

GHOSH KHANNA & CO.
CHARTERED ACCOUNTANTS

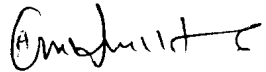
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TO WHOMSOEVER IT MAY CONCERN

This is to certify that the figures in foreign currency in the annual report of **NIIT GC Limited** for the financial year ended on 31st March, 2010, audited by PRICEWATERHOUSECOOPERS, Training Centre, Champ de Mars, Port Louis, Republic of Mauritius, have been converted into INR equivalents as per Indian GAAP on the following basis:

S. No.	Particulars	Exchange Rate
1.	Share Capital	Exchange rate at the date of allotment of Shares
2.	Reserves & Surplus	Opening Balance: from previous year's INR Balance Sheet Closing balance: being arrived at by adding the profit / (loss) for the year from the INR Profit and Loss Account
3.	Investment in Subsidiary (s)	Exchange rate at the date of Investment in subsidiary (s)
4.	Other Balance Sheet Items	Exchange Rate as on 31 st March 2010 i.e. 1 USD = 44.9748 INR
5.	Item falling under Profit and Loss Account	Exchange Rate at the date of transaction

For Ghosh Khanna & Co.
Chartered Accountants


(Amit Mittal)
Partner
Membership No.508748

Place: New Delhi
Date: 6th May 2010

Encls:

Annexure:-A (Audited Balance Sheet)
Annexure:-B (Converted Balance Sheet)



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NIIT GC Limited

Balance Sheet as at 31st March 2010

	Schedule No. / (Note Reference)	As at 31st March 2010 INR	As at 31st March 2009 INR
SOURCES OF FUNDS			
SHAREHOLDERS' FUNDS			
Share Capital	1	97,181,720	97,181,720
Currency Translation Reserve	3	<u>3,334,273</u>	<u>4,520,473</u>
		100,515,993	101,702,193
Unsecured Loans	4	13,492,440	15,258,432
		<u>114,008,433</u>	<u>116,960,625</u>
APPLICATION OF FUNDS			
INVESTMENTS			
		10,261,289	10,307,369
CURRENT ASSETS, LOANS AND ADVANCES			
Sundry Debtors	5	44,615,002	43,944,284
Cash and Bank Balances	6	<u>5,452,836</u>	<u>7,281,681</u>
		<u>50,067,838</u>	<u>51,225,965</u>
Less : CURRENT LIABILITIES AND PROVISIONS			
Current Liabilities	7	<u>28,455,123</u>	<u>24,880,367</u>
		<u>28,455,123</u>	<u>24,880,367</u>
Net Current Assets		21,612,715	26,345,597
Profit & Loss Account	2	82,134,429	80,307,659
		<u>114,008,433</u>	<u>116,960,625</u>

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NOTES TO ACCOUNTS

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

NOTE : BALANCE SHEET has been converted at the closing rate as at 31 MARCH 2010 being : USD 1 = INR 44.9748 (Previous year USD 1 = INR 50.8614)

NIIT GC Limited

Profit and Loss Account for the period ended 31st March 2010

	Schedule No. / (Note Reference)	Year Ended 31st March 2010 INR	Year Ended 31st March 2009 INR
INCOME			
Revenue from Operations	8	6,113,140	8,829,674
		6,113,140	8,829,674
EXPENDITURE			
Development, Production and Execution	9	6,113,140	8,829,674
Administration and Others	10	1,103,160	911,343
Selling and Marketing	11	-	-
Interest and Finance Charges	12	723,610	734,253
		7,939,910	10,475,271
Profit before Tax and share of Associates' profits		(1,826,770)	(1,645,596)
Tax Expense			
- Current		-	-
- Deferred charge / (credit)		-	-
- Fringe Benefits Tax		-	-
- MAT Credit Entitlement		-	-
Profit after Tax before		(1,826,770)	(1,645,596)

NOTES TO ACCOUNTS

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

NOTE : PROFIT & LOSS ACCOUNT has been converted using the conversion rate as at the date of transaction.

