

NIIT Technologies Limited

CHAIRMAN'S SPEECH

Dear Shareholders,

Welcome to the 17th Annual General Meeting of NIIT Technologies Ltd.

The year 2008-09 has been an eventful year characterized by lot of volatility. The financial crisis of 2008 became a global crisis for the real economy. Economic activity in developed and developing countries alike fell abruptly. Rise in unemployment, higher borrowing costs, tighter credit conditions, unprecedented swings in commodity prices, currency volatility, coupled with increased uncertainty has caused firms to cut back on investments, and households to delay purchases. This rapid increase in precautionary saving has led to a sharp decline in global investment, production, trade, and GDP during the fourth quarter of 2008, a trend that has continued in 2009.

IMPACT OF SLOWDOWN

The economic slowdown is accelerating enterprise transformation, forcing a review and question of all assumptions. Business models, partnerships and alliances are being restructured; strategies and priorities are being realigned. A renewed focus on capital conservation, productivity enhancement without compromising quality, and sharp focus on customer retention is driving all IT and ITES strategy. Without exception, organizations are sharply focused on improving cost structures, ROI driven investment decisions, and have a keen eye on the visible future. This is the unique window of opportunity for Indian IT players to strengthen their relevance to the global economy, and one that your Company is well poised to be part of.

COMPANY STRATEGY

Since inception, the Company has pursued a consistent strategy of building scale in its chosen industry segments of focus, expanding its reach, offerings and investing in both organic and inorganic growth initiatives. The approach has been both brave and successful. Brave, because we have had to give up many opportunities to remain focused and successful because not only have we grown but our customers have also begun to recognize us as among the best. In a survey carried out and published in the 2008 Black Book of Outsourcing NIIT Technologies was ranked No. 1 in the Travel Industry and No. 3 in Insurance amongst all global IT outsourcers. The expectation from every client in this challenging environment has been to deliver "more for less". NIIT Technologies played a proactive role in supporting them as their technology partner in this endeavour.

BUSINESS FINANCIALS

Continuous focus on select industry segments has created the differentiation and this along with enhanced service levels has helped ensure growth in revenue despite the challenging macroeconomic environment. The year saw revenues from operations touch Rs. 9,799 million, up from Rs. 9,415 million in the previous year.

Sustained improvements in productivity and cost structures have ensured maintenance of operating profits in face of adversity. The Company posted an operating profit of 1764 million in the financial year as compared 1763 million in the previous year.

During this year, while consolidating its position in existing geographies, we posted the largest share of revenues from EMEA that accounted for around 50 percent of revenues, same as last year. The revenue share of the Americas stood at 31 percent, while Asia and Australia contributed the balance 19 percent towards revenue totals. India increased its mix to 10 percent indicating stronger domestic demand.

BFSI has accounted for 43 percent of the revenues, Travel and Transport for 28 percent, and, Retail and Distribution represented 13 percent of total revenues. In all, 84 percent of the Company's revenues are derived from these areas of focus up from 81 percent from the previous year.

EXCHANGE RATE IMPACT

NIIT Technologies has adopted a hedge accounting policy based on recognition and measurement principles from AS 30, to reflect MTM of effective forward covers taken against highly probable forecasted transactions.

During the year the rupee depreciated significantly against the dollar resulting in reduction of revenues to the tune of Rs.542 million on account of crystallization of effective hedges. Further, a net loss of Rs 99 million has been booked in other income reflecting MTM of non effective hedges and exchange fluctuation loss on account of accounts receivables and payables.

Currency fluctuation during the year has had a significant adverse impact on the net profits, which stood at Rs 1148 million as compared to Rs 1353 million in the previous year.

SERVICE INNOVATION

The uncertainty and volatility in the environment has accelerated the pace of transformation to create new value proposition while dealing with challenges and finding opportunities to grow with existing service offerings.

Two years ago we announced our foray into new business segment of Infrastructure Management and Managed Services. This new service has now matured yielding an annual growth of over 34 percent. By integrating this offering with the traditional services of Application Development & Maintenance (ADM) and Business Process Outsourcing (BPO) the Company can now provide complete end-to-end solution providing a compelling & unique value proposition to its customers.

Over the year, the Company has also invested in reworking its frameworks & intellectual assets to create new Platform-based Services. We also announced our foray into providing services on demand or Software as a Service (SaaS), which is expected to be the dominant mode of providing service in future.

These offerings form the cornerstone for the Company's transformation to a non-linear business model.

LOOKING AHEAD

The challenge is far from over with global GDP expected to decline further during 2009. If anything, we see urgency in exploring and evaluating options by every sector as their economic interconnectedness becomes evident. This transitional challenge presents the IT industry as a whole with an unprecedented opportunity to contribute to recovery through conservation and rebuilding from selective investments.

The Company has identified discontinuities created in each of its industry segments of focus as a result of the crisis and is pursuing a sustained campaign to address opportunities created by it. It will continue to provide greater value to its clients through increased specialization and innovative offerings while remaining focussed on its own cost structure to deliver services with improved productivity.

The challenge in the environment has been unprecedented and I take this opportunity to thank all NIITians who are playing a vital role through their steadfast commitment to the organization.

I would also like to thank all of you for your support and encouragement to put in our best.

I look forward to your continued support in the future.

Rajendra S Pawar

Chairman, NIIT Technologies Ltd

Date: July 27, 2009