

Registered Number: 2503575

NIIT Insurance Technologies Limited
(Formerly known as ROOM Solutions Limited)
Annual Report and Financial Statements
For the year ended 31 March 2011

NIIT Insurance Technologies Limited (formerly known as ROOM Solutions Limited)

**Annual Report and Financial Statements
for the year ended 31 March 2011**

Contents

	Page
Company Information	1
Directors' Report for the year ended 31 March 2011	2
Independent Auditors' Report to the Members of NIIT insurance Technologies Limited	5
Profit and Loss account for the year ended 31 March 2011	7
Balance Sheet as at 31 March 2011	8
Notes to the Financial Statements for the year ended 31 March 2011	9

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NIIT Insurance Technologies Limited (formerly known as ROOM Solutions Limited)

Company Information

Directors

Arvind Thakur
Rajendra S Pawar
Arvind Mehrotra
Amit Sharma

Company secretary

ABOGADO Nominees Limited

Registered office

100 New Bridge Street
London
EC4V 6JA

Registered number

2503575

Independent auditors

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
1 Embankment Place
London
WC2N 6RH

Bankers

Natwest Bank
Reading Market Place
13 Market Place
Reading Berks
RG1 2EP

NIIT Insurance Technologies Limited (formerly known as ROOM Solutions Limited)

Directors' Report for the year ended 31 March 2011

The directors present their annual report and the audited financial statements of NIIT Insurance Technologies Limited ('the Company') for the year ended 31 March 2010.

Principal activities

The principal activity of the Company is the provision of software and services to the London and International Insurance Markets.

Business review and future developments

The results for the Company show a pre-tax profit of £3.1m (31 March 2010: £0.7m) for the year and sales of £17.1m (31 March 2010: £13.7m). The Company has net assets of £3.1(2010: £2.9m).

An interim dividend has been paid during the year of £2.0m (31 March 2010: Nil). The directors do not recommend a payment of a final dividend (31 March 2010: Nil).

During the year the Company engaged with its customers on its new technology, ipf3. We are pleased to have secured a substantial contract for the implementation of this technology by the date of this report. The company is optimistic about the prospects of this new technology in the coming years.

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Key performance indicators (KPIs)

Given the straightforward nature of the business, the Company's directors are of the opinion that analysis using KPIs is not necessary for an understanding of the development, performance or position of the business.

Principal risks and uncertainties facing the Company

Given the catastrophic events in Australia, New Zealand and most notably Japan all occurred early in the insurance year, there is a higher than normal risk of the commercial insurance market requiring new capital during 2011. Such events can lead to a slowdown in existing business, but the Company notes its customers plan and prepare for similar scenarios.

Financial risk management

The Company's operations expose it to a variety of limited financial risks including the effects of changes in interest rates on debt, foreign currency exchange rates, credit risk and liquidity risk.

The Company does not use derivative instruments to manage these exposures.

The Company's principal financial instruments comprise sterling bank deposits and other loans together with trade debtors and trade creditors that arise directly from its operations.

The main risks arising from the Company's financial instruments can be analysed as follows:

Credit risk

The Company's principal financial assets are bank balances and trade debtors, which represent the Company's maximum exposure to credit risk in relation to financial assets.

Directors' Report for the year ended 31 March 2011 (continued)

The Company's credit risk is primarily attributable to its trade debtors. This risk is not felt to be significant as the market place which it addresses consists of blue chip insurance companies and Lloyd's Syndicates.

The Company has implemented policies that require appropriate credit checks on potential customers before sales are made.

Liquidity risk

The Company has adequate capital to support its working capital requirements. Proactive receivables management results in a favourable working capital position. Management continue to focus on this area.

Foreign Exchange risk

A proportion of the Company's trading is conducted in Euros and US Dollars. However, any exposure to foreign exchange risk is the normal course of business and is deemed to be immaterial.

