

**NIIT GIS Limited**

Regd. Office: B-234, Okhla, Phase I, New Delhi – 110 022

**DIRECTORS' REPORT**

**To  
The Members,**

Your Directors have pleasure in presenting the Thirteenth Annual Report, alongwith the Audited Statement of Accounts for the year ended March 31, 2010.

**Financial Results**

The highlights of the Financial Results for the financial year ended March 31, 2010, in comparison to the previous financial year ended March 31, 2009, are given hereunder:

(Rs. Million.)

<b>Particulars</b>	<b>Financial year 2009-10</b>	<b>Financial year 2008-09</b>
Income from Operations	500.02	455.13
Profit before Depreciation and Tax	133.71	171.39
Less: Depreciation	4.90	5.43
Profit before Tax	128.81	165.97
Provision for Tax	11.54	15.16
Profit after Tax available for appropriation	117.27	150.81
<i>Appropriations</i>		
Transfer to General Reserve	11.73	15.08
Profits carried forward	132.13	85.10

**Transfer to reserves**

In accordance with the statutory regulations, your Company has transferred a sum of Rs11.73 million to the General Reserve Account.

**Dividend**

Your Directors are pleased to recommend a dividend of Rs. 50 million i.e. Rs.49.996 per equity share of Rs. 10/- each, subject to approval of shareholders at the ensuing Annual General Meeting.

**Review of Operations and Achievements**

The company has achieved growth in performance during the period under review, in spite of the economic downturn scenario. The company has maintained stability of its GIS product business and has considerably enhanced its GIS solutions business. As the Indian distributor partner of ESRI Inc, the company has positioned and provided the world's best GIS product in many projects – leveraging the immense functionality, capability and diversity of use of the GIS product. software. This will enable the company to further strengthen its solution offerings.

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Most of the clients from several central/state government departments, research institutes, large corporate and private sector and educational institutions have availed the company's GIS products and solutions. In addition, the Company has successfully obtained some significant GIS solution orders from its international operations - from several clients in the US, Singapore, Middle East, and other geographies. In India, too the company bagged several important GIS projects from key users. These achievements have considerably enhanced the Company's outreach and position in GIS products and solutions marketplace.

### **Alliances**

The company has been appointed as the exclusive distributor by ITT Visual Information Solutions for its ENVI image processing and analysis software. The company continued its Business Partner Program and also added some new members. The company also has partnered with new partners/associates in US and Middle East, for projects in those geographies. The company has partnered with several Indian System Integrators to address the business opportunities in the Power sector.

### **Future Prospects**

The demand for GIS is on the increase in India. Most requirements are for specialized GIS products and GIS solutions – for which the company has wide range of offerings. Most cities in India are looking for GIS and the company will be able to leverage its experience to provide GIS products and solutions for large number of such City-GIS projects. The Power Sector reform in India is also opening up good opportunities for GIS products/solutions in power sector. With the company's past experience in Power GIS solutions, it would be able to cater to the demand most effectively. Other areas like Disaster Management support, natural resources and environment, infrastructure, SDI, education, internal security etc also are promising areas. In the international arena too, there is an increasing demand for enterprise GIS solutions – which the company can cater to. All these opportunities mean good prospect for business growth of the company. With the combination of the world's best GIS product from ESRI Inc and innovative applications capability of the company, the company is well positioned to make its offerings and continue to make forays into the GIS market-place and maintain its premium position.

### **Public Deposits**

The Company did not accept Deposits from the Public under Section 58A of the Companies Act, 1956, during the year under review.

### **Particulars of Employees**

Information as per Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules 1975, is appended hereto and forms part of this report.

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### **Conservation of Energy**

The nature of the Companies operations involves low energy consumption. However appropriate measures, wherever possible, have been initiated to conserve energy.

### **Technology Absorption**

The Company has used its strategic alliance with ESRI Inc., USA, to bring in state-of-art GIS Technologies into the Company. The Company has made requisite arrangements for the absorption, adaptation and deployment of new technologies through extensive training of its personnel and by building processes and methodologies to ensure dissemination of these technologies into the services provided by the Company.

### **Research and Development**

The Company makes continuous endeavors in making research and development facility to carry out the objective of technology up gradation in all possible areas of GIS applications for providing value added products and services. Expenditure on research and development is not significant in relation to the nature and size of operations of the Company.

### **Exports and Foreign Exchange Earnings and Outgo**

The details of foreign exchange earnings and outgo are as under:

	(Rs. Million)	
	<b>F.Y. 2009-10</b>	<b>F.Y. 2008-2009</b>
Foreign Exchange earnings	43.86	22.88
Foreign Exchange Outflow	76.93	86.64

### **Directors Responsibility Statement**

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

1. 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;
2. That they have selected the accounting policies described in the notes to accounts, which have been consistently applied, except where otherwise stated and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as on March 31, 2010 and of the Profit and Loss of the Company for that year;
3. That they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the

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- Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
4. That the Annual Accounts have been prepared on the historical cost convention as a going concern basis and on accrual basis.

**Directors**

As per the provisions of the Companies Act, 1956 and Articles of Association of the Company, Mr. Rajesh C Mathur and Mr. Rajendra S Pawar, Directors of the Company, retire by rotation at the forthcoming Annual General Meeting and being eligible offer themselves for re-appointment. Mr. Rajesh C Mathur vacated the office of Whole Time Director w.e.f. 30.09.2009 and continued as a Director liable to retire by rotation w.e.f 01.10.2009.

**Auditors**

The Auditors of the Company, M/s Ghosh Khanna and Company, Chartered Accountants, New Delhi, retire at the conclusion of the Annual General Meeting and being eligible have offered themselves for re-appointment.

**Secretarial Compliance Certificate**

In terms of the provisions of Section 383A of the Companies Act, 1956, a Secretarial Compliance Certificate from the Company Secretary in Whole-time Practice, P G & Associates, is enclosed alongwith this report.

**Acknowledgement**

The Directors take this opportunity to place on record their appreciation of the support and guidance received from all its staff members, valued Customers, Suppliers, Bankers, NIIT Technologies Limited and ESRI Inc., USA.

**For and on behalf of the Board of Directors**

**Sd/-**  
**Rajesh C Mathur**  
**Director**  
**DIN: 00471197**

**Sd/-**  
**Arvind Thakur**  
**Director**  
**DIN : 00042534**

**Place : New Delhi**  
**Date : April 23, 2010**

**NIIT GIS Limited***Regd. Office: B-234, Okhla, Phase I, New Delhi – 110 022***ANNEXURES – A FORMING PART OF THE DIRECTORS' REPORT**

Details under Section 217(2A) of the Companies Act, 1956 for the period ended March 31, 2010.

**A. Employed for full period:**

Name	Age (in years)	Qualification	Experience (in years)	Designation	Gross Remuneration	Date of Joining	Previous Employment
Rajesh C Mathur	60	B.E./ B.Tech	37	President & COO – NIIT GIS Ltd.	5,286,365	1-May-98	NIIT Ltd.
Puneet Sharma	45	B.Sc.	23	Vice President – Consulting Services (ESRI)	2,804,690	12-Dec-07	RMSI Pvt. Ltd. – AVP, Growth & New Business
Rajiv Jalota	56	B.Sc	22	Senior Vice President – Product Group-ESRI	3,770,560	1-Dec-07	VoltaIndia Limited-Regional Director

**B. Employed for part of the period:**

Name	Age (in years)	Qualification	Experience (in years)	Designation	Gross Remuneration	Date of Joining	Previous Employment
Mukund Kadursrinivas Rao	51	Ph.D.	29	Chief Operating Officer (ESRI)	2,334,258	25-Aug-08	Navyug Spatial-CEO
Dinesh Gupta	46	M.Sc.	25	General Manager Technical Services Group-ESRI	1,710,681	19-Jul-96	NIIT Ltd.
Jayant Pal Singh Bawa	55	B.Sc. MBA	32	Senior Vice President – Products	1,512,324	1-April-99	NIIT Ltd.
Aniruddha Roy	44	Ph.D.	20	General Manager-Business Development (ESRI)	896,383	19-July-96	NIIT Ltd.