NIIT GC Limited

**Schedules annexed to and forming part of the Balance Sheet
as at 31st March 2010**

Schedule No.	As At 31st March 2010 INR		As At 31st March 2009 INR	
1 SHARE CAPITAL				
Paid-up				
2000000 Ordinary Shares of USD 1 each		97,181,720		97,181,720
		<u>97,181,720</u>		<u>97,181,720</u>
2 PROFIT & LOSS ACCOUNT				
As per Last Balance Sheet	(80,307,659)		(78,662,062)	
Add : Transferred from Profit and Loss account	<u>(1,826,770)</u>	(82,134,429)	<u>(1,645,597)</u>	(80,307,659)
		<u>(82,134,429)</u>		<u>(80,307,659)</u>
3 CURRENCY TRANSLATION RESERVE				
As per Last Balance Sheet		4,520,473		2,009,858
Increase / (Decrease) during the year on translation of balances		<u>(1,186,200)</u>		<u>2,510,614</u>
		<u>3,334,273</u>		<u>4,520,473</u>
4 UNSECURED LOANS				
Other Loans		13,492,440		15,258,432
		<u>13,492,440</u>		<u>15,258,432</u>

NIIT GC Limited

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

Schedule No.	As At 31st March 2010 INR	As At 31st March 2009 INR
5 SUNDRY DEBTORS		
[Unsecured]		
Outstanding over six months :		
- Considered good	44,615,002	43,944,284
- Considered doubtful	-	-
Other debts :		
- Considered good	-	-
- Considered doubtful	-	-
	<u>44,615,002</u>	<u>43,944,284</u>
Less : Provision for Doubtful Debts	-	-
	<u><u>44,615,002</u></u>	<u><u>43,944,284</u></u>

NIIT GC Limited

**Schedules annexed to and forming part of the Balance Sheet
as at 31st March 2010**

	As At 31st March 2010 INR	As At 31st March 2009 INR
6 CASH AND BANK BALANCES		
Balances with Banks in :		
- Current Accounts	<u>5,452,836</u>	<u>7,281,681</u>
	<u>5,452,836</u>	<u>7,281,681</u>

NIIT GC Limited

**Schedules annexed to and forming part of the Balance Sheet
as at 31st March 2010**

Schedule No.	As At 31st March 2010 INR	As At 31st March 2009 INR
7 CURRENT LIABILITIES		
Sundry Creditors	28,455,123	24,880,367
	<u>28,455,123</u>	<u>24,880,367</u>

NIIT GC Limited

**Schedules annexed to and forming part of the Profit and Loss Account
Year Ended 31st March 2010**

Schedule No.	Year Ended 31st March 2010 INR	Year Ended 31st March 2009 INR
16 REVENUE FROM OPERATIONS		
Revenue	6,113,140	8,829,674
	<u>6,113,140</u>	<u>8,829,674</u>

NIIT GC Limited

**Schedules annexed to and forming part of the Profit and Loss Account
Year Ended 31st March 2010**

Schedule No.	Year Ended 31st March 2010 INR	Year Ended 31st March 2009 INR
10 DEVELOPMENT, PRODUCTION AND EXECUTION		
Courseware and Manuals	6,113,140	8,829,674
	<u>6,113,140</u>	<u>8,829,674</u>
11 ADMINISTRATION AND OTHERS		
Legal and Professional	1,057,081	911,343
Sundry Expenses	46,079	-
	<u>1,103,160</u>	<u>911,343</u>
12 INTEREST AND FINANCE CHARGES		
Bank, Discounting and Other Financial Charges	5,859	38,730
Interest Expense:		
- Fixed Loans	717,751	695,523
- Non Convertible Debentures	-	-
- Others	<u>-</u>	<u>-</u>
	717,751	695,523
Less : Interest Received (Gross) :		
- Deposits	-	-
- Loans	-	-
- Others	<u>-</u>	<u>-</u>
	-	-
	717,751	695,523
	<u>723,610</u>	<u>734,253</u>

Schedule 13

NOTEST TO THE FINANCIAL STATEMENTS- 31 MARCH 2010

1. GENERAL INFORMATION

NIIT GC Limited is an investment holding company and is also engaged in providing information technology services as well as software services. The company has 100% holding in the ordinary share of NIIT China (Shanghai) Limited and PCEC NIIT Institute of Information Technology.