Interest rate cash flow risk

The Company's favourable liquidity situation did not warrant any significant borrowing in the current year. Policies in this regard will be reviewed regularly by the Directors.

Qualifying third party indemnity provision

The Company has a Directors and Officers Liability insurance policy. This is in force at the date of the balance sheet.

Research and development

The Company continues to invest in researching and developing new and innovative products and services to help improve the efficiency of the insurance market.

Directors

The current directors of the Company are set out on page 1. All of the directors serving during the year and up to the date of signing the financial statements are listed below:

Arvind Thakur
Rajendra S Pawar
Arvind Mehrotra
Amit Sharma

Directors' Report for the year ended 31 March 2011 (continued)

Statement of Directors' Responsibilities

The directors are responsible for preparing the Directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law, the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law, the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Disclosure of information to auditors

At the date of approving this report each of the company's directors, as set out on page 3, confirm the following:

- so far as each director is aware, there is no relevant audit information of which the company's auditor is unaware; and
- each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Auditors

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and a resolution concerning their re-appointment will be proposed at the Board Meeting.

On behalf of the Board

Arvind Thakur
Director

4 May 2011

Independent Auditors' Report to the Members of NIIT Insurance Technologies Limited

We have audited the financial statements of NIIT Insurance Technologies Limited for the year ended 31 March 2011 which comprise the Profit and Loss Account, the Balance Sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Directors' report to identify any material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2011 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

NIIT Insurance Technologies Limited (formerly known as ROOM Solutions Limited)

Independent Auditors' Report to the Members of NIIT Insurance Technologies Limited (continued)

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Philip Sayers (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
4 May 2011

NIIT Insurance Technologies Limited (formerly known as ROOM Solutions Limited)

Profit and Loss account for the year ended 31 March 2011

	Note	2011		2010	
		£	INR	£	INR
Turnover	2	1,71,21,304	1,20,95,75,970	1,37,25,816	1,04,17,71,727
Cost of sales		(2,86,945)	(2,02,71,924)	(3,89,078)	(2,95,30,518)
Gross profit		1,68,34,359	1,18,93,04,046	1,33,36,738	1,01,22,41,209
Administrative expenses		(1,37,80,417)	(97,35,50,920)	(12639757)	(95,93,41,250)
Operating profit	3	30,53,942	21,57,53,126	6,96,981	5,28,99,959
Interest receivable and similar income	4	32,757	23,14,198	16,216	12,30,773
Profit on ordinary activities before taxation		30,86,699	21,80,67,323	7,13,197	5,41,30,732
Tax on profit on ordinary activities	5	9,46,689	6,68,81,136	(1,27,626)	(96,86,649)
Profit for the financial year	14	21,40,010	15,11,86,187	5,85,571	4,44,44,083

The company's profits are derived entirely from continuing operations.

The company has no recognised gains and losses other than those included in the profit and loss account above, and therefore no separate statement of total recognised gains and losses has been presented.

There are no material differences between the profit on ordinary activities before taxation and the profit for the financial years stated above, and their historical cost equivalents.

NIIT Insurance Technologies Limited (formerly known as ROOM Solutions Limited)