**Note:**

1. None of the above employees are related to any Director of the Company.
2. The Gross remuneration shown above comprises salary, allowances, incentives & monetary value of perquisites as per Income Tax Rules and Company's contribution to Provident Fund and Superannuation Fund.
3. The above does not include provision for gratuity and provision for leave encashment and benefits from Stock Options, if applicable.
4. The nature of employment is contractual in all the above cases.

**GHOSH KHANNA & CO.**  
**CHARTERED ACCOUNTANTS**

L-2A, Hauz Khas Enclave, New Delhi-110016, India  
Phones: +91 (011) 2696 2981/2 Fax: +91 (011) 2696 2985  
E-mail: gko@vsnl.com website: www.gkcindia.com

**AUDITORS' REPORT**

**THE MEMBERS OF NIIT GIS LIMITED**

1. We have audited the attached Balance Sheet of M/s **NIIT GIS LIMITED** as at 31st March, 2010 and the related Profit and Loss Account and Cash Flow Statement for the year ended on that date annexed thereto, which we have signed under reference to this report. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We have conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes, examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by Companies (Auditors' Report) Order, 2003, as amended by the Companies (Auditors' Report) (Amendment) Order, 2004 (together 'the order') issued by the Central Government of India in terms of sub-section (4A) of section 227 of The Companies Act, 1956' of India (the 'Act') and on the basis of such checks of the books and records of the company as we considered appropriate and according to the information and explanations given to us, we further report that:
  - i.a. The Company is maintaining proper records showing full particulars including quantitative details and situation of Fixed Assets.
  - b. The Fixed Assets have been physically verified by the management during the year, which in our opinion is reasonable having regard to the size of the company and its nature of assets and no discrepancies between the book records and physical assets have been noticed.
  - c. In our opinion and according to information and explanation given to us, a substantial part of fixed assets has not been disposed off by the company during the year.
  - ii.a. The stocks of the finished goods of the Company at all its locations have been physically verified by the management at reasonable intervals.



**Branches:**

Calcutta : P-5, C. I. T. Road (7th Flr.), Scheme - L V, Kolkata - 700 014, Tel.: +91(033) 2216 8321, Fax: +91 (033) 2216 8320, Email: gkocal@vsnl.com  
Chennai : B-12, Vidhyodaya Apts, 54 Habibulla Road, T. Nagar, Chennai - 600 017, Tel.: +91(044) 2825 7632, Fax: +91 (044) 2823 1196, Email: gkcchennai@mail.com  
Bangalore : 65, KHB City (FF), 2nd 'A' Cross, Koramangala 5th Block, Bangalore - 560 095, Tel.: +91(080) 552 2474, Fax: +91 (080) 552 2474, Email: gkcbangalore@mail.com  
Trichy : 15/1676, A. R. V. Complex, Sastri Road, Tennur, Trichy - 620 017, Tel.: +91(0431) 276 1807, Fax: +91 (0431) 276 6933, Email: gkctrichy@eth.net

- b. In our opinion procedure of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the company and nature of business.
- c. The company is maintaining proper records of inventory and the discrepancies between the physical stocks and the book stocks have been properly dealt with and were not material.
- iii. The Company has neither granted nor taken any loans, secured or unsecured, to companies, firms or other parties covered in the register maintained under Section 301 of the Act. Consequently, clauses (iii)(b), (iii)(c), (iii)(d), (iii)(f) and (iii)(g) of paragraph 4 of the Order are not applicable.
- iv. In our opinion and according to the information and explanations given to us, having regard to the explanation that certain items purchased are of special nature for which suitable alternative sources do not exist for obtaining comparative quotations, there is an adequate internal control system commensurate with the size of the company and the nature of its business for the purchase of inventory, fixed assets and for the sale of services and Goods.
- v. Purchase of goods and materials and sale of goods, material and services in pursuance of contracts or arrangements entered in the register maintained u/s 301 of the Companies Act, 1956 aggregating during the year to Rs. 5 Lacs or more in respect of each party have been made at prices which are reasonable having regard to the prevailing market prices (based on Transfer Pricing study carried out by the company under the Income Tax Act) for such goods, materials or services or the prices at which transactions of similar goods or services have been made with other parties. However, in case of purchase or sale of goods, materials or services of a specialised nature, it is not possible to compare the prices paid or received.
- vi. The Company's present internal audit system is commensurate with its size and nature of business.
- vii. The Central Government has not prescribed under section 209 (1) (d) of the Companies Act, 1956 for maintenance of Cost Records by the Company for any of its products.
- viii. The Company has regularly deposited, during the year, Provident Fund, Employee State Insurance, Income Tax, Custom Duty and other statutory dues with the appropriate authorities in India.



- ix. According to the information and explanation given to us there are no dues of Income Tax, Wealth Tax, Sales Tax, Custom Duty, Excise Duty and Cess, which have not been paid on account of any dispute. There is a demand of Rs.40, 375,327 by the Income Tax department for the A.Y 2006-07 against which company has preferred an appeal to the Commissioner of Income Tax (Appeals) (Refer Note 18 of Schedule 16 - Notes to Accounts).
- x. The company has not accepted any deposits to which the provisions of section 58-A of the Companies Act, 1956 are applicable.
- xi. The company has no accumulated losses as at March 31, 2010 and it has not incurred any cash losses in the financial year ended on that date or in the immediately preceding financial year.
- xii. According to the records of the company examined by us and the information and explanations given to us, the company has not defaulted in repayment of dues to any financial institution or bank or debenture holders as at the balance sheet date.
- xiii. The company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- xiv. The provisions of any special statute applicable to chit fund/nidhi/mutual benefit fund/societies are not applicable to the company.
- xv. In our opinion, the company is not a dealer or trader in shares, securities, Debentures and other investments.
- xvi. In our opinion and according to the information and explanations given to us, the company has not given any guarantee for loans taken by others from banks or financial institutions during the year.
- xvii. The company has not obtained any terms loans.
- xviii. On the basis of an overall examination of the balance sheet of the company, on our opinion and according to the information and explanations given to us, there are no funds raised on a short-term basis which have been used for long-term investment.
- xix. The company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Act during the year.
- xx. The company has not issued any debentures hence clause(xix) of the order is not applicable to the company.
- xxi. The company has not raised any money by public issues during the year.
- xxii. During the course of our examination of the books and records of the company, carried out in accordance with the generally accepted



auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the company, noticed or reported during the year, nor have we been informed of such case by the management.

xxiii. All other provisions of the Order are not applicable to the Company.

4. Further to our comments in Paragraph 3 above, we report that:

- a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit.
- b) In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
- c) The Balance Sheet, Profit & Loss Account and cash flow Statement dealt with by this report are in agreement with the books of account;
- d) In our opinion, these accounts have been prepared in compliance with the applicable accounting standards referred to in sub-section (3C) of Section 211 of the Act;
- e) On the basis of written representations received from the Directors as on 31st March, 2010 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2010 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act; 1956.
- f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts together with notes thereto and Statement on Significant Accounting Policies give in the prescribed manner the information required by the Act, and also give, a true and fair view in conformity with the accounting principles generally accepted in India.
  - (a) In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2010 and
  - (b) In the case of the Profit and Loss Account, of the Profit for the period of twelve months ended on that date.
  - (c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.



