

GHOSH KHANNA & CO.
CHARTERED ACCOUNTANTS

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AUDITORS' REPORT

TO THE MEMBERS OF NIIT ONLINE LEARNING LIMITED

We have audited the attached Balance Sheet of M/s **NIIT ONLINE LEARNING LIMITED** as at 31st March, 2012-and the related Statement of Profit and Loss and Cash Flow Statement for the year ended on that date annexed thereto. 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.

1. We have conducted our audit in accordance with the auditing standards generally accepted in India. These 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 the Companies (Auditor's Report) Order, 2003 dated 12th June 2003 as amended by the Companies (Auditor's 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 has maintained proper records to show full particulars including quantitative details and situation of Fixed Assets.
 - b. As per information and explanation given to us, Fixed Assets have been physically verified by the management during the year and no material discrepancies between the book records and physical inventory has been noticed during such verification.
 - c. In our opinion and according to the information and explanation given to us, a substantial part of fixed assets has not been disposed of by the company during the year.
 - ii. As the company does not have inventories, clauses (ii)(a) ,(ii)(b) and(ii)(c)of paragraph 4 of the order are not applicable for the year.
 - iii. (a) The company has Based on the audit procedures applied by us and as per the information and explanations provided by the management, we are of the opinion that the transactions contracts or arrangements that need to be entered in the register maintained under section 301 have been so entered.



- iv. As the company has not purchased Inventory or fixed assets and has not sold goods and services, clause (iv) of paragraph 4 of the Order is not applicable for the year.
- v. According to information & explanation provided to us, transactions entered in pursuance of contracts or arrangements entered in the register in pursuance of Section 301 of the Act, have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time. The management has informed us that, in case of transactions of a specialized nature, comparable prices are not available.
- vi. The company has not accepted any deposit from the public within the meaning of Section 58A and 58AA of the Act and rules framed there under.
- vii. The Company's present internal audit system is commensurate with its size and nature of business.
- viii. The Central Government of India has not prescribed the maintenance of cost records under the clause (d) of section 209 of the Act, for any of the products of the company.
- ix. (a) According to the information and explanation given to us and records examined by us, the Company has regularly deposited, during the year, Income Tax and other statutory dues with the appropriate authorities in India. As at the last day of Financial Year, there were no arrears of outstanding statutory dues for a period of more than six months from the date they became payable.
(b) According to the information and explanation given to us and based on records examined by 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.
- x. The company has incurred cash losses in the financial year ended on the date or in the immediately preceding financial year. However the company has no accumulated losses as at march 31st 2012
- xi. According to the record of the company examined by us and the information and explanation given to us ,the company has not defaulted in repayment of dues to any financial institution or bank or to debenture holders as at the balance sheet date.
- xii. The company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- xiii) The provisions of any special statute applicable to chit fund/ nidhi/mutual benefit fund/societies are not applicable to the company.
- xiv) In our opinion, the company is not a dealer or trader in shares, securities, debentures and other investments.



- xv) 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.
 - xvi) The company has not obtain any term loan.
 - xvii) On the basis of an overall examination of the balance sheet of the company, in 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.
 - xviii) 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.
 - xix) The company did not have any debentures outstanding during the year.
 - xx) The company has not raised any money by public issues during the year.
 - xxi) As per information and explanations given to us, no fraud on or by the company has been noticed or reported during the year.
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, Statement of Profit and loss and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - d. On the basis of written representations received from the Directors as on 31st March, 2012 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2012 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act; 1956.
 - e. 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.
 - 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.
 - (i) In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March,2012 and



- (ii) In the case of the Statement of Profit and Loss, of the Profit for the year ended on that date.
- (iii) In the case of the Cash Flow Statement, of the cash flows for the year ended on that date

For **GHOSH KHANNA & CO.**
Firm Registration No: 003366N
CHARTERED ACCOUNTANTS




Amit Mittal
PARTNER
Membership No. 508748

Place: Gurgaon
Date: April 20, 2012

NIIT ONLINE LEARNING LIMITED

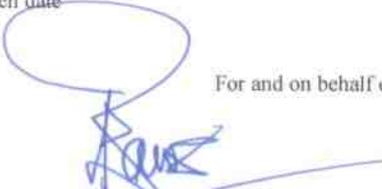
Balance Sheet as at 31st March 2012

	Notes	As at 31st March 2012 Rs.	As at 31st March 2011 Rs.
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	2	4,387,998	4,387,998
Reserves and surplus	3	956,260	1,244,539
Current liabilities			
Trade Payables	4	46,531	47,230
Other current liabilities	5	16,896	4,060
TOTAL		5,407,685	5,683,827
ASSETS			
Non-current assets			
Long-term loans and advances	7	1,364,538	1,364,538
Current assets			
Current investments	6	3,836,865	3,836,865
Cash and bank balances	8	206,282	482,424
TOTAL		5,407,685	5,683,827

