

HAMMER & ASSOCIATES

Auditors Tax Consultants

Partnerschaft mbB
Sophienstr. 8
76530 Baden-Baden

Phone +49-7221-30135-0
Fax +49-7221-30135-20
Email info@kanzlei-hammer.de

Certified after DIN EN ISO 9001

**Report
About the Audit of the
Annual Financial Statement as of 31st March 2014**

NIIT Technologies GmbH
An der Dammheide 10

60486 Frankfurt am Main

Table of Contents

	Page
List of Schedules	3
List of Abbreviations	4
I. Audit Assignment	5
II. Subject, Method and Extent of the Audit	7
III. Findings and Explanations to the Accounting	11
1. Correctness of accounting	11
1.1. Accounting records and other examined documentation	11
1.2. Annual Financial Statement	12
1.3. Management Report	12
2. Overall Result of the Annual Financial Statement	13
2.1. Notes on the Overall Results of the Annual Financial Statement	13
2.2. Significant Features for the Assessment	13
IV. Rendition of the Auditor's Report and Conclusion	17

List of Schedules

Schedule 1 Balance Sheet as of 31st March 2014

Schedule 2 Profit and Loss Statement for the period from 1st April 2013
to 31st March 2014

Schedule 3 Annex for the Business Year 2013 / 2014

Schedule 4 Auditor's Report and Opinion

General Terms of Engagement for German Public Auditors and Auditing
Firms from 1st January 2002

List of Abbreviations

BilMoG	Bilanzrechtsmodernisierungsgesetz = German Accounting Law Modernisation Act of 25 th May 2009
BGB	Bürgerliches Gesetzbuch = German Civil Code
CHF	Swiss Francs
EGHGB	Introductory Act to the Commercial Code
EStG	Einkommensteuergesetz = Income Tax Act
EUR	Euro
GmbH	Limited Liability Company
GmbHG	German Limited Liability Company Act
GuV	Gewinn- und Verlustrechnung = Profit and Loss Statement
HGB	Handelsgesetzbuch = Commercial Code
HR	Handelsregister = Trade Register
IDW	Institut der Wirtschaftsprüfer in Deutschland e. V., Düsseldorf = Association of auditors in Germany, located in Düsseldorf
IDW PS 400	IDW Prüfungsstandard = IDW Examination Standard: Principles of the correct wording of auditor's reports in audits (Version of 12/12/2012)
IDW PS 450	IDW Prüfungsstandard = IDW Examination Standard: Generally accepted reporting principles for audits of Annual Financial Statement (Version of 01/03/2012)
IKS	Internes Kontrollsystem = Internal Control System
PoC	Percentage-of-Completion
TCHF	Thousand Swiss Francs
TEUR	Thousand Euros
TUS-\$	Thousand American Dollars
UmwG	Umwandlungsgesetz = German Transformation Act
UR-Nr.	Urkundenrollen-Nummer = Notarial Register Number

I. Audit Assignment

The General Assembly of 7th May 2013 of the company

NIIT Technologies GmbH, Frankfurt am Main

(hereinafter also referred to as "company")

chose us to be their auditors according to s.318 paragraph 1 HGB for the business year from 1st April 2013 to 31st March 2014. Thereupon, the executive board of the company engaged us to examine the **Annual Financial Statement of 31st March 2014** under inclusion of the accounting records in accordant application of s.316 and 317 HGB, and to submit a written report on the results of our examination. The letter of acceptance from 12th March 2014 has been signed by the executive board.

According to the size parameters described in s.267(1) HGB, the company is classified as a **small company limited by shares** and therefore, according to s.316 seqq. HGB, the company is under **no obligation to have an audit done**.

As the company has undergone the audit voluntarily, the examination report has been addressed to the examined company itself.

There is no legal obligation to set up **Consolidated Accounts** and a **Group Management Report** for the member group of the company, as it does not fulfil the size criteria defined in s.293 HGB.

We confirm pursuant to s.321(4)(a) HGB that we have observed the applicable regulations on independence when we were doing this audit.