For **GHOSH KHANNA & CO.**  
**CHARTERED ACCOUNTANTS**

*Ashish Ghosh*  
**ASHISH GHOSH**  
**PARTNER**

Membership No. 81732

Place : New Delhi  
Date : 23<sup>rd</sup> April 2010

## NIIT GIS Limited

### Balance Sheet as at March 31, 2010

	Schedule / (Note Reference)	(Rs)	As At 31st March, 2010 (Rs.)	(Rs)	As At 31st March, 2009 (Rs.)
<b>SOURCES OF FUNDS</b>					
<b>SHAREHOLDERS' FUNDS</b>					
Capital	1	10,000,700		10,000,700	
Reserves and Surplus	2	244,260,633		185,503,366	
			254,261,333		195,504,066
			254,261,333		195,504,066
<b>APPLICATION OF FUNDS</b>					
<b>FIXED ASSETS</b>					
	3				
Gross Block		42,665,580		41,407,851	
Less: Depreciation /Amortisation		28,880,866		29,267,246	
Net Block			13,784,714		12,140,605
<b>DEFERRED TAX ASSET(Net)</b>	16(19c)		3,941,546		2,740,176
<b>CURRENT ASSETS, LOANS AND ADVANCES</b>					
Inventories	4	3,896,142		9,259,572	
Sundry Debtors	5	272,157,864		187,192,559	
Cash and Bank Balances	6	101,113,742		428,169,668	
Other Current Assets	7	10,694,621		36,101,056	
Loans and Advances	8	59,130,444		47,587,829	
		446,992,813		708,310,684	
<b>Less : CURRENT LIABILITIES AND PROVISIONS</b>					
Current Liabilities	9	145,807,540		120,531,956	
Provisions	10	64,650,200		407,155,443	
		210,457,740		527,687,399	
Net Current Assets			236,535,073		180,623,285
			254,261,333		195,504,066
<b>NOTES TO ACCOUNTS</b>	16				

The Schedules referred to above form an integral part of the Balance Sheet.

This is the Balance Sheet referred to in our report of even date.

Sd/-  
**Ashish Ghosh**  
*Partner*  
Membership No. 81732  
For and on behalf of  
**Ghosh Khanna & Co**  
*Chartered Accountants*

Sd/-  
**Arvind Thakur**  
*Director*  
DIN : 00042534

Sd/-  
**Rajesh C Mathur**  
*Director*  
DIN: 00471197

Place : New Delhi  
Date : 23rd April 2010

**NIIT GIS LIMITED**

Schedules Annexed to and forming part of the Balance Sheet as at 31st March, 2010

**3. Fixed Assets**

(Refer Note 1 (i) and (ii) on Schedule 16)

Description of Assets	GROSS BLOCK				DEPRECIATION			
	As at 01.04.2009	Additions during the year	(Sale)/Adj during the year	As at 31.03.2010	As at 01.04.2009	For the year	(Sale)/Adj during the year	As at 31.03.2010
<i>Tangible Fixed Assets</i>								
Plant and Machinery								
- Computers and peripherals	22,850,254	3,744,960	3,362,502	23,232,711	17,422,056	2,470,308	3,194,544	16,697,819
- Others	3,250,415	1,214,457	111,467	4,353,404	2,147,974	254,066	111,180	2,290,859
Vehicles	7,374,297	1,394,785	2,217,349	6,551,733	3,479,555	1,607,528	1,909,776	3,177,307
Furniture and Fixtures	4,391,213	694,395	708,598	4,377,010	3,443,025	163,302	66,183.13	3,540,144
Sub Total (a)	37,866,179	7,048,597	6,399,916	38,514,858	26,492,610	4,495,204	5,281,683	25,706,129
<i>Intangible Fixed Assets</i>								
Software - External	3,541,672	609,050	-	4,150,722	2,774,637	400,100	-	3,174,737
Sub Total (b)	3,541,672	609,050	-	4,150,722	2,774,637	400,100	-	3,174,737
<b>Total (a) + (b)</b>	<b>41,407,851</b>	<b>7,657,647</b>	<b>6,399,916</b>	<b>42,665,580</b>	<b>29,267,247</b>	<b>4,895,304</b>	<b>5,281,683</b>	<b>28,880,866</b>
<b>Previous Year</b>	<b>39,074,472</b>	<b>4,627,562</b>	<b>2,294,183</b>	<b>41,407,851</b>	<b>25,333,563</b>	<b>5,428,339</b>	<b>1,494,655</b>	<b>29,267,247</b>

**NIIT GIS Limited**  
**Schedules annexed to and forming part of the Balance Sheet**  
**as at March 31, 2010**

Schedule No.	(Rs)	As at 31st March 2010 (Rs.)	(Rs)	As at 31st March 2009 (Rs.)
<b>1 SHARE CAPITAL</b>				
<b>Authorised</b>				
2,000,000 Equity Shares of Rs.10/- each		20,000,000		20,000,000
		<u>20,000,000</u>		<u>20,000,000</u>
<b>Issued, subscribed and Paid-up</b>				
1,000,070 Equity Shares of Rs.10/- each fully paid up (Out of the above 890,000 equity shares is held by the Company's holding company NIIT Technologies Limited)		10,000,700		10,000,700
		<u>10,000,700</u>		<u>10,000,700</u>
<b>2 RESERVES AND SURPLUS</b>				
<b>General Reserve</b>				
As per last Balance Sheet	100,403,701		85,322,644	
Add: Balance Transfer from Profit & Loss A/c	11,727,193		15,081,057	
Less: Adjustment for compensated absences	<u>-</u>	112,130,894	<u>-</u>	100,403,701
<b>Profit and Loss Account</b>		132,129,739		85,099,665
		<u>244,260,633</u>		<u>185,503,366</u>

**NIIT GIS Limited**  
**Schedules annexed to and forming part of the Balance Sheet**  
**as at March 31, 2010**

Schedule No.	(Rs)	As at 31st March 2010 (Rs.)	(Rs)	As at 31st March 2009 (Rs.)
<b>4 INVENTORIES</b> (Refer Note 1(x) and 10 on Schedule 16)				
Raw Materials		200,911		460,362
Finished Goods		<u>3,695,231</u>		<u>8,799,210</u>
		<b><u>3,896,142</u></b>		<b><u>9,259,572</u></b>
<b>5 SUNDRY DEBTORS</b> (Refer Note 1(iii) and 12 on Schedule 16) (Unsecured)				
Outstanding for over Six Months				
- Considered Good	50,245,533		54,437,215	
- Considered Doubtful	42,601,715		10,455,053	
Other Debts - Considered Good	<u>221,912,331</u>		<u>132,755,344</u>	
	314,759,579		197,647,612	
Less: Provision for Doubtful Debts	<u>(42,601,715)</u>	272,157,864	<u>(10,455,053)</u>	187,192,559
		<b><u>272,157,864</u></b>		<b><u>187,192,559</u></b>
<b>6 CASH AND BANK BALANCES</b>				
Cash and Cheques in Hand		26,489,521		24,330,762
Balances with Scheduled Banks:-				
- In Current Account		21,851,278		31,730,252
-In Fixed Deposit Account [ Includes Rs.2,284,078 (Previous Year Rs.2,108,654) pledged as margin money ]		52,772,943		372,108,654
		<b><u>101,113,742</u></b>		<b><u>428,169,668</u></b>
<b>7 OTHER CURRENT ASSETS</b> (Unsecured, considered good)				
Unbilled Revenue		10,511,161		22,467,533
Interest Receivable		<u>183,460</u>		<u>13,633,523</u>
		<b><u>10,694,621</u></b>		<b><u>36,101,056</u></b>
<b>8 LOANS AND ADVANCES</b> (Refer Note 1(iii) and 19(a) on Schedule 16) (Unsecured Considered Good except where otherwise stated)				
Advance Recoverable in Cash or in Kind or for Value to be Received		5,145,173		3,283,697
Prepaid Expenses		5,881,321		7,117,853
Security Deposits [ Net of Provisions Rs.650,055 ( Previous year Rs.657,599) ]		3,606,341		8,595,568
MAT Credit Entitlement		38,472,477		23,714,159
Advance Tax	110,825,132		82,176,552	
Provision for Income Tax	<u>104,800,000</u>	6,025,132	<u>77,300,000</u>	4,876,552
		<b><u>59,130,444</u></b>		<b><u>47,587,829</u></b>