Balance Sheet as at 31 March 2011

	Note	2011		2010	
		£	£	£	£
Fixed assets					
Intangible assets	9	2,84,488	2,02,78,805	3,94,612	2,69,34,327
Tangible assets	10	4,46,254	3,18,09,770	2,08,046	1,42,00,225
		7,30,742	5,20,88,575	6,02,658	4,11,34,552
Current assets					
Debtors (including £70,500 (2009: £70,500) due after one year)	11	81,91,043	58,38,71,953	37,97,301	25,91,85,601
Cash at bank and in hand		17,99,200	12,82,50,141	38,62,564	26,36,40,141
		99,90,243	71,21,22,094	76,59,865	52,28,25,742
Creditors: amounts falling due within one year	12	(76,64,077)	(54,63,08,890)	(53,71,348)	(36,66,22,519)
Net current assets		23,26,166	16,58,13,204	22,88,517	15,62,03,223
Total assets less current liabilities		30,56,908	21,79,01,779	28,91,175	19,73,37,775
Net assets		30,56,908	21,79,01,779	28,91,175	19,73,37,775
Capital and reserves					
Called up share capital	13	12,557	8,95,085	12,557	8,57,081
Share premium account	14	17,49,257	12,46,90,116	17,49,257	11,93,95,915
Profit and loss account	14	12,69,371	9,04,82,998	11,29,361	7,70,84,779
Other reserves	15	25,723	18,33,581	-	-
Total shareholder's funds	16	30,56,908	21,79,01,779	28,91,175	19,73,37,775

The financial statements on pages 7 to 20 were approved by the Board on 4 May 2011 and signed on its behalf by:

Arvind Thakur
Director

Registered Number: 2503575

Notes to the Financial Statements for the year ended 31 March 2011

1 Accounting policies

Basis of accounting

The financial statements are prepared on a going concern basis under the historical cost convention in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom. The principal accounting policies, which have been applied consistently with the prior year, are set out below.

Turnover

Turnover represents sales to customers, net of value added tax. Turnover is derived from the company's principal activity. All turnover relates to business activities in the United Kingdom.

Recognition of revenue

Revenue may be recognised in respect of a contract, which is defined herein to be either a single contract taken as a whole or an unbundled part of a contract. However an unbundled part may be considered only if the contractual obligations for completion of it can be met without any material dependency on other components of the bundled contract.

Some contracts are determined at the outset to be short term in nature. These generally relate to short studies, the supply of professional services on a time and materials basis, or the supply of products that are sold in a standard form without any material modification. All other contracts are deemed to be long-term contracts.

For any contract, revenue is recognised only when a signed contract exists and the collection of the associated receivable is considered probable.

For a short term contract, revenue is recognised when there is a right to consideration, when delivery to the customer has occurred and there are no significant vendor obligations remaining. For long term maintenance contracts, revenue is recognised in equal instalments over the period of the contract.

For all other long term contracts revenue is recognised on a 'percentage of completion' basis at the balance sheet date, with 'percentage completion' being measured by the costs to date as a percentage of the estimated costs to completion. Any loss on a contract is recognised in full as soon as a loss is foreseen by reference to the estimated cost to completion.

The amount by which turnover exceeds payments on account is shown under debtors as amounts recoverable on contracts.

The amount by which billings are made in advance, and revenue taken subsequently in line with other accounting policies is shown under creditors as deferred income.

**Notes to the Financial Statements for the year ended 31 March 2011
(continued)**

1 Accounting policies (continued)

Development costs (Intangible assets)

Development costs are stated at cost less a provision for amortisation and any provision for impairment.

Costs incurred during the development period of new software products, which substantially improve those products already offered by the company, are treated as development costs. These costs are capitalised and amortised over the life of the product. Costs that are capitalised comprise directly attributable incremental costs incurred during the development period, including wages and salaries of staff employed solely for the purpose of developing the new product, and third party costs.

Amortisation of the development costs occurs on a straight line basis over five years. Impairment reviews are performed annually to ensure the present value of estimated future income streams from the associated products, exceeds the capitalised cost.

Tangible fixed assets and depreciation

Tangible fixed assets are stated at historic purchase cost less accumulated depreciation. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use. Depreciation is provided evenly on the cost of tangible fixed assets, to write them down to their estimated residual values over their expected economic useful lives. Where there is evidence of impairment, fixed assets are written down to their recoverable amount. Any such write down would be charged to operating profit. The principal annual rates used are as follows:

Furniture and equipment	- 20%
Plant and machinery	- 33%

Leases

Rentals payable under operating leases are charged to the profit and loss account on a straight line basis over the terms of the leases.