The following report also includes details on the method and extent of our examination, as well as on its results. The report has been prepared according to the generally accepted reporting principles for audits of annual financial statements (IDW PS 450).

The execution of the audit and its results have been described in detail in **Parts II and III**. The unqualified auditor's opinion issued subsequent to the audit can be found in **Part IV**.

We have enclosed to our report the audited Annual Financial Report, consisting of the Balance Sheet (**Schedule 1**), the Profit and Loss Statement (**Schedule 2**) and the Annex (**Schedule 3**). **Schedule 4** includes the assignment of the unqualified auditor's opinion.

The execution of the engagement and our responsibilities – also in relation to third parties – was based on the “General Terms of Engagement for Public Auditors and Auditing Firms from 1st January 2002”, as agreed on and added as an **Schedule** to this report.

II. Subject, Method and Extent of the Audit

Subject of our examination were the **bookkeeping** and the **annual financial statement as of 31st March 2014** (Schedules 1 to 3) as well as the compliance with the applicable German legal regulations for accounting and the supplementary provisions of the articles of incorporation.

The assessment of the method and the appropriateness of the **insurance cover**, particularly whether the company has taken in consideration all risks and insured them in a sufficient manner, was not subject of the annual audit.

The **responsibility** for the correctness of the bookkeeping and the annual financial statement as well as for the information presented to us is with the executive board. Our task was to assess the documentation presented by the executive board in the frame of our dutiful examination.

We have executed the **auditing procedures** – with interruptions – in the month of April 2014 in the office rooms of the company in Monheim and in our office. After that, we have completed the audit report.

Starting point for our examination was the **annual financial statement of the previous year as of 31st March 2013**, which we had examined and provided with an unqualified auditor's opinion on 16th April 2013. That annual financial statement was approved without any changes on 7th May 2013.

The **audited documents** were the accounting records, receipts, bank certificates as well as the company's files and correspondence.

During the **execution of our audit**, we followed the provisions of the commercial law pursuant to s.316 seqq. HGB and the **generally accepted auditing principles** laid down in the Examination Standards of the IDW. The goal of our auditing procedures was to enable us to assess the legal and correctness of the accounting. As for the method and extent of the auditing procedures, we have chosen the examined areas and organisation means of the accounting system under consideration of their economic significance in such a way that we would be able to disclose any false claims and violations of legal regulations – however, without specifically searching for any case of embezzlement - that could significantly affect the accurate presentation of the actual situation with regard to the company's assets, finances and earnings.

It was **neither** subject of our engagement to disclose and examine criminal actions, such as misappropriation or embezzlement, or criminal actions outside of the accounting field, nor to assess the efficiency and economy of the executive board. However, we have planned and performed the examination in such a way that we could disclose any irregularities significant for the accounting with sufficient reliability. The **responsibility for avoiding and for disclosing irregularities** is with the legal representatives of the company.

The examination was based on the **planning** of where the main emphasis should be placed throughout the examination under consideration of our preliminary assessment of the company and of the estimated effectiveness of the internal accounting control system (IKS). The estimates were mainly based on information about the legal and economic frame conditions. We were familiar with the risks of the industry, the corporate strategy and the resulting business risks from the examination of previous year's annual financial statement, from conversations with the executive board and with employees of the company, and from industry reports.

According to the risk areas determined in the course of the planning of the examination, we chose to place the **main emphasis of the examination** on:

- Review of the Percentage-of-Completion method (PoC method) with respect to contracts for work and services that continue after the date of the annual report
- Risks of using the PoC method
- Review of leasing contracts classified as "finance lease";
- Provisions;
- Intrinsic value of claims;
- Going concern.

Starting out from an assessment of IKS, we then determined the further **auditing procedures** after the principles of significance and economy. The method and extent of the analytical auditing procedures as well as the random examinations of individual cases were therefore determined under consideration of the significance of the examined areas and the organisation of the accounting. We have made selected spot checks which took into account the economic significance of the individual items of the annual financial statement and enabled us to examine whether the legal regulations for accounting had been sufficiently complied with.