The accompanying notes referred to above form an integral part of the Balance Sheet

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

For and on behalf of the Board


Rajendra S Pawar
Director
DIN - 00042516


Udai Singh
Director
DIN - 02778939

For Ghosh Khanna & Co.
Firm Registration No.: 003366N
Chartered Accountants


Amit Mittal
Partner
Membership No. - 508748



Place: Gurgaon
Date : April 20, 2012

NIIT ONLINE LEARNING LIMITED

Statement of Profit & Loss for the year ended 31st March 2012

	Notes	Year ended 31st March 2012 Rs.	Year ended 31st March 2011 Rs.
INCOME			
Other Income	9	-	129,160
Total Income		-	129,160
EXPENDITURE			
Other Expenses	10	288,279	280,068
Total Expenses		288,279	280,068
Profit (Loss) for the period		(288,279)	(150,908)
Earnings per equity share (Face Value Rs. 1 each):			
(1) Basic	12	(0.07)	(0.03)
(2) Diluted	12	(0.07)	(0.03)

The accompanying notes referred to above form an integral part of the Statement of Profit and Loss

This is the Profit and Loss Account referred to in our report of even date

For Ghosh Khanna & Co.
Firm Registration No.: 003366N
Chartered Accountants

Amit Mittal
Partner
Membership No. - 508748




Rhjendra S Pawar
 Director
 DIN - 00042516

For and on behalf of the Board


Udai Singh
 Director
 DIN - 02778039

Place: Gurgaon
Date : April 20, 2012

NIIT ONLINE LEARNING LIMITED
Cash Flow Statement for the year ended 31st March 2012

		Year ended 31st March 2012 Rs.		Year ended 31st March 2011 Rs.
A.	CASH FLOW FROM OPERATING ACTIVITIES:			
	Profit before Tax and share of Associates' profits but after exceptional items	(288,279)		(150,908)
	Adjustments for:			
	Profit on sale of Investments in Mutual Funds			(124,759)
	Operating profit before working capital changes	(288,279)		(275,667)
	Add / (Less): (Increase)/ Decrease in operating working capital:			
	Current Liabilities and Provisions	12,137	(34,518)	(34,518)
	Net cash from Operating activities (A)	(276,142)		(310,185)
B.	CASH FLOW FROM INVESTING ACTIVITIES:			
	Proceeds from sale of Mutual Funds	-		500,000
	Net cash used for Investing activities (B)	-		500,000
C.	CASH FLOW FROM FINANCING ACTIVITIES: (C)			
	Net Increase/(Decrease) in Cash & Cash equivalents (A) + (B) + (C)	(276,142)		189,815
	Cash and Cash equivalents as at the beginning of the year (Note 1)	482,424		292,609
	Cash and cash equivalents as at the end of the year (Note 1)	206,282		482,424

Notes:

1	Cash and cash equivalents as on	31st March 2012	31st March 2011
		Rs.	Rs.
	Cash, Cheques & Drafts (in hand) and Remittances in transit	1,508	1,752
	Balances with banks	204,774	480,672
		<u>206,282</u>	<u>482,424</u>

- 2 The above Cash flow statement has been prepared under the indirect method as set out in Accounting Standard 3 as notified under Section 211(3C) of The Companies Act, 1956.
- 3 Previous year figures, to the extent feasible, have been regrouped/recast wherever necessary to conform to the current year's classification.