Stock options

In accordance with FRS 20, fair value calculations are derived using the Black-Scholes model. The total amount to be expensed over the vesting year is determined by reference to the fair value of the options granted. This is recognised as an expense over the vesting period, with a corresponding increase in other reserves. At each balance sheet date, the company revises its estimates of the number of options that are expected to vest. It recognises the impact of the revision to original estimates, if any, in the profit and loss account, with a corresponding adjustment to other reserves.

In the event that options are granted with an exercise price lower than the prevailing market price at grant date, NIIT Technologies Limited, India makes a recharge to the Company in respect of share options granted to the Company's employees. When incurred, these inter-company charges are offset in other reserves against the relevant capital contribution.

Notes to the Financial Statements for the year ended 31 March 2011 (continued)

1 Accounting policies (continued)

Deferred taxation

Deferred tax is provided, except as noted below, on timing differences that have arisen but not reversed by the balance sheet date, where the timing differences result in an obligation to pay more tax, or a right to pay less tax, in the future. Timing differences arise because of differences between the treatment of certain items for accounting and taxation purposes.

Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered.

Deferred tax is measured at the average tax rates that are expected to apply in the periods when the timing differences are expected to reverse, based on tax rates and law enacted or substantively enacted at the balance sheet date. Deferred tax assets and liabilities are not discounted.

Pensions

Pension contributions to the defined contribution NIIT Insurance Technologies Limited Group Personal Pension Scheme are charged to the profit and loss account in the period in which contributions are incurred.

Foreign currency

Foreign currency transactions during the year are converted into sterling using the rate at the beginning of the month in which they occur. At the year end monetary assets and liabilities in foreign currency amounts have been converted at the exchange rate on the balance sheet date. All foreign exchange differences are taken to the profit and loss account in the period in which they arise.

Cash flow statement

The Company is a wholly owned subsidiary of a group headed by NIIT Technologies Limited, India, and is included in the consolidated financial statements of that company, which are publicly available. Consequently, the company has taken advantage of the exemption within FRS 1 'Cash flow statements (revised 1996)' from preparing a cash flow statement.

2 Segmental reporting

The turnover of the Company has been derived from its principal activity for which a geographical analysis by destination is given below. The Company has only one main class of business.

	31st March,2011		31st March,2010	
	£	INR	£	INR
UK	1,14,45,811	80,86,17,027	1,11,56,738	84,67,82,021
Europe	51,43,857	36,34,00,231	21,36,732	16,21,75,202
Rest of the World	5,31,636	3,75,58,712	4,32,346	3,28,14,504
	1,71,21,304	1,20,95,75,970	1,37,25,816	1,04,17,71,727

Notes to the Financial Statements for the year ended 31 March 2011 (continued)

3 Operating profit

Operating profit is arrived at after charging

	31st March,2011		31st March,2010	
	£	INR	£	INR
Fees payable to company auditors for :				
The audit of the company pursuant to legislation	30,000	21,19,423	30,000	22,76,961
Tax services	9,996	7,06,192	11,600	8,80,425
Other services	9,240	6,52,782	8,700	6,60,319
Depreciation and amortisation:				
Owned tangible fixed assets	1,61,110	1,13,82,006	2,69,958	2,04,89,464
Research and development	1,10,124	77,79,977	1,10,125	83,58,345
Rentals under operating leases:				
Other	2,97,266	2,10,01,076	2,85,986	2,17,05,968
Plant and machinery	18,752	13,24,780	25,669	19,48,244
Loss on disposal of fixed assets	141	9,961	88	6,679
Foreign exchange loss	1,763	1,24,551	6,110	4,63,741

4 Interest receivable and similar income

	31st March,2011		31st March,2010	
	£	INR	£	INR
Bank interest	14,327	10,12,166	16,216	12,30,773
Loan Interest	7,808	5,51,615	-	-
Loan interest from group companies	10,622	7,50,417	-	-
	32,757	23,14,198	16,216	12,30,773