We have performed mainly the **auditing procedures** listed below:

- We have checked the additions and deductions of the **tangible fixed assets** and the **intangible assets** by means of the original invoices as well as the depreciation rates.
- We have checked the intrinsic value of **shares as well as of loans to affiliated companies** by means of the annual financial statement 2013 / 2014 as well as by examining the affiliated companies' business plans for 2014 / 2015.
- We have verified the actual existence of the **trade accounts payable and receivable** by random requests for presentation of proof showing the current balances. Further, we have checked their intrinsic value by comparing them with the open accounts at the time of the audit.
- **Accounts payable and accounts receivable** were verified by means of the original documents. The valuation was checked. Set-off accounts with affiliated companies were compared with each other.
- The **liquid funds** were verified by means of cash registers and bank account statements. Bank confirmations were obtained for the period up to 31st March 2014.
- The **accruals and deferrals** were made by entering the income and expense records into the books already in the course of the year. We have checked the calculation of the monthly amount. Within the frame of the plausibility check of the Profit and Loss Statement we examined whether there is a need for further adjustments.
- In the **area of the reserves**, we have viewed the relevant documents and checked the mathematical calculations. We have consulted lawyers.
- We have checked the **Profit and Loss Statement** for its plausibility, correct delimitation of the year, completeness and documentation. We have requested and viewed individual documents.
- We have checked the **Notes** for their completeness and compliance with the Balance Sheet as well as with the Profit and Loss Statement.

We have documented the method, extent and results of the individual auditing procedures in our **exposure drafts**.

The executive board and the employees assigned to support us were always ready and helpful to provide us with any **information, explanations and evidence** requested.

The executive board confirmed in writing, in the appropriate **letter of representation as customary within our profession** that the accounting records and the examined annual financial statement as of 31st March 2014 include all assets, liabilities, risks and adjustments which need to be considered in a Balance Sheet, as well as all income and expenses, and that all necessary information had been given and all existing liabilities had been disclosed.

III. Findings and Explanations to the Accounting

1. CORRECTNESS OF ACCOUNTING

1.1. ACCOUNTING RECORDS AND OTHER EXAMINED DOCUMENTATION

Our audit was based on the company's **accounting** (financial accounting and asset management accounting).

The company enters the figures after the principle of double entry financial accounting using internal EDP equipment based on the programme SAP R/3 by the company SAP AG.

The company prepares the **asset management accounting and the payroll administration** and processes the figures by means of the programmes supplied by SAP AG or, respectively, DATEV.

The **internal accounting control system (IKS)** which the company has established is based on regulations appropriate to the purpose and extent of the business and provides efficient control of the organisation and performance of work procedures.

The **organisation of the accounting** and the internal control system based on the dates of invoicing, allow a complete, correct, timely and orderly registration and entry of all business operations. The **account plan** is sufficiently structured, the **evidence files** are laid out clearly and easy to find. The books had been started correctly with the figures from the previous annual balance which we had checked. For the whole period of the business year, the bookkeeping has complied with the generally accepted accounting principles.

The information derived from **other examined documentation** (e.g. cost accounting, planning accounting, organisational regulations, and reporting) supported an orderly reflection of the company's situation in the accounting records and the Annual Financial Statement.

In the course of the audit, we have not found any signs of weak points in the **IT-supported areas** with regard to the security of the processed data.

Altogether, based on our findings, we believe that **the accounting records and other examined documentation** comply with the legal regulations, including the generally accepted accounting principles and the supplementary provisions of the articles of incorporation.

1.2. ANNUAL FINANCIAL STATEMENT

On the reporting date, the company is to be classified as a **small company limited by shares** within the meaning of s.267(1) HGB. The annual financial statement as of 31st March 2014 has been set up in accordance to the applicable legal regulations, including the regulations specific to the legal structure of the company and the supplementary provisions of the articles of incorporation.

The company has made partial use of the **easelements** depending on the company size when setting up the annual financial statement (s.274a, 276 and 288 HGB).