These financial statements were authorized for issue by the Board of Directors on 04th May 2010.

2. SUMMARY OF ACCOUNTING POLICIES

Basis of preparation

The Local Currency consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS").

However, the INR financial statements have been converted into INR equivalents on the basis of principles stated in the "Certificate" annexed hereto with the Company's financials.

Accounting for investments in subsidiaries

(i) Basis of consolidation

The company has taken advantage of the exemption provided by the Mauritian Companies Act, 2001 allowing a wholly owned or virtually owned parent company holding a Category 1 Global Business License not to present consolidated financial statements.

The financial statements are therefore separate financial statements which gives information about NIIT GC Limited as an individual company and do not contain consolidated financial information as the parent of a group. The directors are also of the opinion that preparation of consolidated financial statements that comply with IRFS will not be useful to its parent as the company is wholly-owned by the ultimate parent, NIIT Limited.

(ii) Subsidiaries

Subsidiaries are all entities over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

(iii) Investments in subsidiaries

Investments in the subsidiaries are shown at cost in the Company's financial statements. Where an indication of impairment exists, the recoverable amount of the investment is assessed. Where the recoverable amount of the investment is less than its carrying amount, it is written down immediately to its recoverable amount and the impairment loss is recognised as an expense in the income statement.

On disposal of the investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the income statement

Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganization, and default or delinquency in payments are considered indicators that the trade receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of asset is reduced through the use of an allowance account and the amount of loss is recognized in the income statement. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against 'administrative expenses' in the income statement. Bad Debts are written off in the year in which they are identified.

Current and deferred income tax

The current income tax charge is calculated on the basis of tax enacted or substantively enacted at the balance sheet date in the countries where the Company's subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulations is subject to interpretation and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Cash and cash equivalents

Cash and cash equivalents include cash in bank. Cash equivalent are short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

Share capital

Ordinary shares are classified as equity.

Revenue recognition

Dividend income is recognised when the right to receive payment is established.

Interest income is recognised on a time-proportion basis using the effective interest method.

Financial instruments

Financial instruments carried on the balance sheet include trade and other receivables, cash and cash equivalents, trade and other payables and borrowings. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

3. FINANCIAL RISK MANAGEMENT

Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including currency risk and cash flow interest rate risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group.

Risk management is carried out by the finance department under policies approved by the Board of Directors.

Interest rate risk

Interest rate risk arises on interest bearing financial instruments recognised in the balance sheet.

The Group is not subject to significant amount of risk due to fluctuations at the prevailing levels of market interest rates as it has a borrowing at a fixed rate from its immediate parent.

Credit risk

Credit risk arises when the Group has substantial financial assets and there is the risk that one party to the financial instrument will cause a financial loss for the other party by failing to discharge on obligation.

The Group has no significant concentrations of credit risk. The Group has policies in place to ensure that sales of services are made to customers with an appropriate credit history. The Group has policies that limit the amount of credit exposure to any financial institution.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities.

Prudent liquidity risk management includes maintaining sufficient cash, the availability of funding from an adequate amount of committed credit facilities and the ability to close out market positions. In the past years the Group has generated positive cash flows and relies on self generated funds to manage liquidity.

Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide return for shareholders and for the stakeholders and to maintain an optimal capital structure to reduce its cost of capital. The capital of the Company consists of equity and funding will be made from its immediate parent through borrowings as well. The debt to equity ratio of the Company has remained constant throughout the years.

Fair values

The carrying amounts of trade and other receivables, cash and cash equivalents, trade and other payables and borrowings approximate their fair values.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related results, that affect the reported amounts of assets and liabilities with in the next year.

The estimates and judgment that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year is the impairment of investments in subsidiaries, impairment of receivables and deferred income tax assets.

Impairment of investments in subsidiaries

The Group follows the guidance of IAS 36 (revised 2003) on determining when an investment is other-than-temporarily impaired. This determination requires significant judgement. The company evaluates among other factors, the duration and extent to which the fair value of the investment is less than its cost; and the financial health of and near term business outlook for the subsidiaries, including factors such as industry and sector performance, changes in technology and operational and financing cash flow. As at 31 March 2010, the aggregate impairment loss recognized on investment in subsidiary is USD **680,000** (2009 – USD 679,000).