Notes to the Financial Statements for the year ended 31 March 2011 (continued)

5 Tax charge on profit on ordinary activities

	31st March,2011		31st March,2010	
	£	INR	£	INR
Current tax:				
UK Corporation tax at 28%	9,41,479	6,65,13,063	1,91,738	1,45,52,667
Adjustments in respect of prior years	(7,579)	(5,35,437)	(25,249)	(19,16,367)
Total current tax charge	9,33,900	6,59,77,626	1,66,489	1,26,36,300
Deferred tax:				
Accelerated capital allowances	53,825	38,02,597	(22,375)	(16,98,234)
Short term timing differences	(41,036)	(28,99,088)	(16,488)	(12,51,418)
Total deferred tax (credit)/debit	12,789	9,03,510	(38,863)	(29,49,652)
Tax charge on profit on ordinary activities	9,46,689	6,68,81,136	1,27,626	96,86,649

The tax assessed for the year is higher (2010: Lower) than the standard rate of corporation tax in the United Kingdom 28% (2010: 28%). The differences are explained below:

Factors affecting tax charge for year/period	31st March,2011		31st March,2010	
	£	INR	£	INR
Profit on ordinary activities before tax	30,86,699	21,80,67,323	7,13,198	5,41,30,808
Depreciation (lower than)/in excess of capital allowance	8,64,276	6,10,58,870	1,99,695	1,51,56,593
Expenses not deductible for tax purposes	(38,175)	(26,96,965)	22,453	17,04,154
Other short term timing differences	73,092	51,63,761	(52,266)	(39,66,922)
Adjustments in respect of prior years	42,286	29,87,397	21,856	16,58,842
	(7,579)	(5,35,437)	(25,249)	(19,16,367)
	9,33,900	6,59,77,626	1,66,489	1,26,36,300

The deferred taxation asset of £137,396 (2010: £150,185) has been recognised and is disclosed within debtors (see note 11)

	31st March,2011		31st March,2010	
	£	INR	£	INR
Accelerated capital allowances	96,560	68,21,715	1,50,385	1,14,14,027
Short-term timing differences	12,731	8,99,412	(14,203)	(10,77,989)
Pension provision	28,105	(19,85,546)	14,003	10,62,810
Deferred tax asset	1,37,396	97,06,673	1,50,185	1,13,98,848

Notes to the Financial Statements for the year ended 31 March 2011 (continued)

5 Tax charge on profit on ordinary activities (continued)

	31st March,2011	
	£	INR
Deferred tax asset as at 1 April 2010	1,50,185	1,02,50,910
Movement during the year	(12,789)	(9,03,510)
Currency Translation Reserve		4,46,429
Deferred tax asset as at 31 March 2011	1,37,396	97,93,829

Based on current capital investment plans, the company expects to continue to be able to claim capital allowances in excess of depreciation in future years at a similar level to the current year.

The directors consider that it is more likely than not that there will be sufficient taxable profits in the future such as to realise the deferred tax asset, and therefore the asset has been recognised in these financial statements.

6 Employees

	31st March,2011		31st March,2010	
	£	INR	£	INR
Staff costs during the year (including directors)				
Wages and salaries	45,02,149	31,80,65,215	49,51,305	37,57,97,662
Social security costs	4,61,894	3,26,31,620	5,29,912	4,02,19,637
Other pension costs	5,98,538	4,22,85,166	7,40,469	5,62,00,642
Other staff costs	1,31,069	92,59,687	1,69,786	1,28,86,538
Costs associated with share based payments (see note 18)	25,723	18,17,264	-	-
	57,19,373	40,40,58,952	63,91,472	48,51,04,479

The average number of persons employed by the company during the year, and calculated using a monthly average, was:

	31 March 2011	31 March 2010
By activity		
Software development and support staff	70	74
Sales and marketing	8	10
Administrative Staff	8	8
	86	92

Pension costs

The company operates a Defined Contribution Scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund.