**NIIT GIS Limited**  
**Schedules annexed to and forming part of the Balance Sheet**  
**as at March 31, 2010**

Schedule No.	(Rs)	As at 31st March 2010 (Rs.)	(Rs)	As at 31st March 2009 (Rs.)
<b>9</b>				
<b>CURRENT LIABILITIES</b>				
(Refer Note 12 on Schedule 16)				
Sundry Creditors		109,301,420		88,804,135
Advances from Customers		2,523,749		1,920,895
Unearned Revenue		12,017,480		14,776,810
Other Liabilities		21,964,891		15,030,116
		<u>145,807,540</u>		<u>120,531,956</u>
<b>10</b>				
<b>PROVISIONS</b>				
(Refer Note (1) (v) (ix) and 13 on Schedule 16)				
Provision for Compensated absences		6,152,700		5,619,079
Provision for Gratuity		-		-
Proposed Dividend on Equity Shares		50,000,000		343,145,396
Corporate Dividend Tax		8,497,500		58,300,403
Provision for Fringe Benefit Tax	1,878,589		1,878,589	
Less: Advance Tax - Fringe Benefit Tax	<u>1,878,589</u>	-	<u>1,788,024</u>	90,565
		<u>64,650,200</u>		<u>407,155,443</u>

# NIIT GIS Limited

## Profit and Loss Account for Year Ending March 31, 2010

	Schedule / (Note Reference)	Year ended 31st March 2010 (Rs.)	Year ended 31st March 2009 (Rs.)
<b>INCOME</b>			
Revenue from Operations	16[(1) (iv), 6, 11, 14]	500,024,096	455,127,840
Other Income	11	6,197,778	65,026,242
		<b>506,221,874</b>	<b>520,154,082</b>
<b>EXPENDITURE</b>			
Personnel	12	89,198,605	99,980,797
Production, Development and Bought Out Packages	13	183,850,359	177,764,169
Administration, Finance and Others	14	94,330,038	65,756,460
Marketing	15	5,135,332	5,257,956
Depreciation	3	4,895,304	5,428,339
		<b>377,409,638</b>	<b>354,187,721</b>
<b>Profit before Tax</b>		<b>128,812,236</b>	<b>165,966,361</b>
Tax expense	16[ (1) (viii), 19]		
- Current Tax		27,500,000	19,000,000
- MAT Credit		(14,758,318)	(4,315,526)
- Deferred Tax (Credit) / Charge		(1,201,370)	(529,247)
- Fringe Benefit Tax		-	1,000,565
<b>Profit after Tax</b>		<b>117,271,924</b>	<b>150,810,569</b>
Balance brought forward from previous year		85,099,665	350,815,952
<b>Balance available for appropriation</b>		<b>202,371,589</b>	<b>501,626,521</b>
<b>APPROPRIATION</b>			
Proposed Dividend on Equity Shares		50,000,000	343,145,396
Corporate Dividend Tax on above - Current Year		8,497,500	58,300,403
Corporate Dividend Tax - Previous Year		17,157	-
Transfer to General Reserve		11,727,193	15,081,057
Balance transferred to Balance Sheet		132,129,739	85,099,665
		<b>202,371,589</b>	<b>501,626,521</b>
Basic and Dilutive Earnings per share	16(5)	117.26	150.80
<b>NOTES TO ACCOUNTS</b>	16		

The Schedules referred to above form an integral part of the Profit and Loss Account

This is the Balance Sheet referred to in our report of even date.

Sd/-  
**Ashish Ghosh**  
Partner  
Membership No. 81732  
For and on behalf of  
Ghosh Khanna & Co.  
Chartered Accountants

Sd/-  
**Arvind Thakur**  
Director  
DIN : 00042534

Sd/-  
**Rajesh C Mathur**  
Director  
DIN : 00471197

Place : New Delhi  
Date : 23rd April 2010

# NIIT GIS Limited

## Schedules annexed to and forming part of the Profit and Loss Account Year Ending March 31, 2010

Schedule No.	Year ended 31st March 2010 (Rs.)	Year ended 31st March 2009 (Rs.)
<b>11 OTHER INCOME</b> (Refer Note 1(vi), 3 on Schedule 16)		
Interest Received	4,414,787	15,908,904
Dividend Income from Others	-	236,385
Profit on Sale of Current Investment	-	46,665,801
Gain on Exchange Fluctuation (Net)	1,196,148	-
Miscellaneous Income	586,843	2,215,152
	<b><u>6,197,778</u></b>	<b><u>65,026,242</u></b>
<b>12 PERSONNEL</b> (Refer Note 1 (v), 12, 13 and 15 on Schedule 16)		
Salaries & Benefits [Includes Contribution towards Includes contribution towards Provident and Other funds Rs.3,419,388] (Previous year Rs 3,953,321)	87,464,492	98,069,348
Welfare & Other Expenses	1,734,113	1,911,449
	<b><u>89,198,605</u></b>	<b><u>99,980,797</u></b>
<b>13 PRODUCTION, DEVELOPMENT AND BOUGHT OUT</b> (Refer Note 7,10 and 12 on Schedule 16)		
Raw Material Consumed	810,832	755,707
Bought out Packages/Product	65,133,499	49,021,149
Royalty *	89,533,060	109,656,179
Professional Charges	27,228,945	16,672,136
Equipment Hiring	424,226	1,048,029
Consumables	719,797	610,969
	<b><u>183,850,359</u></b>	<b><u>177,764,169</u></b>
*Net of excess provision of earlier year written back amounting to Rs.3,149,048 (Previous Year Rs.1,919,394)		
<b>14 ADMINISTRATION, FINANCE AND OTHERS</b> (Refer Note (1)(vi) (vii), 4, 8, 9, 12 and 16 on Schedule 16)		
Rent	13,637,800	11,372,668
Electricity & Water Charges	3,439,865	5,586,431
Communication	1,839,168	2,208,338
Legal & Professional Expenses		
- Legal Expenses	1,250,693	1,166,219
- Professional Expenses	7,599,263	7,233,398
Traveling & Conveyance	16,531,488	15,042,685
Bank, Discounting & Financial Charges	653,872	609,092
Insurance Premium	794,475	813,935
Repair & Maintenance		
- Plant & Machinery	251,542	971,588
- Others	2,163,881	3,392,997
Bad Debts	3,164,121	-
Provision for Bad Debts	37,217,546	3,558,398
Sundry Expenses	5,020,003	3,297,760
Loss on Sale/Scrap of Fixed Assets	766,321	189,389
Loss on Exchange Fluctuation (Net)	-	10,313,563
	<b><u>94,330,038</u></b>	<b><u>65,756,460</u></b>
<b>15 MARKETING</b>		
Advertisement & Publicity	1,514,048	2,699,078
Others	3,621,284	2,558,878
	<b><u>5,135,332</u></b>	<b><u>5,257,956</u></b>

# NIIT GIS LTD

## Schedule '16': Notes to Accounts for the year ended 31<sup>st</sup> March 2010

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### 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The Financials Statements are prepared to comply in all material aspects with the applicable accounting principles in India , the applicable accounting standards notified under section 211(3C) of the Companies Act 1956 and the relevant provision of the Companies Act 1956.