The Balance Sheet and the Profit and Loss Statement have been properly based on the accounting records and the other examined documentation. The structure of the **Balance Sheet (Schedule 1)** follows the scheme after s.266(2) and (3) HGB and has been extended by the item "Claims from Percentage-on-Completion". The **Profit and Loss Statement (Schedule 2)** has been set up after the procedures of total costs according to s.275(2) HGB. As far as the law allows **choices for the presentation** of the Balance Sheet or the Profit and Loss Statement, the respective explanations have been mostly given in the Annex.

In the **Annex (Schedule 3)**, the company has sufficiently explained the balancing and valuation methods used for the set-up of the Balance Sheet and the Profit and Loss Statement. All legally required individual details as well as the optional information in the Annex regarding the Balance Sheet as well as the Profit and Loss Statement, are complete and correct.

Therefore, according to our findings, the annual financial statement complies with the legal regulations, including the generally accepted accounting principles and the supplementary provisions of the articles of incorporation.

1.3. MANAGEMENT REPORT

The preparation of a management report has been waived of pursuant to s.264(1.4) HGB.

2. OVERALL RESULT OF THE ANNUAL FINANCIAL STATEMENT

2.1. NOTES ON THE OVERALL RESULTS OF THE ANNUAL FINANCIAL STATEMENT

According to s.321(2.3) HGB, the audit shall state whether the **overall annual financial statement** has been prepared in accordance to the generally accepted accounting principles and whether it reflects the actual situation of the assets, finances and income situation of the company. What is to be assessed is the overall picture presented by the combination of the individual components, which are the Balance Sheet, the Profit and Loss Statement as well as the Annex.

Our examination has shown that **s.264(2) HGB** has been complied with, and that the annual financial statement has been prepared in accordance to the generally accepted accounting principles and accurately reflects the actual situation of the assets, finances and income of the company.

Part 2.2. explains how the general interpretation of the annual financial statement "in accordance to the generally accepted accounting principles" is influenced by legitimate decisions concerning the balancing and the valuation.

2.2. SIGNIFICANT FEATURES FOR THE ASSESSMENT

1. Application of the Percentage-of-Completion Method (PoC Method) as a Deviation from the Realisation Principle Codified in s.252(1.4) HGB for Fixed Price Projects Starting Before 31st March 2014 but with Completion and Acceptance After the Date of the Annual Financial Report

The company has processed one fixed price project in the business year 2013 / 2014. In summary, **1 project with a fixed price volume of TEUR 168 has not been completed and accepted by the date of 31st March 2014.** According to the parent company's policy (work instruction), fixed price projects with a volume exceeding USD 50,000 are to be accounted for after the PoC method. Prior to every fixed price project a price calculation is done, which calculates and records the number of days probably required for the completion. The sales volume is then applied on a monthly basis according to the actual work days after the cost-to-cost method. By 31st March 2014 a total of TEUR 131 in sales volumes has been accounted for this way.

In line with contractual agreements the client shall provide instalment payments according to the actual progress of works. By 31st March 2014 a total of TEUR 36 has been paid, as the project has been almost completed.

According to international financial reporting standards, only the differential amount between the sales volumes pro rata of TEUR 131 and the instalment payments of TEUR 36, i.e. the amount of TEUR 95, has been reported as outstanding moneys from Percentage-of-Completion on 31st March 2014.

The company verifies according to the actually incurred direct and indirect costs as well as the still required number of days whether the agreed fixed price will cover all costs. If this is not the case suitable risk provisions are made.

On 31st March 2014 the company was not aware of any facts that could lead to the conclusion that the not yet completed and accepted projects could result in a loss. Within the frame of our review we, too, have not found any indications for impending losses from these fixed price agreements.

This assessment which is not directly imposed by German commercial law, has been covered by the following regulation:

S.252 HGB includes the codification of the general assessment principles. Accordingly, s.252 (1.4) provides the principle that revenues shall be considered only if they had been recognised by the date of the annual financial statement (the Realisation Principle). S.252 (2) HGB optionally allows a **deviation in founded exceptional cases**.