The pension cost charge represents contributions payable by the company to the NIIT Insurance Technologies Limited Company Personal Pension Scheme and amounts to £598,538 (2010: £740,469). There is an accrual at the year end for the Company Personal Pension Scheme of £113,051 (2010: 50,011), representing two months contributions.

Notes to the Financial Statements for the year ended 31 March 2011 (continued)

7 Directors Emoluments

	31st March,2011		31st March,2010	
	£	INR	£	INR
Aggregate emoluments	-	-	91,770	69,65,225
Company contributions to money purchase pension schemes	-	-	23,652	17,95,156
	-	-	1,15,422	87,60,381

The emoluments and any options granted in respect of share schemes of Arvind Thakur, Arvind Mehrotra, Rajendra S Pawar and Amit Sharma were paid by other group companies, and they are deemed to be wholly attributable to the services of those companies. Accordingly, their emoluments are not disclosed in these financial statements.

Options granted to or exercised by the directors in the Employees Stock Option Plan (ESOP) of the ultimate parent Company NIIT Technologies Limited, India, during the year are as follows

	31 March 2011 Options granted	31 March 2011 Options exercised	31 March 2010 Options granted	31 March 2010 Options exercised
Arvind Thakur	-	150,000	150,000	-
Rajendra S Pawar	-	-	-	-
Arvind Mehrotra	-	10,500	21,000	-
Amit Sharma	-	-	21,000	-

8 Dividends

Declared and paid during the year	31st March,2011		31st March,2010	
	£	INR	£	INR
Ordinary shares:				
Interim paid: 1.593 per 1p share (2010: nil)	20,00,000	14,12,94,842	-	-

**Notes to the Financial Statements for the year ended 31 March 2011
(continued)**

9 Intangible assets

	Development costs	
	£	INR
Cost		
At 1 April 2010	5,50,622	3,75,82,824
Currency Translation reserve		16,66,481
At 31 March 2011	5,50,622	3,92,49,305
Accumulated amortisation		
At 1 April 2010	1,56,010	1,06,48,496
Charged in the year	1,10,124	77,79,977
Currency Translation reserve		5,42,027
At 31 March 2011	2,66,134	1,89,70,500
Net book value		
At 31 March 2011	2,84,488	2,02,78,805
At 31 March 2010	3,94,612	2,69,34,327

10 Tangible assets

	Furniture and equipment		Plant and machinery		Total	
	£	INR	£	INR	£	INR
Cost						
At 1 April 2010	3,91,096	2,66,94,342	26,14,955	17,84,84,319	30,06,051	20,51,78,661
Additions	-	-	3,99,459	-	3,99,459	-
Disposals	(696)	(49,171)	(5,63,576)	(3,98,15,191)	(5,64,272)	(3,98,64,361)
Currency Translation reserve		11,83,227		3,60,30,916		3,72,14,143
At 31 March 2011	3,90,400	2,78,28,399	24,50,838	17,47,00,044	28,41,238	20,25,28,442
Accumulated depreciation						
At 1 April 2010	3,74,700	2,55,75,230	24,23,305	16,54,03,207	27,98,005	19,09,78,436
Charged in the year	9,744	6,88,388	1,51,366	1,06,93,618	1,61,110	1,13,82,006
Disposals	(696)	(49,171)	(5,63,576)	(3,98,15,191)	(5,64,272)	(3,98,54,400)
Currency Translation reserve		11,39,785		70,72,845		82,12,630
At 31 March 2011	3,83,748	2,73,54,232	20,11,236	14,33,64,440	23,94,984	17,07,18,672
Net book value						
At 31 March 2011	6,652	4,74,166	4,39,602	3,13,35,604	4,46,254	3,18,09,770
At 31 March 2010	16,396	11,19,113	1,91,650	1,30,81,112	2,08,046	1,42,00,225