The assumptions surrounding the impairment test involves significant levels of uncertainty and the carrying value may differ from its recoverable amount and the difference could be material.

5. INCOME TAX EXPENSE

Mauritius:

The Company invests in the People's Republic of China ("PRC") and the directors expect to obtain benefits under the double taxation treaty between Mauritius and PRC. To obtain benefits under the double taxation treaty the Company must meet certain tests and conditions, including the establishment of Mauritius tax residence and related requirements. The Company has obtained a tax residence certification from the Mauritian authorities and believes such certification is determinative of its resident status for treaty purposes. A company which is tax resident in Mauritius under the treaty, will not be subject to capital gains tax in PRC on gains from the disposal of shares of a company, the property of which does not consist, directly or indirectly, principally of immovable property situated in PRC. Dividends received may, however, be subject to

withholding tax at a rate not exceeding 5%. The company may also be subject to withholding tax on interest earned on Chinese securities at the rate of 10%.

The Company has been granted a Category 1 Global Business License under the Financial Services Development Act 2001 and is subject to income tax in Mauritius at 15%. It is, however, entitled to a tax credit equivalent to the higher of the actual foreign tax suffered and 80% of the Mauritian tax on its foreign source income, thereby giving an effective rate of 3%. The Company had accumulated tax losses of **USD 222,375** (2009 - USD 183,939) at 31 March 2010 and therefore no tax provision is required. Capital gains of the Company are exempt from tax in Mauritius.

The foregoing is based on current interpretation and practice and is subject to any future changes in Chinese and Mauritian tax laws and in the tax treaty between PRC and Mauritius.

6. INVESTMENTS IN SUBSIDIARIES

Details of Company's subsidiary companies, which are incorporated in the People's Republic of China, are:

Name	Description of Share Held	Cost of Investment	% Holding	Principal Activity
NIIT China (Shanghai) Ltd.	Ordinary	210000 USD	100	Providing IT training and services
PCEC NIIT Institute of Information Technology	Ordinary	680000 USD	100	Production and marketing of software and media and prov. of IT training & service

Following a shareholders' resolution, PCEC NIIT Institute of Information Technology is being liquidated as from 18th March 2010 and has been fully impaired at year end.

Based on the Management Accounts for the year ended 31st March, 2010 and the forecast financial statements of NIIT China (Shanghai) Limited, Management believes that the investment has not been impaired and therefore it is appropriate to carry the investment at cost.

7. RELATED PARTY TRANSACTIONS

During the year ended 31 March 2009, the Company traded with related parties. The nature, volume of transactions and the balances with the related parties were as follows:

		2010 (USD)	2010 (INR)	2009 (USD)	2009 (INR)
Sale of services					
Royalty and license fees					
NIIT China (Shanghai) Limited		128000	6,043,853	184,000	8,829,674
Purchase of services					
Royalty and license fees					

NIIT Antilles NV		128000	6,043,853	184,000	8,829,674

		2010 (USD)	2010 (INR)	2009 (USD)	2009 (INR)
Loan from holding company					
<i>NIIT Antilles N.V</i>		300,000	13,492,440	300,000	15,258,432
		2010 (USD)	2010 (INR)	2009 (USD)	2009 (INR)
Receivable from Subsidiary					
NIIT China (Shanghai) Limited		992,000	44,615,002	864,000	43,944,284
Amount Payable to holding company					
<i>NIIT Antilles N.V</i>		615,190	27,668,064	471,979	24,005,550

8. IMMEDIATE PARENT AND ULTIMATE PARENT

The directors consider NIIT Antilles N.V, a company incorporated in the Netherlands, and NIIT Limited, a company incorporated in India, as the Company's immediate parent and ultimate parent respectively.

9. INCORPORATION

The Company is incorporated in Mauritius under the Mauritian Companies Act 2001 as a private company with limited liability. The Company has been granted a Category 1 Global Business License under the Financial Services Act 2007 which requires that the Company's business or other activity is carried on in a currency other than the Mauritian Rupee.