Commentaries provide that revenue recognition in **long-term projects** does constitute such an exception according to s.252 (2) HGB. In deviation from the recognition principle, it is common practice in long-term projects and also considered permissible in literature, to already recognise revenues in part even if the whole job has not yet been completed (partial recognition). The conditions allowing such partial recognition must be cumulatively present:

- It must be a long-term project, i.e. the duration of the process must exceed the duration of one business year.
- Long-term projects must constitute a significant part of the business activities of the company.

- If the job was reported only after the completion of the long-term project it would cause a not insignificant impairment of the assessment of the results of the company.
- The revenue expected from the long-term project must be determinable with certainty and there must be no obvious risks that could significantly affect the expected result.
- Carefully calculated provisions must have been made for unpredictable guarantee services and subsequent improvements.
- It must be possible to divide the total performance into partial works that can be delimited by calculation.
- Only the revenue applicable pro rata to these partial works may be recognised.
- If partial works are completed at significantly higher costs in comparison to the prior calculation the pro-rata revenue must not be recognised, unless it is ascertained that the still pending costs will be sufficiently covered.
- There must be no indication that the end-customer may raise any objections which could affect the overall result.

According to the documents, records and calculations presented to us, all these conditions have been fulfilled and, therefore, partial recognition is permissible as a founded exception after s.252 (2) HGB in deviation from the revenue recognition principle of s.252 (1.4).

2. Handling of Leasing Agreements

From the report year 2008 / 2009 on, new leasing agreements are classified, according to the guidelines of the parent company, as either:

- Finance lease; or
- Operating lease.

Correspondingly - in essence, also with the fiscal leasing enactments - leasing agreements are classified as **finance lease** if this condition is present:

- All and any risks and titles of the proprietor have been transferred to the lessor.

The leasing object is capitalised and depreciated. At the same time, a liability of the same amount is entered on the liabilities side. The leasing payments are divided in an interest and repayment portion. Per 31st March 2014, **no** agreements were capitalised. The leasing liabilities were valued at TEUR 0 on 31st March 2014. In the business year 2013 / 2014, **no** new leasing agreements classified as finance lease were entered into.

2. Deferred Taxes

For the first time, the company has exercised the accounting option of s.274 (1.2) HGB and has capitalised deferred taxes from tax reliefs from tax loss carry-forwards in the amount of the loss account to be expected for the next five years. This results in a payout block in the amount of the capitalised deferred taxes of 24 Euros.

IV. Rendition of the Auditor's Report and Conclusion

We have prepared the above report about the audit of the annual financial statement as of 31st March 2014 of the NIIT Technologies GmbH, Frankfurt am Main, in accordance with the legal regulations and the generally accepted reporting principles for audits of financial statements (IDW PS 450).

According to the final result of my examination, we have provided the company with an unqualified audit opinion on 11th April 2014, according to **Schedule 4**, with this wording:

"Auditor's Report

To NIIT Technologies GmbH, Frankfurt am Main

We have audited the annual financial statement – consisting of the Balance Sheet, the Profit and Loss Statement and the Annex - under inclusion of the accounting records of NIIT Technologies GmbH, Frankfurt am Main, for the business year from 1st April 2013 to 31st March 2014. The correctness of the accounting records and the set-up of the annual financial statement according to the regulations of the German commercial law and the supplementary provisions of the articles of incorporation are the responsibility of the legal representatives of the company. Our task is it to express an opinion on the Annual Financial Statement, under inclusion of the accounting records, based on the audit which we have performed.

We have performed our audit of the annual financial statement in accordance to s.317 HGB under consideration of the German Standards of Auditing Practice for Annual Financial Statements, published by the Institute of German Public Auditors and Auditing Firms (IDW). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the Financial Statement is free of material misstatement and the violation of legal provisions which may influence the presentation of a company's situation with regard to its assets, finances and earnings, as shown in the annual financial statement under observation of the generally accepted accounting principles. With regard to the choice of the auditing procedures, the auditor needs to consider the type of the business and the economic and legal environment of the company as well as the expectations with regard to possible mistakes. Within the frame of the examination, the auditor assesses the effectiveness of the internal accounting control system as well as the accuracy of the information presented in the accounting records and the Annual Financial Statement, which is done predominantly on the basis of spot-checks. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of

the Annual Financial Statement. We believe that our audit provides a reasonable basis for our opinion.