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

For Ghosh Khanna & Co.
 Firm Registration No.: 003366N
 Chartered Accountants

Amit Mittal
 Partner
 Membership No.- 508748



For and on behalf of the Board

Rajendra S Pawar
 Director
 DIN - 00042516


Udai Singh
 Director
 DIN - 02778939

Place: Gurgaon
 Date : April 20,2012

1 SIGNIFICANT ACCOUNTING POLICIES

1.1 BASIS OF PREPARATION OF ACCOUNTS

These financial statements are prepared on an accrual basis, under the historical cost convention and in accordance with all applicable accounting principles in India. These Financial Statements have been prepared to comply in all material aspects with the applicable accounting standards notified under section 211(3C) [Companies (Accounting Standards) Rules, 2006, as amended] and other the relevant provisions of the Companies Act, 1956.

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Schedule VI to the Companies Act, 1956. Based on the nature of products and the time between the acquisition of assets for processing and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current – non current classification of assets and liabilities.

1.2 The significant accounting policies adopted by the Company are detailed below:

i) Tangible Fixed Assets and Depreciation

Fixed Assets are stated at acquisition cost except where they are taken over pursuant to an acquisition at a consolidated price. Individual fixed assets taken over pursuant to acquisition are recorded at their fair value on the date of acquisition based on valuation carried out by independent valuers.

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

Buildings	58 years
Plant and Equipments including:	
- Computers, printers and related accessories	2-5 years
- Electronic Equipments	8 years
- Air Conditioners	10 years
Office Equipments	8 years
Furniture, Fixtures & Electric Fittings	7-10 years
Leasehold Improvements	3-5 years or lease period, whichever is lower
Assets under employee benefits scheme except vehicles	3 years
Assets acquired under lease (Included under Plant &	Lease Period
All other assets (including vehicles)	Rates prescribed under Schedule XIV to the Companies Act, 1956

Fixed Assets purchased for utilization in implementing certain contractual obligations with the customers under a project are depreciated over the period of the contract.

Further, educational content, computer system and software are technically evaluated each year for their useful economic life and the unamortised depreciable amount of the asset is charged to Statement of Profit and Loss as depreciation/ amortisation over their revised remaining useful life.

ii) Intangible Fixed Assets and Amortisation

Expenses incurred on internal development of educational content and products are capitalised either individually or as a knowledge bank in the form of software, once their technical feasibility and ability to generate future economic benefits is established in accordance with the requirements of Accounting Standard 26, "Intangible Assets" as notified under section 211(3C) of the Companies Act, 1956. Expenses incurred during the research phase till the establishment of commercial feasibility is charged to the Statement of Profit and Loss.

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

-Acquired and Internally Generated (Computer Software, Educational Content and Products)	3-5 years
-Patents	3-5 years

Further, educational content, computer system and software are technically evaluated each year for their useful economic life and the unamortised amount of the asset is charged to Statement of Profit and Loss as amortisation over their revised remaining



NIIT ONLINE LEARNING LIMITED

Notes to the financial statement for the year ended March 31, 2012

iii) Investments

Short-term investments are carried at cost or market value whichever is lower. Any diminution in the value of Investments is provided for during the year.

iv) Revenue Recognition

Revenue is recognised on accrual basis. Income from Sale of Investments (Mutual Fund) is recognised at the time sale.

vi) Cash and Cash Equivalents

In the cash flow statement, cash and cash equivalents includes cash in hand, demand deposits with banks, other short-term highly liquid investments with original maturities of three months or less.



NIIT ONLINE LEARNING LIMITED

Notes to the financial statement for the year ended March 31, 2012

2	SHARE CAPITAL	As at	
		31st March 2012	31st March 2011
		Rs.	Rs.
	Authorised		
	150,000,000 Equity Shares of Rs. 1/- each (Previous year 150,000,000 Equity Shares of Rs. 1/- each)	150,000,000	150,000,000
	350,000,000 8.5% Cummulative Redeemable Preference Shares of Rs.1/- each.	350,000,000	350,000,000
		500,000,000	500,000,000
	Issued		
	4,387,998 Equity Shares of Rs. 1/- each (Previous year - 4,387,998 Equity Shares of Rs. 1/- each)	4,387,998	4,387,998
		4,387,998	4,387,998
	Subscribed and fully paid		
	4,387,998 Equity Shares of Rs. 1/- each (Previous year - 4,387,998 Equity Shares of Rs. 1/- each)	4,387,998	4,387,998
		4,387,998	4,387,998