#### i) Fixed Assets

Fixed Assets are stated at acquisition cost.

#### ii) Depreciation and Amortization

Depreciation and amortization is provided on a pro-rata basis on the straight-line method over the estimated useful lives of the assets determined as follows: -

Vehicles	4 years
Plant and Machinery- Computers and Peripherals	2-5 years
All other assets	Rates prescribed under schedule XIV to the Companies Act, 1956

#### iii) Impairment of Assets

All assets other than inventories, investments and deferred tax asset, are reviewed for impairment, wherever events or changes in circumstances indicate that the carrying amount may not be recoverable. Assets whose carrying value exceeds their recoverable amount are written down to the recoverable amount.

#### iv) Revenue Recognition

##### Software Products

Revenue from sale of products including sale of software user licenses are recognized when dispatch/ delivery to the customer has occurred. In case of multiple element contracts involving products and services, revenue is recognized on proportionate completion basis except where individual components are separable products or services that can be dealt with on a standalone basis in which case revenue in respect of each component is recognized separately as per the terms of contract.

##### Software Services.

The revenue from time and material contracts is recognized on a man month basis. Revenue from fixed price contracts is recognized on proportionate completion method basis and foreseeable loss on the completion of contracts if any, is provided for

##### Annual Maintenance Contracts

Revenue from Annual Maintenance Contracts are recognized in relation to time elapsed on Straight line basis.

# NIIT GIS LTD

## Schedule '16': Notes to Accounts for the year ended 31<sup>st</sup> March 2010

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### v) Employee Benefits

#### a) Retirement Benefit Plans:

##### - Provident Fund

The company has obtained permission dated 13<sup>th</sup> August 2009 from the office of Regional Provident Commissioner, New Delhi for participation into NIIT Technologies Limited Employees Provident Fund Trust. Accordingly the company has started making Provident Fund contribution to the Trust benefit from 1<sup>st</sup> August 2009. It is a defined benefit plan to the extent that the Company has an obligation to make good the shortfall, if any, between the return from the investment of the Trust and interest rate notified every year by the Government. The Company's obligation in this regard is determined and provided for if the circumstances indicate that the Trust may not be able to generate adequate returns to cover the interest rates notified by the Government.

The Company made defined contribution to Regional Provident Fund Commissioner w.e.f. 1<sup>st</sup> October 2005 till 31<sup>st</sup> July 2009 in respect of Provident Fund. The Company does not have any further obligation in this respect.

For the period up to 30<sup>th</sup> September 2005, the Company made contribution to NIIT Limited Employees' Provident Fund Trust (NIIT Limited Trust) established for the purpose of Provident Fund by NIIT Limited which is a defined benefit plan to the extent that the Company has an obligation to make good the shortfall, if any, between the return from the investment of the Trust and interest rate notified every year by the Government. The Company's obligation towards any possible shortfall is actuarially determined and provided for. The company is in the process of completing the formalities of transferring the accumulated balances of Corpus of NIIT Limited Trust as relatable to NIIT GIS Limited to the NIIT Technologies Limited Employees' Provident Fund Trust.

The Company's contribution towards provident fund is charged to Profit and Loss Account..

##### - Superannuation

The Company has made defined contribution to a Trust established for the purpose by NIIT Technologies Limited. The Company has no further obligation beyond its monthly contributions.

##### - Gratuity

Gratuity is a post employment defined benefit plan. The liability recognized in the balance sheet in respect of gratuity is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuary using the projected unit credit method. Actuarial gains and losses arising from changes in actuarial assumptions are charged or credited to the Profit and loss account in the year in which such gains or losses arise.

#### b) Compensated absences

Liability in respect of compensated absences is provided both for encashable leave and those expected to be availed based on actuarial valuation, which considers undiscounted value of the benefits expected to be paid/availed during the next one year and appropriate discounted value for the benefits expected to be paid/availed after one year.

# NIIT GIS LTD

## Schedule '16': Notes to Accounts for the year ended 31<sup>st</sup> March 2010

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vi) Foreign Currency Transaction

Transactions in foreign currency are booked at standard rates determined periodically, which approximate the actual rates, and all monetary assets and liabilities in foreign currency are restated at the year-end. Gain/Loss arising out of fluctuations on realization/payment or restatement is charged/ credited to the profit & loss account.

vii) Leases

Lease rental in respect of operating lease arrangements are charged to expense on a straight line basis over the term of the related lease arrangement.

viii) Taxation

Tax expense comprising of both current tax (including Fringe Benefit Tax) and deferred tax is included in determining the net results for the year. Deferred tax reflects the effect of temporary timing differences between the assets and liabilities recognized for financial reporting purposes and the amounts that are recognized for current tax purposes. As a matter of prudence deferred tax assets are recognized and carried forward only to the extent, there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. Current tax (including Fringe Benefit Tax) is determined based on the provisions of Income-tax Act, 1961.

Minimum Alternative Tax (MAT) credit asset is recognized in the Balance Sheet where it is likely that it will be adjusted against discharge of the tax liability in future.

ix) Provisions and contingencies

The Company creates a provision when there is present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that probably will not require an outflow of resources or where a reliable estimate of the obligation cannot be made.

x) Inventory

Inventory is carried at lower of cost or Net realizable value.

2. **CONTINGENT LIABILITIES**

Bank Guarantees outstanding at the period end Rs.26,539,137 (Previous year Rs.17,788,295).

3. Interest Received is gross of Tax deducted at source of Rs.882,249 (Previous Year Rs.442,345)

4. a) Legal & Professional also includes Management Corporate recovery charges by Holding Company amounting to Rs.3,387,510 (Previous year Rs.3,606,341)

b) Hiring Expenses for Non-production includes Fixed Assets depreciation recovery by Holding company amounting to Rs.2,118,266 (Previous year Rs. NIL)

c) Expenses during the year are inclusive of reimbursements towards common expenses to Holding company amounting to Rs.16,122,269 (Previous year Rs.10,670,526).

# NIIT GIS LTD

## Schedule '16': Notes to Accounts for the year ended 31<sup>st</sup> March 2010

5. Earnings per Share:

	2009-10	2008-09
Profit Attributable to Shareholders (Rs.)	117,271,925	150,810,569
Basic/Diluted average Equity Shares (Nos.)	1,000,070	1,000,070
Nominal Value of Equity Share (Rs.)	10	10
<b>Basic / Diluted Earnings per share</b>	<b>117.26</b>	<b>150.80</b>

**Note:**

The company does not have any outstanding dilutive potential equity shares. Consequently, the basic and dilutive EPS of the company remains the same.

6. **EARNINGS IN FOREIGN CURRENCY**

	2009-10 (Rs.)	2008-09 (Rs.)
Software Services	43,858,104	22,787,519

7. **CIF VALUE OF IMPORTS**

	2009-10 (Rs.)	2008-09 (Rs.)
Bought out packages / products & Raw Materials	12,421,739	40,166,963

8. **EXPENDITURE IN FOREIGN CURRENCY** (Considered on accrual basis)

	2009-10 (Rs.)	2008-09 (Rs.)
Travel	5,347,393	1,883,740
Royalty (Net of TDS)	71,376,448	84,543,859
Others	206,991	208,652

9. **PAYMENT TO AUDITORS**

	2009-10 (Rs.)	2008-09 (Rs.)
Audit Fees	600,000	600,000
Tax Audit Fees	100,000	100,000
Certification & Other Charges		5,000
Reimbursement of expenses *	78,498	72,718

\*Including Service tax

10. **DETAILS REGARDING OPENING STOCK, PURCHASES, REVENUE, AND DEVELOPMENT OF COMPUTER SOFTWARE.**

a) **Particulars relating to bought out packages/products.**

Particulars	2009-10		2008-09	
	Qty	Value (Rs.)	Qty	Value (Rs.)
Opening Stock	646	8,208,563	120	4,258,517
Purchases	4829	43,808,968	865	34,839,895
Sale	3603	73,312,046	339	33,690,332
Closing Stock	1872	3,295,848	646	8,208,563

# NIIT GIS LTD

## Schedule '16': Notes to Accounts for the year ended 31<sup>st</sup> March 2010

**b) Particulars relating to production.**

Particulars	2009-10		2008-09	
	Installed Capacity	Actual Production	Installed Capacity	Actual Production
GIS Software	1,440 nos.	620 nos.	1,440 nos.	663 nos.
Computer Software, Data Conversion/Maps (Unit-II)	14440 nos.	Nil	Nil	Nil

Note: Installed capacity is as certified by the management and relied upon by the auditors, being a technical matter.

