '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 'Best IT training curriculum' for the same period
- ❖ NIIT was awarded the 'ICTE Gold Medal 2006-07' by the Ho Chi Minh Computer Association.

- **Global operations in**

- ❖ Americas - Brazil, Cuba, El Salvador, Honduras , Mexico, Nicaragua, Peru, USA
- ❖ Europe - Kazakhstan, Serbia , UK
- ❖ Asia - Bangladesh, Cambodia, China, India, Indonesia, Malaysia, Nepal, North Korea, Sri Lanka, Turkey, Vietnam
- ❖ Middle East - Iran, Oman, Yemen
- ❖ Africa - Botswana, Ghana, Libya, Nigeria, Senegal, Sudan, South Africa, Zimbabwe
- ❖ Australia/Oceania - Fiji

DIRECTORS' REPORT

Dear NIIT Shareowner,

Your Directors take pleasure in presenting the 25th Annual Report along with the audited statement of accounts for the financial year ended March 31, 2008.

Financial Results

The highlights of your Company's financial results for the financial year April 1, 2007 to March 31, 2008 are as follows:

(Rs. Mn.)

Particulars	NIIT Limited Group Consolidated		NIIT Limited Standalone	
	2007-08	2006-07	2007-08	2006-07
Net Sales (Income from operations)	10,068	7,951	4,674	3,903
Other Income	73	61	301	105
Total Income	10,141	8,012	4,975	4,008
Total Expenditure	9,211	7,293	4,185	3,375
Profit before depreciation and taxes	930	719	790	633
Depreciation	529	473	358	314
Net tax provision	(21)	4	104	(10)
Net Profit	422	242	328	329
Basic EPS (Rs.)	4.67	3.94	2.02	2.26
Diluted EPS (Rs.)	4.65	3.74	2.02	2.18

Your Company's consolidated net revenues for the year under review is Rs. 10,068 million as against Rs. 7,951 million in the previous year, registering a growth of 26.63 % and Profit after tax (after associate profit) surge from Rs. 573 million to Rs. 756 million, reflecting a growth of 31.94 % on year to year basis.

Your Company's total income from operations for the year under review is Rs. 4,674 million as against Rs. 3,903 million for the previous year, while the net profit is Rs. 328 million as against Rs. 329 million in the previous year.

Business Operations

During the year under review, your Company continued to grow, based on its stated strategy set which focused around:

- Accelerated growth;
- Improved profitability; and
- Market leadership.

During the year under review, your Company has launched various new programmes in partnership

with Adobe, Cisco, Sun Microsystems, CompTIA, Microsoft, EMC and others, and also expanded its product portfolio, infrastructure and technology across the centres.

Your Company has received orders for providing IT education in schools from the States of Bihar, Maharashtra, Tripura, Meghalaya and Kerala, besides renewal of existing contracts from the States of Andhra Pradesh and Himachal Pradesh.

The new businesses i.e. IFBI and NIIT Imperia launched in the previous year gained momentum and received excellent response from the respective Industry. During the year in addition to the ICICI bank, IFBI partnered with HDFC Bank, Kotak Mahindra Bank, Yes Bank, ICICI Securities, ICICI Prudential and ICICI Lombard. NIIT Imperia, in addition to IIM Ahmedabad and Kolkata tied-up with IMT-Ghaziabad, Indian Institute of Foreign Trade and IIM Lucknow. NIIT's strategic alliance with Educational Testing Service (ETS) the world's leading educational measurement and research organization, will allow NIIT Litmus to offer ETS's TOEIC (Test of English for International Communication) in India.

Your Company maintained its number one position in IT training (as per Data Quest ranking) and continued to figure in the Top 20 IT training companies listing, as well as in the ranking of Top 20 Companies in the Training Outsourcing Industry on a worldwide assessment.

Future Plans

Based on the successful transition from an IT and IT enabled training company to training in other domain areas, your Company has also embarked on a plan to achieve leadership in global talent arena. This would imply increasing both depth and coverage to service the growing need of the services lead economy. This would be achieved through building strategic alliances with market leaders in each domain. It will further leverage the core competencies of the Company in pedagogy, technology and geographic reach.

Your Company will continue to strengthen its presence in each of its businesses with a clear focused approach which would help increase revenue growth, improve profitability as well as derisk the Company from economic slowdowns and currency fluctuations.

Bonus Shares

During the year under review, your Company has allotted 54,869,490 Equity Shares of Rs. 2/- each as Bonus Shares in the ratio of one new Equity Share