2.1	Reconciliation of the number of shares outstanding	31st March 2012		31st March 2011	
		No. of shares	Value Rs.	No. of shares	Value Rs.
	Equity Shares				
	Shares outstanding at the beginning of the year	4,387,998	4,387,998	4,387,998	4,387,998
	Shares Issued during the year	-	-	-	-
	Shares bought back during the year	-	-	-	-
	Shares outstanding at the end of the year	4,387,998	4,387,998	4,387,998	4,387,998

2.2	Shares in respect of each class in the company held by	Name of the company	Class of shares Equity/ Preference	As at	
				31st March 2012	31st March 2011
				No. of shares	No. of shares
	Holding company	NIIT Limited	Equity	3,949,175	3,949,175

2.3	Shares held by each shareholder holding more than 5% shares	31st March 2012		31st March 2011	
		% of holding	No. of shares	% of holding	No. of shares
	Equity Shares				
	NIIT Limited	89.99%	3,949,175	90%	3,949,175
	Anil Kumar Sood (Trustee) & Brij Mohan Gupta (Trustee)	9.999%	438,795	10%	438,795
	Total	99.99%	4,387,970	100%	4,387,970

3	RESERVES AND SURPLUS	As at	
		31st March 2012	31st March 2011
		Rs.	Rs.
	Statement of Profit & Loss		
	Balance Brought Forward from Previous year	1,244,539	1,395,447
	Add : Current Year Profit / (Loss) attributable to Share Holders	(288,279)	(150,908)
		956,260	1,244,539



NIIT ONLINE LEARNING LIMITED

Notes to the financial statement for the year ended March 31, 2012

4	Trade Payables	Current	
		As at 31st March 2012 Rs.	As at 31st March 2011 Rs.
	Trade Payables	46,531	47,230
		46,531	47,230

5	OTHER LIABILITIES	Current Liabilities	
		As at 31st March 2012 Rs.	As at 31st March 2011 Rs.
	Statutory Dues	16,896	4,060
		16,896	4,060

6	INVESTMENTS	Current	
		As at 31st March 2011 Rs.	As at 31st March 2011 Rs.
	A SHORT TERM, NON TRADE [UNQUOTED]		
	In Mutual Funds	3,836,865	3,836,865
	21,659 Units of PRU ICICI Liquid Growth Option (Fair Market Value Rs 5,534,578/- as on March 31, 2012) (Previous Year 21,659 Units of PRU ICICI Liquid Growth Option (Fair Market Value Rs 5,101,394/- as on March 31, 2011)		
		3,836,865	3,836,865



NIIT ONLINE LEARNING LIMITED

Notes to the financial statement for the year ended March 31, 2012

7	LOANS AND ADVANCES	Long Term	
		As at 31st March 2012	As at 31st March 2011
		Rs.	Rs.
i)	Advances recoverable in cash or in kind Unsecured Loan to ESOP Trust	438,797	438,797
	(A)	438,797	438,797
ii)	Other Advances		
a)	Tax Deducted at Source	925,741	925,741
		925,741	925,741
	(B)	925,741	925,741
	Total (A+B)	1,364,538	1,364,538

8	Cash and Bank Balances	Current	
		As at 31st March 2012	As at 31st March 2011
		Rs.	Rs.
	Cash and cash equivalents:		
	Balance with banks		
	Current Accounts	204,774	480,672
	Cash on hand	1,508	1,752
		206,282	482,424



NIIT ONLINE LEARNING LIMITED

Notes to the financial statement for the year ended March 31, 2012

9	Other Income	Year ended	Year ended
		31st March 2012	31st March 2011
		Rs.	Rs.
	Profit on sale of Investments (Mutual Fund)	-	124,759
	Miscellaneous Income	-	4,401
		-	129,160

10	Other Expenses	Year ended	Year ended
		31st March 2012	31st March 2011
		Rs.	Rs.
	Legal and Professional	287,979	280,012
	Bank Charges	300	56
		288,279	280,068

10.1	Payment to Auditors	Year ended	Year ended
		31st March 2012	31st March 2011
		Rs.	Rs.
	Audit fee	15,000	15,000
	Others	5,000	5,000
	Reimbursement of expenses (including Service Tax)	2,472	2,060
		22,472	22,060



NIIT ONLINE LEARNING LIMITED**Notes to the financial statement for the year ended March 31, 2012****11 Taxation**

Deferred Tax Assets has not been recognised on account of prudence.