**c) Particulars relating to raw materials consumed**

Particulars	2009-10		2008-09	
	Value(Rs.)	Percentage	Value (Rs.)	Percentage
Imported	675,979	83.37	780,581	79.08
Indigenous	134,852	16.63	206,536	20.92

Raw materials consumed are in the nature of CD's, Keys, Kits, labels and jackets which are of low value and accordingly quantitative information cannot be provided.

**d) Particulars of opening /closing stock of finished goods.**

GIS Software	2009-10		2008-09	
	Qty	Value (Rs.)	Qty	Value (Rs.)
Opening Stock	501	590,653	659	834,218
Sales	689	279,318,007	676	297,220,970
Scrapped	NIL	NIL	145	196,392
Closing Stock	432	399,383	501	590,653

11. Revenue includes services rendered Rs.147,394,043 (Previous Year Rs.124,216,539)

**12. RELATED PARTY TRANSACTION AS PER ACCOUNTING STANDARD 18:**

(a) Related parties relationship where controls exist

Holding Company

(i) NIIT Technologies Limited, India

Fellow Subsidiaries

- (ii) NIIT SmartServe Limited, India
- (iii) NIIT Technologies Limited, United Kingdom
- (iv) NIIT Technologies BV, Netherlands
- (v) NIIT Technologies Pte Limited, Singapore
- (vi) NIIT Technologies Ltd, Thailand
- (vii) NIIT Technologies Pty Ltd, Australia
- (viii) NIIT Technologies Co. Ltd, Japan
- (ix) NIIT Technologies GmbH, Germany

# NIIT GIS LTD

## Schedule '16': Notes to Accounts for the year ended 31<sup>st</sup> March 2010

- (x) NIIT Technologies AG, Austria
- (xi) NIIT Technologies AG, Switzerland
- (xii) NIIT Technologies Inc , USA
- (xiii) NIIT Technologies NV, Belgium
- (xiv) ROOM Solutions Limited, United Kingdom
- (xv) NIIT Smart Serve Limited, United Kingdom
- (xvi) NIIT Technologies Limited, Canada
- (xvii) Softec GmbH, Germany
- (xviii) NIIT Technologies F2Z LLC, Dubai

(b) Other related parties with whom the company has transacted:

- (i) Parties of whom the company is an associate:
  - NIIT Limited, India (through Scantech Evaluation Services which has Significant influence over Company's parent)
  - Environmental Systems Research Institute, Inc. USA
- (ii) Key managerial Personnel
  - Rajesh C Mathur

(c) Details of transaction with related parties on an arms length basis.

(Amount in Rs.)

Nature of Transaction	Holding Company and Fellow Subsidiaries	Parties to whom company is an associate	Key Managerial personnel	Total
Sale of Goods	11,327,020 (14,705,166)	NIL (NIL)	NIL (NIL)	11,327,020 (14,705,166)
Purchase of Goods (Note 2)	NIL (NIL)	29,498,222 (26,566,106)	NIL (NIL)	29,498,222 (26,566,106)
Payment of Royalty (Note 3)	NIL (NIL)	89,738,322 (84,543,859)	NIL (NIL)	89,738,322 (84,543,859)
Rendering of services (Note 4)	19,961,228 (12,723,878)	553,944 (NIL)	NIL (NIL)	20,515,172 (12,723,878)
Receiving of services (Note 5)	5,505,776 (3,606,341)	10,250 (748,486)	NIL (NIL)	5,516,026 (4,354,827)
Transfer of expenses from (Note 6)	16,122,269 (10,670,526)	1,196,754 (3,063,638)	NIL (NIL)	17,319,023 (13,734,164)
Transfer of expenses to (Note 7)	1,360,355 (412,554)	NIL (NIL)	NIL (NIL)	1,360,355 (412,554)
Remuneration	NIL (NIL)	NIL (NIL)	3,735,001 (5,830,706)	3,735,001 (5,830,706)
<b>Total</b>	<b>54,276,648 (42,118,465)</b>	<b>120,997,492 (114,922,089)</b>	<b>3,735,001 (5,830,706)</b>	<b>179,009,141 (162,871,260)</b>

# NIIT GIS LTD

## Schedule '16': Notes to Accounts for the year ended 31<sup>st</sup> March 2010

(d) Details of balances with related parties as at year end

Nature of Transaction	Parent Company and Fellow Subsidiaries	Parties to whom company is an associate	Key Managerial personnel	Amount in Rs.
				Total
Receivable (Note 8)	14,858,534 (13,754,247)	396,800 (NIL)	NIL (NIL)	15,255,334 (13,754,247)
Payable (Note 9)	17,137,985 (6,255,483)	2,379,047 (5,583,028)	NIL (NIL)	19,517,032 (11,838,511)

Notes: 1. Figure in parenthesis represents previous year's figure.

2. Includes transactions for the year mainly with;  
Environmental Systems Research, Inc., USA Rs.29,498,222 (Previous year Rs.26,566,106)
3. Includes transactions for the year mainly with;  
Environmental Systems Research, Inc., USA Rs. 89,738,322 (Previous year Rs.84,543,859)
4. Includes transactions for the year mainly with;  
NIIT Technologies Inc., USA Rs.19,961,228 (Previous year Rs.12,723,878)  
NIIT Limited, India Rs.553,944 (Previous year Rs.NIL)
5. Includes transactions for the year mainly with;  
NIIT Technologies Limited Rs.5,505,776 (Previous year Rs.3,606,341)  
NIIT Limited, India Rs.10,250 (Previous year Rs.748,486)
6. Includes transactions for the year mainly with;  
NIIT Technologies Limited Rs.16,122,269 (Previous year Rs.10,670,526)  
NIIT Smart Serve Limited Rs.68,407 (Previous year Rs.NIL)  
NIIT Limited, India Rs.1,196,754 (Previous year Rs.3,063,638)
7. Includes transactions for the year mainly with;  
NIIT Technologies Inc., USA Rs.699,109 (Previous year Rs.38,081)  
NIIT Technologies Pte Limited, Singapore Rs.518,746 (Previous year Rs.160,291)  
NIIT Technologies Limited, India Rs.142,500 (Previous year Rs.214,182)
8. Includes balances mainly with;  
NIIT Technologies Limited Rs.10,987,113 (Previous year Rs.10,928,626)  
NIIT Technologies Inc., USA Rs.3,667,632 (Previous year Rs.2,625,756)  
NIIT Technologies Pte Limited, Singapore Rs.203,789 (Previous year Rs.160,291)  
NIIT Technologies US Branch Rs. NIL (Previous Year Rs.39,574)  
NIIT Limited, India Rs.396,800 (Previous Year Rs.NIL)
9. Includes balances mainly with;  
NIIT Technologies Limited Rs.17,069,578 (Previous year Rs.6,255,483)  
NIIT Smart Serve Limited Rs.68,407 (Previous Year Rs.NIL)  
NIIT Limited, India Rs.158,424 (Previous year Rs.375,462)  
Environmental Systems Research Institute, Inc. Rs.2,220,623 (Previous year Rs.5,207,566)

# NIIT GIS LTD

## Schedule '16': Notes to Accounts for the year ended 31<sup>st</sup> March 2010

13. Employee Benefits:

The company has calculated the various benefits provided to employees as under:

**A. Defined Contribution Plans**

- a) Provident Fund.
- b) Superannuation Fund.