Notes to the Financial Statements for the year ended 31 March 2011 (continued)

11 Debtors

	2011		2010	
	£	INR	£	INR
Trade debtors	50,96,384	36,32,79,216	30,11,978	20,55,83,210
Loans to group undertakings	10,00,000	7,12,81,759	-	-
Amounts recoverable on contracts	14,93,740	10,64,76,415	99,462	67,88,800
Deferred tax asset (see note 5)	1,37,396	97,93,829	1,50,185	1,02,50,910
Corporation tax debtor	-	-	15,665	10,69,218
Other debtors	1,01,896	72,63,326	1,84,318	1,25,80,665
Prepayments	3,61,627	2,57,77,409	3,35,693	2,29,12,798
	81,91,043	58,38,71,953	37,97,301	25,91,85,601

Other Debtors include £70,500 (2010, £70,500) which represents a deposit required under the lease agreement for the offices at The Walbrook Building. Loans to group undertakings are unsecured, carry interest at 1.25% and are repayable on demand.

12 Creditors: amounts falling due within one year

	2011		2010	
	£	INR	£	INR
Trade creditors	1,84,250	1,31,33,664	2,63,893	1,80,12,074
Amount owed to group undertakings	16,08,580	11,46,62,412	3,06,065	2,08,90,533
Corporation tax payable	3,89,638	2,77,74,082	-	-
Other taxes and social security creditors	8,95,677	6,38,45,432	5,58,527	3,81,22,381
Other creditors	1,28,450	91,56,142	55,128	37,62,774
Accruals	7,78,695	5,55,06,749	5,92,321	4,04,28,998
Deferred income	36,78,787	26,22,30,408	35,95,414	24,54,05,760
	76,64,077	54,63,08,890	53,71,348	36,66,22,519

Amounts owed to group undertakings represent trade balances and are unsecured, non interest bearing and have no fixed terms of repayment.

13 Called up share capital

	2011	2011	2010	2010
	Number of shares	£	Number of shares	£
Authorised				
Ordinary shares of 1p each	5,000,000	50,000	5,000,000	50,000
Allotted, and fully paid				
Ordinary shares of 1p each	1,255,720	12,557	1,255,720	12,557

Notes to the Financial Statements for the year ended 31 March 2011 (continued)

14 Reserves

	Share premium account 2011		Profit and loss account 2011	
	£	INR	£	INR
At 1 April 2010	17,49,257	11,93,95,915	11,29,361	7,70,84,779
Profit for the financial year	-	-	21,40,010	15,11,86,187
Dividends Paid during the year	-	-	(20,00,000)	(14,12,94,842)
Currency Translation reserve		52,94,201		35,06,873
At 31 March 2010	17,49,257	12,46,90,116	12,69,371	9,04,82,998

15 Other reserves

The ultimate parent company, NIIT Technologies Limited, India, operates equity-settled, share-based compensation plans. Certain employees of the company are awarded options over the shares in the ultimate parent. The fair value of the employee services received using the Black-Scholes option pricing model in exchange for these grants of options is recognised as an expense, with a corresponding increase in Other reserves.

During the year, the company recognises the impact of the options granted in the profit and loss account, with a corresponding adjustment to Other reserves.

		£
At 1 April 2010	-	-
Share-base capital reserve for the year	25,723	18,17,264
Currency Translation reserve		16,317
At 31 March 2011	25,723	18,33,581

16 Reconciliation of movements in equity shareholder's funds

	2011		2010	
	£	INR	£	INR
Profit for the year	21,40,010	15,11,86,187	5,85,571	4,44,44,083
Dividends paid during the year	(20,00,000)	(14,12,94,842)	-	-
Other reserves	25,723	18,17,264	-	-
Currency Translation reserve		1,05,131		(44,75,808)
Net change to equity shareholder's funds	1,65,733	1,18,13,740	5,85,571	3,99,68,275
Opening equity shareholder's funds	28,91,175	19,73,37,775	23,05,604	16,76,48,755
Currency Translation reserve		2,05,64,005		(1,02,79,256)
Closing equity shareholder's funds	30,56,908	21,79,01,779	28,91,175	19,73,37,775