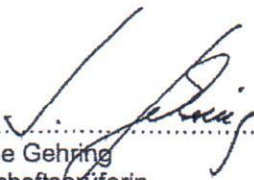
Our examination has not led to any objections.

In our opinion, based on the findings during the audit, the annual financial statement complies with the legal provisions and the supplementary provisions of the articles of incorporation, has been set up in compliance to the generally accepted accounting principles, and presents fairly, in all material respects, the financial position of the company with regard to its assets, finances and earnings."

Any utilisation of the above audit opinion outside of this audit report requires our prior approval. Any publication or distribution of the Financial Report in a version different from the version we have certified (including translations into other languages) requires our additional approval if our audit opinion is quoted therein or if it refers to our audit; reference is made to s.328 HGB.

Baden-Baden, on 11th April 2014


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Wolfgang Hammer
Wirtschaftsprüfer


.....
Sabine Gehring
Wirtschaftsprüferin

Schedules

BALANCE SHEET

Assets

	31.03.2014		31.03.2013	
	EUR	INR	EUR	INR
A. FIXED ASSETS				
I. Intangible assets				
1. Industrial property rights and similar right and privileges as well as licenses based on such rights and values	7,333	606,674	15,333	1,067,306
2. Goodwill of business	12,885	1,065,962	30,065	2,092,744
	20,218	1,672,636	45,399	3,160,050
II. Tangible assets				
1. Other assets, fixtures and fittings	18,891	1,562,839	26,980	1,877,959
III. Financial assets				
1. Shares in affiliate companies	1	83	158,500	11,032,727
B. CURRENT ASSETS				
I. Accounts receivable and other assets				
1. Trade accounts receivable	1,144,070	94,647,006	708,900	49,344,326
2. Claims from percentage-of-completion	95,444	7,895,888	-	-
3. Claims against affiliated companies	-	-	62,763	4,368,765
4. Other assets	15,408	1,274,678	72,891	5,073,685
	1,254,922	103,817,571	844,554	58,786,775
II. Cash balance, bank deposits	912,589	75,496,931	1,121,686	78,077,100
C. ACCOUNT ADJUSTMENTS	145,029	11,997,984	133,211	9,272,430
D. CAPITALISED DEFERRED TAXES	23,779	1,967,196	66,214	4,608,982
	2,375,429	196,515,239	2,396,544	166,816,023

PER 31st MARCH 2014

LIABILITIES

	31.03.2014		31.03.2013	
	EUR	INR	EUR	INR
A. EQUITY				
I. Subscribed capital	537,900	44,499,553	537,900	37,441,552
II. Capital reserves	682,331	56,448,051	682,331	47,494,918
III Balance loss	(452,194)	(37,409,233)	(561,974)	(39,117,274)
	768,037	63,538,371	658,257	45,819,196
B. RESERVES				
1. Tax provisions	52,342	4,330,158	-	-
2. Other reserves	211,619	17,506,841	288,536	20,084,116
	263,960	21,836,999	288,536	20,084,116
C. LIABILITIES				
1. Trade accounts payable	129,898	10,746,246	45,264	3,150,712
2. Liabilities to affiliated companies	692,349	57,276,882	585,003	40,720,269
3. Other liabilities	97,393	8,057,155	26,608	1,852,106
ther taxes: EUR 95.517,65	919,640	76,080,283	656,876	45,723,087
(Previous Year: EUR 26.608,08				
ther of for social security payments				
EUR 0.00(previous year: EUR 0.00)				
D. ACCRUALS AND DEFERRALS	423,792	35,059,587	792,876	55,189,624
	2,375,429	196,515,239	2,396,544	166,816,023