During the year the Company has recognized the following amounts in the Profit and Loss account:-

	2009-2010	2008-2009
Employers Contribution to Provident Fund.*	1,402,070	1,599,326
Employers Contribution to Superannuation Fund.*	497,896	581,293

**B. State Plans**

- a) Employers Contribution to Employee State Insurance.\*
- b) Employers Contribution to Employee's Pension Scheme 1995.\*

During the year the Company has recognized the following amounts in the Profit and Loss account:-

	2009-2010	2008-2009
Employers Contribution to Employee State Insurance.*	59,263	88,576
Employers Contribution to Employee's Pension Scheme 1995.*	800,096	833,902

\* Included in Contribution towards Provident and Other Funds under Personnel Expenditure (Refer Schedule 13)

**C. Defined Benefit Plans**

- a) Provident Fund:

An actuarial analysis of the interest earning of the Provident Fund Trust to whom the company had made contribution was carried out by an independent actuary. The actuary has recommended that no additional provision is required considering overall interest earning, cumulative surplus and present statutory rate of interest. Accordingly no additional provision in respect of provident fund liability is considered necessary.

- b) Contribution to Gratuity Funds – Employee's Gratuity Fund

Disclosures as per actuarial report of independent actuary:

**Amount of obligation as at the year end and is determined as under:**

Description	Year ended 31 <sup>st</sup> March 2010 (Rs.in Thousand)	Year ended 31 <sup>st</sup> March 2009 (Rs.in Thousand)
<b>Present value of obligation as at the beginning of the year</b>	<b>3,109.00</b>	<b>2,984.76</b>
Interest Cost	192.63	238.78
Current Service Cost	582.00	599.76
Benefit paid	(1402.15)	(962.60)
Actuarial (gain) / loss on obligations	135.52	248.30
<b>Present value of obligation as at the end of the year</b>	<b>2,617.00</b>	<b>3,109.00</b>

# NIIT GIS LTD

## Schedule '16': Notes to Accounts for the year ended 31<sup>st</sup> March 2010

### Change in Plan Assets:

Description	Year ended 31 <sup>st</sup> March 2010 (Rs.in Thousand)	Year ended 31 <sup>st</sup> March 2009 (Rs.in Thousand)
<b>Plan assets at the beginning at fair value</b>	<b>3,129.00</b>	<b>3,065.01</b>
Expected return on plan assets	268.86	275.85
Contributions	1,118.91	789.53
Benefit paid	(1,402.15)	(962.60)
Actuarial gain / (loss) on plan assets	(38.41)	(38.79)
<b>Present value of obligation as at the end of the year</b>	<b>3,076.21</b>	<b>3,129.00</b>

### Amount of the obligation recognized in the Balance Sheet:

Description	As at 31 <sup>st</sup> March 2010 (Rs.in Thousand))	As at 31 <sup>st</sup> March 2009 (Rs.in Thousand)
Present value of the defined benefit obligation at the end of the year	2,617.00	3,109.00
Fair value of plan assets at the end of the year	3,076.21	3,129.00
<b>Net Asset/(Liability) recognized in the Balance Sheet</b>	<b>459.21</b>	<b>20.00</b>

### Amount of gratuity expense recognized in the Profit and Loss account:

Description	Year ended 31 <sup>st</sup> March 2010 (Rs.in Thousand)	Year ended 31 <sup>st</sup> March 2009 (Rs.in Thousand)
<b>Current service cost</b>	<b>582.00</b>	<b>599.76</b>
Interest Cost	192.63	238.78
Expected return on plan assets	(268.86)	(275.85)
Actuarial (gain) / loss recognized during the year	173.93	287.53
<b>Total</b>	<b>679.70</b>	<b>850.22</b>

### Investment details of plan assets:

The plan assets are maintained with Life Insurance Corporation Gratuity Scheme. The details of investment maintained by Life Insurance Corporation are not available with the company and have not been disclosed.

### Principal actuarial assumptions at the balance sheet date:

Description	2009-10	2008-09
Discounting Rate	8.10%	8.00%
Expected Rate of return on plan assets	9.15%	9.00%

The estimates of the future salary increases considered in actuarial valuation take account of inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market

# NIIT GIS LTD

## Schedule '16': Notes to Accounts for the year ended 31<sup>st</sup> March 2010

14. The dominant source of risk and returns of the enterprise is considered to be the business in which it operates viz – software solutions. Being a single business segment Company, no primary segment as per Accounting Standard -17 Segmental Reporting information is being provided. The secondary segment information in relation to the geographies is as follows:

Particulars	Revenue from Customers by location of customers		Carrying amount of segment assets by location of the assets		Addition to fixed assets	
	31.03.2010	31.03.2009	31.03.2010	31.03.2009	31.03.2010	31.03.2009
India	456,165,992	432,340,320	452,030,741	713,282,265	7,657,647	4,627,562
America	19,961,228	12,723,879	3,667,632	2,625,756	Nil	Nil
Europe	Nil	533,866	533,866	533,866	Nil	Nil
Asia Pacific	117,504	9,529,775	117,504	6,749,577	Nil	Nil
Middle East	23,779,372	Nil	8,369,331	Nil	Nil	Nil
<b>Total</b>	<b>500,024,096</b>	<b>455,127,840</b>	<b>464,719,074</b>	<b>723,191,464</b>	<b>7,657,647</b>	<b>4,627,562</b>

### 15. Managerial Remuneration:

Calculation of Managerial remuneration under Section 198 of the Companies Act, 1956:

	2009-10 (Rs.)	2008-09 (Rs.)
Profit before taxation as per Profit & Loss Account	128,812,237	165,966,361
Add/(Less): Net Increase/(Decrease) in provision for Doubtful Debts	32,146,662	2,095,689
Add: Depreciation as per books of accounts	4,895,304	5,428,339
Less: Depreciation determined as per Section 350 of the Companies Act, 1956	3,847,569	5,196,555
<b>Net Profit under Section 349 of the Companies Act, 1956</b>	<b>162,006,634</b>	<b>168,293,834</b>
Add: Directors Remuneration	3,735,001	5,830,706
<b>Net Profit under Section 198 of the Companies Act, 1956</b>	<b>165,741,635</b>	<b>174,124,540</b>
Maximum Remuneration Allowable to a wholtime director under section 198 of the Companies Act, 1956 restricted to 5% of Net Profit (subject to limits prescribed under schedule XIII of the Companies Act, 1956)	8,287,082	8,706,227

### Whole Time Director's Remuneration:

	2009-10 (Rs.)	2008-09 (Rs.)
Salary & Perquisites	3,048,465	5,452,299
Contribution to Provident Fund, Superannuation & other Funds	686,536	378,407
<b>Total</b>	<b>3,735,001</b>	<b>5,830,706</b>

16. All operating leases entered into by Company are cancelable on giving notice of 1 to 3 months. Aggregate expenditure in respect of operating lease amounts to Rs.1,380,000 (Previous year Rs.11,372,668)
17. The company is in the process of identifying the Micro, Small and Medium Enterprises as defined under "The Micro, Small and Medium Enterprises Development Act, 2006". However based on the information so far available with the company, any liability for delay in payments, if any, is not likely to be significant.