12 Earnings Per Share

Particulars	Year ended 31 st March 2012 (Rs.)	Year ended 31 st March 2011 (Rs.)
Profit/(Loss) attributable to Equity shareholders (Rs.) -(A)	(288,279)	(150,908)
Weighted Average number of Equity shares Outstanding during the year (Nos.)-(B)	4,387,998	4,387,998
Nominal Value of Equity Shares (Rs.) (C)	1/-	1/-
(D) Basic/Diluted Earnings/(Loss) per share (Rs) (A/B)	(0.07)	(0.03)

Notes: There are no potential dilutive shares as at the year-end. Accordingly, basic and diluted Earnings per share are the same.

13 Related Party Disclosures**A. Related party relationship where control exists:**

Holding Company - NIIT Limited

B. Fellow Subsidiaries:**Name of Company**

1. NIIT Institute of Finance Banking and Insurance Training Limited
2. Hole-in-the-Wall Education Ltd
3. Scantech Evaluation Services Ltd
4. NEO Multimedia Limited (formerly known as NIIT Multimedia Limited) ceased to be subsidiary company w.e.f. March 31, 2011.
5. NIIT Yuva Jyoti Limited (w.e.f. May 25, 2011)
6. NIIT Institute of Process Excellence Limited
7. Evolv Services Limited
8. NIIT Ltd, UK
9. NIIT Antilles NV, Netherlands Antilles
10. NIIT Malaysia Sdn. Bhd, Malaysia
11. NIIT GC Ltd (formerly NIIT TVE Ltd, Mauritius)
12. NIIT China (Shanghai) Limited, Shanghai
13. NIIT Wu Xi Service Outsourcing Training School
14. Chongqing NIIT Education Consulting Limited, China
15. Wu Xi NIIT Information Technology Consulting Limited.
16. Changzhou NIIT Information Technology Consulting Limited
17. Su Zhou NIIT Information Technology Consulting Ltd
18. PCEC NIIT Institute of Information Technology, Shanghai- (already liquidated)
19. NIIT (USA) Inc, USA
20. NIIT Ventures Inc, USA
21. Element K Corporation, USA
(ceased to be subsidiary company w.e.f. 14/10/2011)
22. Element K India Private Limited, India
(ceased to be subsidiary company w.e.f. 14/10/2011)
23. Element K (UK) Limited, United Kingdom
(ceased to be subsidiary company w.e.f. 14/10/2011)
24. Element K, Canada
(ceased to be subsidiary company w.e.f. 14/10/2011)
25. PT NIIT Indonesia, Indonesia (Under liquidation)
26. NIIT West Africa Limited, Nigeria

A. Detail of transactions with related parties described above carried out on an arm's length basis:

During the year No transaction was entered into by the Company with any of the Related Party described above.

B. Detail of outstanding balances with related parties:

There is No balance outstanding with related parties as on March 31, 2012.



NIT ONLINE LEARNING LIMITED

Notes to the financial statement for the year ended March 31, 2012

14 Dues to micro and small enterprises

Amounts outstanding as payable to any Micro and Small Enterprises as at 31st March 2012 is Rs. Nil (Previous year Rs. Nil).

15 Pursuant to the sale of main business of the company to the NIT, the company has not yet undertaken any further business activity. Due to this reason, basic assumption of going concern of the company becomes doubtful. The management is not contemplating liquidation and is evaluating business options though at present there is no concrete plan, but have represented that they shall take up suitable business at an opportune time. The assets and liabilities of the Company are stated at realizable value and thus no further adjustments to the same are considered necessary.

16 Previous Year Figures

The financial statements for the year ended March 31, 2011 had been prepared as per the then applicable, pre-revised Schedule VI to the Companies Act, 1956. Consequent to the notification of Revised Schedule VI under the Companies Act, 1956, the financial statements for the year ended March 31, 2012 are prepared as per Revised Schedule VI. Accordingly, the previous year figures have also been reclassified to conform to this year's classification. The adoption of Revised Schedule VI for previous year figures does not impact recognition and measurement principles followed for preparation of financial statements except for accounting for dividend on investments in subsidiaries.

For Ghosh Khanna & Co.
Firm Registration No. 00366N
Chartered Accountants

Amit Mittal
Partner
Membership No. - 508748



For and on behalf of the Board

Rajendra S. Pawar
Director
DIN - 00042516

Udai Singh
Director
DIN - 02778939

Place: Gurgaon
Date : April 20, 2012