Profit and Loss Statement
for the period from 1st April 2013 to 31st March 2014

	01.04.2013 - 31.03.2014		01.04.2012 - 31.03.2013	
	EUR	INR	EUR	INR
1 Sales revenue	6,020,714.86	486,306,987	5,089,948.52	356,263,821
2 Other business income	132,268.46	10,683,628	228,219.09	15,973,876
	6,152,983.32	496,990,615	5,318,167.61	372,237,696
3 Material expenditures				
a) Expenses for received services	2,708,008.63	218,732,085	2,576,656.18	180,349,442
4 Gross result	3,444,974.69	278,258,529	2,741,511.43	191,888,254
5 Expenses for staff	1,936,865.20	156,445,057	1,400,693.76	98,039,599
a) Wages and salaries				
b) Social contributions and payment for old-age pension insurance and for support; there of for old-age pension EUR 12,584.39 (Previous year: EUR 6,798.27)	329,880.47	26,645,204	222,588.55	15,579,774
6 Depreciation				
a) On intangible fixed assets and tang	37,622.30	3,038,840	38,913.11	2,723,669
7 Other business expenses	777,525.06	62,802,487	768,594.03	53,796,663
8 Result from business operation.	363,081.66	29,326,941	310,721.98	21,748,550
9 Earned interest and similar income	333.72	26,955	962.24	67,351
10 Depreciation of financial investment	158,499.48	12,802,368	-	-
11 Paid interest and similar expenses	274.83	22,199	326.22	22,833
12 Financial result	158,440.59	12,797,611	636.02	44,517
13 Result from ordinary business opera	204,641.07	16,529,330	311,358.00	21,793,067
14 Taxes on income and profit	94,860.89	7,662,132	108,483.83	7,593,174
There of deferred taxes EUR ./ 42,435.44 (Previous Year: EUR ./ 96,979.64)				
15 Annual surplus	109,780.18	8,867,198	202,874.17	14,199,894
16 Loss carried forward from the previo	561,974.08	45,391,939	764,848.25	53,534,482
17 Balance Loss	452,193.90	36,524,741	561,974.08	39,334,589

Annex for the Business Year 2013 / 2014

S.284 HGB seqq.

A. General Information

1. The **annual financial statement** has been set up based on the legal regulations after s.238 seqq. HGB.
2. The **supplementary regulations** for publicly listed companies after s.264 HGB seqq. have been adhered to. At the reporting date, the company has a size classifying it as a **small company limited by shares** according to s.267 paragraph 1 HGB. The company has made partly use of the size-dependent easements after s.288 HGB.

B. Information on the Balancing and Valuation Methods

3. The **applied balancing and valuation methods** are, by principle, based on the regulations of the commercial law and, as far as possible, of the tax law. This applies to the following principles and methods:

Assets

4. The **intangible assets as well as the tangible assets** are valued with their original cost of acquisition or production and are, if they are subject to wear and tear, reduced by the **scheduled depreciation** rate in accordance to their useful life. The useful life of the individual assets is estimated on the basis of the minimum values in the depreciation tables used for fiscal purposes, unless the expected useful life differs. The **goodwill value of the business** is depreciated according to its assumed term of use of 15 years; this corresponds to the probable period of the utilisation of services.
5. All assets are depreciated linearly. The depreciation of additions to the tangible assets is calculated month by month, starting with the month of the addition.

6. The **financial assets** have been also calculated with their cost of acquisition and, in the case of continuous reduction of their value, reduced by the rate of depreciation.
7. **Accounts receivable and other assets** are, by principle, shown with their nominal value. To already recognisable risks, the accounting responds with adjustments of individual values.
8. **Claims from percentage-of-completion** have been recognised with the pro-rata fixed price according to the progress of the project, reduced by the already invoiced instalment payments.
9. The **liquid funds** have been given with their nominal value.
10. The **accruals and deferrals on the asset side** include prepayments for future periods delimited pro rata temporis.
11. The item **capitalised deferred taxes** includes tax reliefs from tax loss carry-forwards in the amount of the expected loss account for the next five years.