# NIIT GIS LTD

## Schedule '16': Notes to Accounts for the year ended 31<sup>st</sup> March 2010

18. The Income Tax department has raised a demand of Rs.40,375,327 for the Assessment Year 2006-07, primarily on account of disallowance of claim u/s 80IC of the Income Tax Act, 1961. The company has preferred an appeal to the Commissioner of Income Tax (Appeals).  
However, in view of the favourable high court decision in our case on the same matter and favourable Supreme Court decision in another case and also the view of expert council's opinion that the demand is not sustainable, the management is hopeful of winning the case.

### 19. TAXATION

#### a) CURRENT TAX

The Company avails deduction under the provisions of section 80 IC of the Income Tax Act, available to certain undertakings or enterprises setup in certain special category States. The current tax charge during the year relates to Minimum Alternate Tax under section 115 JB, part of which is expected to be recovered in future years. Accordingly amount aggregating to Rs.384.72 Lacs (including Rs.52.14 lacs for Financial Year 2008-09, Rs.123.28 lacs for Financial Year 2007-08 and Rs.67.11 lacs for the Financial Year 2006-07) has been recognized as MAT credit entitlement in these accounts.

- b) During the year company has set up an industrial undertaking at Parwanoo, Himachal Pradesh, an area notified by the board u/s 80IC accordingly the profits and gain drive by such undertaking is eligible for deduction u/s 80IC of the Income Tax Act.

#### c) DEFERRED TAX (NET)

Break up of deferred tax assets/ liabilities and reconciliation of current accounting period deferred tax credit is as follows:

Deferred Tax Assets/Liabilities	As at 01.04.2009 (Rs.)	Movement during the Year (Rs.)	As at 31.03.2010 (Rs.)
<b>(A) Deferred Tax Liabilities</b>			
i) Tax impact of difference between carrying amount of fixed assets in the financial statements and as per the income tax calculation.	(654,525)	1,806,301	1,151,776
<b>Total (A)</b>	<b>(654,525)</b>	<b>1,806,301</b>	<b>1,151,776</b>
<b>(B) Deferred Tax Assets</b>			
i) Tax impact of difference between carrying amount of fixed assets in the financial statements and as per the income tax calculation.	-	-	-
ii) Provision for doubtful debts and Advances	912,076	2,765,084	3,677,160
iii) Provision for Leave Encashment, Bonus and Gratuity	1,173,575	242,587	1,416,162
<b>Total (B)</b>	<b>2,085,651</b>	<b>3,007,671</b>	<b>5,093,322</b>
<b>Net Deferred Tax Assets / (Liability) (B – A)</b>	<b>2,740,176</b>	<b>1,201,370</b>	<b>3,941,546</b>

Deferred Tax assets and liabilities are being offset as they relate to taxes on income levied by the same governing taxation laws.

# NIIT GIS LTD

## Schedule '16': Notes to Accounts for the year ended 31<sup>st</sup> March 2010

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20. Previous year figures have been regrouped / recast wherever necessary to conform to current year's classification.

Signature to the Schedules `1' to `17' above

Sd/-

**Ashish Ghosh**

Partner

Membership No. 81732

For and on behalf of

**Ghosh Khanna & Co**

Chartered Accountants

Sd/-

**Arvind Thakur**

Director

DIN: 00042534

Sd/-

**Rajesh C Mathur**

Director

DIN: 00471197

Place: New Delhi

Date: 23<sup>rd</sup> April 2010

**NIIT GIS Limited**  
**CASH FLOW STATEMENT**  
**For the year ended March 31, 2010**

	<b>Year Ended 31st March 2010 Rs.</b>	<b>Year Ended 31st March 2009 Rs.</b>
<b>A. Cash flow from operating activities:</b>		
<b>Net Profit Before Tax</b>	128,812,236	165,966,361
Adjustments for:		
Depreciation	4,895,304	5,428,339
Interest Income	(4,414,787)	(15,908,904)
Loss on Fixed Assets sold/scrapped	766,321	-
Provision for Leave Encashment	533,621	-
Profit on sale of long term investment	-	(46,665,801)
Dividend Income from current Investment	-	(236,385)
Provision for Bad and Doubtful Debts	32,146,662	2,095,689
Provision for Doubtful Security Deposit	-	(16,240)
Unrealised foreign exchange (gain)/loss	(206,020)	193,143
<b>Operating profit before working capital changes</b>	<b>162,533,337</b>	<b>110,856,200</b>
Adjustments for changes in working capital :		
- (INCREASE)/DECREASE in Sundry Debtors	(116,905,948)	2,192,904
- (INCREASE)/DECREASE in Inventory	5,363,429	(3,743,726)
- (INCREASE)/DECREASE in Other Receivables	16,320,655	(15,927,804)
- INCREASE/(DECREASE) in Trade and Other Payables	25,275,585	8,853,485
<b>Cash generated from operations</b>	<b>92,587,060</b>	<b>102,231,059</b>
- Taxes (Paid) / Received (Including Tax deducted at Source)	(28,739,146)	(29,104,011)
<b>Net cash from operating activities</b>	<b>63,847,914</b>	<b>73,127,048</b>
<b>B. Cash flow from Investing activities:</b>		
Purchase of Fixed Assets including CWIP	(7,657,647)	(4,627,562)
Proceeds from Sale of Fixed Assets	351,914	800,172
Loan received back from Parent company	-	-
Interest Received	17,864,850	4,138,468
Dividend Received	-	236,385
Short term investments with mutual funds		
-Purchase of Mutual Funds	-	(142,255,241)
-Sale of Mutual Funds	-	894,181,687
<b>Net cash used in investing activities</b>	<b>10,559,117</b>	<b>752,473,909</b>
<b>C. Cash flow from financing activities:</b>		
Dividend Paid	(343,145,396)	(428,696,144)
Dividend Tax Paid	(58,317,560)	(72,856,910)
<b>Net cash used in financing activities</b>	<b>(401,462,956)</b>	<b>(501,553,054)</b>
<b>Net Increase/(Decrease) in Cash &amp; Cash Equivalents</b>	<b>(327,055,924)</b>	<b>324,047,903</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>428,169,666</b>	<b>104,121,763</b>
<b>Cash and cash equivalents at the end of the year</b>	<b>101,113,742</b>	<b>428,169,666</b>

**NOTES:-**

	<b>31st March 2010 Rs.</b>	<b>31st March 2009 Rs.</b>
<b>1) Cash and cash equivalents as on</b> (Refer Schedule 6)		
Cash and Cheques In Hand	26,489,521	24,330,762
Balance with Scheduled Banks - In current account	21,851,278	31,730,252
Balance with Scheduled Banks - In Fixed Deposit account	52,772,943	372,108,654
<b>Cash and Cash Equivalents at the end of the year</b>	<b>101,113,742</b>	<b>428,169,669</b>

- 2) The above Cash flow statement has been prepared under the indirect method prescribed by in AS-3 issued by the Institute of Chartered Accountants of India.
- 3) Figures in parenthesis indicate cash outgo
- 4) The enclosed schedule (1 to 16) form an integral part of the Cash Flow Statement
- 5) Cash and cash equivalents include margin money deposit of Rs.2,284,078 (Previous year Rs.2,108,654)
- 6) Previous year figures have been rerouped/reclassified to confirm to current year's classification.

This is the Cash Flow Statement referred to in our report of even date

Sd/-  
**Ashish Ghosh**  
*Partner*  
Membership No. 81732  
For and on behalf of  
Ghosh Khanna & Co  
*Chartered Accountants*

Sd/-  
**Arvind Thakur**  
*Director*  
DIN : 00042534

Sd/-  
**Rajesh C Mathur**  
*Director*  
DIN : 00471197

Place: New Delhi  
Date: 23rd April 2010