**Notes to the Financial Statements for the year ended 31 March 2011
(continued)**

17 Financial commitments

At 31 March 2011 the company had annual commitments under non-cancellable operating leases expiring as follows:

	2011		2010	
	£	INR	£	INR
(i) Land and buildings, leases expiring				
Within two to five years	1,88,875	1,34,63,342	3,39,080	2,31,43,979
	1,88,875	1,34,63,342	3,39,080	2,31,43,979
(ii) Other, leases expiring				
Within one year	1,398	99,652	4,337	2,96,023
Within two to five years	19,785	14,10,310	9,480	6,47,059
	21,183	15,09,962	13,817	9,43,082

18 Share based payments

NIIT Technologies Limited, India, which is the ultimate holding company of NIIT Insurance Technologies Limited, operates the Employees Stock Option Plan (ESOP 2005). The remuneration committee of the holding company can grant options over shares in the holding company to employees of the group. Options are granted with a fixed exercise price. Awards under the ESOP are generally reserved for employees at senior management level and above. Grants for which options are still outstanding are represented in the table below. The holding Company issued adjustments to the grants due to the issue of bonus shares in the ratio of 1:2 to the employees who had options on 5 September 2007. In respect of the two grants in the table below the options become exercisable on the first anniversary of the date of the grant. Exercise of an option is subject to continued employment. The fair market value of the shares was valued using the Black-Scholes option-pricing model. The fair value per option granted and the assumptions used in the calculation are as follows:

Grant Date	28 July 2008	20 June 2007
Share price at grant date	INR 107.40	INR 523.50
Exercise price	INR 108.00	INR 523.50
Number of Employees	1	2
Options granted	15,000	27,840
Vesting Year	1	1
Volatility	65.62%	51.13%
Risk free interest rate	9.24%	7.93%
Option Life	4	4
Time to Maturity (years)	2.5	2.5
Dividend Yield	3.13%	3.63%
Option Fair Value	INR 43.78	INR 168.11

**Notes to the Financial Statements for the year ended 31 March 2011
(continued)**

A reconciliation of option movements over the year to 31 March 2011 is shown below:

	2011 Number	2010 Number	2009 Number	2008 Number
Options outstanding at 1 April 2010	22,904	22,904	27,840	-
Options Granted	-	-	15,000	18,560
Bonus options granted	-	-	-	9,280
Options lapsed	-	-	(19,936)	-
Outstanding at 31 March 2011	22,904	22,904	22,904	27,840
Exercisable at 31 March 2011	22,904	22,904	7,904	-

The net charge for the year relating to employee share based payment plans was £ 25,723 (2010: nil) all of which related to equity share based payment transactions.

19 Related party transactions

The company has taken advantage of the exemption in paragraph 3 of FRS 8 'Related Party Disclosures' from the requirement to disclose transactions with group companies on the grounds that consolidated financial statements are prepared by the ultimate parent company, NIIT Technologies Limited, India. The consolidated financial statements published by the parent company are publicly available.

20 Ultimate holding company and controlling party

NIIT Technologies Limited, which is incorporated and registered in the UK, is the immediate parent company. The ultimate parent Company and controlling party is NIIT Technologies Limited, India a Company registered in India, which is the parent undertaking of the smallest and largest group to consolidate these financial statements.

NIIT Technologies Limited, India prepares group financial statements and copies can be obtained from B 234, Okhla Ph 1, New Delhi 110 020, India. Full consolidated financial statements can also be obtained for NIIT Technologies Limited, India, website at the following address, <http://www.niit-tech.com/financial-report.aspx?path=9/32&cnt=1>