Liabilities

12. The **tax reserves and other reserves** have been reasonably considered with recognisable risks and uncertain liabilities as well as possibly impending losses from pending transactions in mind. They have been established with their appropriate settlement amounts as necessary after reasonable economic assessment (i.e. including future increases of cost and prices).
13. All the **liabilities** have been given with their settlement rates.
14. The **accruals and deferrals on the liabilities side** include received prepayments on delimited pro rata temporis.

Leasing Liabilities

15. Payments under leasing agreements are generally recognised as expenses. Leasing agreements classified as **finance lease** are entered on the assets side and, at the same time, a leasing liability is entered on the liabilities side. The asset is depreciated according to its time of use. The leasing payments are split up in a repayment portion and an interest portion.

Asset and Liability Items

16. **Assets and liabilities in foreign currencies** are, by principle, converted according to the mean spot foreign exchange rate on the balance date. If the remaining period is more than one year, the realisation principle - s.252(1)(4) HGB - and the historical cost principle – s.253(1) HGB – are being observed.

C. Information on the Balance Sheet

17. The **Balance Sheet** is structured in account form according to s.266 (2) and (3) HGB.
18. The development of the fixed assets in the business year 2013 / 2014 is illustrated in the **Table of Assets** - s.268(2) HGB. It has been enclosed hereto as Schedule 3/5.
19. The **share ownership** of the company NIIT Technologies GmbH, Frankfurt am Main, is shown below:

Affiliated Companies	Currency	Capital Share in %	Equity in TSD	Annual Result in TSD
Abroad				
NIIT Technologies AG, Lucerne/ Switzerland	CHF	100.0	146	./121

20. The **claims against affiliated companies** are trade accounts receivable.
21. The accounted **capitalised deferred taxes** in the amount of TEUR 24 result from deferred tax claims of losses carried forward. The assessment of deferred tax is based on a corporation-specific tax rate of 33.05 %. Corporate tax including the solidarity surcharge has been accounted for with 15.825 % and trade tax with 17.225 %.
22. The **balance loss** includes losses carried forward of TEUR 562 (previous year: losses carried forward TEUR ./ 765).

23. A **profit payout block** results from capitalisation in accordance with s.268 (8) HGB in the below amount.
From activation of deferred taxes: EUR 23,779.00
24. The **other reserves** are mainly for liabilities resulting from pending invoices, holiday claims, incentive payments, contributions to the employers' liability insurance association and auditing costs.
25. The **liabilities** include liabilities with a remaining period of up to one year in an amount of TEUR 920 (previous year: TEUR 657). The **liabilities to affiliated companies** are trade accounts payable. The liabilities to affiliated companies in the amount of TEUR 685 (previous year: TEUR 585) are **liabilities to shareholders**.
26. The **other financial obligations** within the meaning of s.285(3) HGB as of 31st March 2014 amount to TEUR 132 (previous year: TEUR 125) for the upcoming business year. For the business years after that, the financial obligations amount to TEUR 209 (previous year: TEUR 251).

D. Information on the Profit and Loss Statement

27. The **Profit and Loss Statement** has been set up according to s.275(2) HGB after the total cost procedure. Beside this, the company does not balance expenditures against earnings.

E. Other Mandatory Information

28. On the average, the company employed 20 employees (previous year: 19) throughout the business year.

29. Throughout the past business year, the **executive board** was represented by:

Mr Arvind Thakur - Chairman of the Executive Board of NIIT
Technologies Limited, New Delhi/India

Mr Ashok Kumar Talwar - Merchant

30. The company's annual financial statement will be incorporated in the Group's Consolidated Annual Financial Statements of NIIT Technologies Limited, New Delhi/India (parent company) as of 31st March 2014 (smallest and largest consolidation circle). The Group's Consolidated Annual Financial Statements are published in India in the Companies Register of New Delhi as well as on the website NIIT.com.

Frankfurt am Main, on 9th April 2014

The Executive Board

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Arvind Thakur