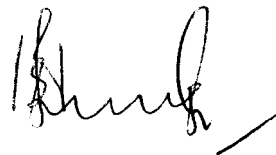


Auditors' Report to the Board of Directors of NIIT Ventures Inc., USA

1. We have audited the attached Balance Sheet of NIIT Ventures Inc., USA, as at March 31, 2010, and the relative 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 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. Attention is drawn to Note 10 on Schedule 10 regarding the financial support extended by the holding company, NIIT (USA) Inc. with a consequent impact on the financial position of the Company.
4. Based on our audit, without qualifying para 3 above, in our opinion and to the best of our information and according to the explanations given to us, the Balance Sheet, Profit and Loss Account and Cash Flow Statement together with the notes thereon, 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 March 31, 2010;
 - b. in the case of the Profit and Loss Account, of the loss for the year ended on that date; and
 - c. in case of the Cash Flow Statement of the cash flows for the year ended on that date.

For Price Waterhouse
Firm Registration Number: 301112E
Chartered Accountants



H. Singh
Partner
Membership No. F-86994

Place : Gurgaon, India
Date : MAY 6, 2010

NIIT Ventures Inc

Balance Sheet As At 31st March 2010

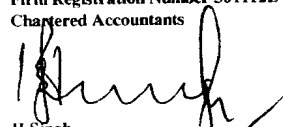
	Schedule No./ Note Reference	As At 31st March 2010 INR	As At 31st March 2009 INR
SOURCES OF FUNDS			
SHAREHOLDERS' FUNDS			
Share Capital	1	4,661	4,661
Currency Translation Reserve	1A	23,293,397	(85,328,591)
LOAN FUNDS			
Unsecured Loans	2	<u>1,368,358,290</u> <u>1,391,656,348</u>	<u>1,547,459,312</u> <u>1,462,135,382</u>
APPLICATION OF FUNDS			
INVESTMENT			
	3	683,286,073	683,286,073
CURRENT ASSETS, LOANS AND ADVANCES			
Cash and Bank Balances	4	508,320	1,275,461
Loans and Advances	5	678,128,656	806,463,079
Other Current Assets	6	<u>1,796,454</u> <u>680,433,430</u>	<u>19,343,722</u> <u>827,082,262</u>
Less : CURRENT LIABILITIES AND PROVISIONS			
Current Liabilities	7	<u>156,869,740</u> <u>156,869,740</u>	<u>202,643,605</u> <u>202,643,605</u>
Net Current Assets		523,563,690	624,438,657
Profit and Loss Account			
		184,806,585	154,410,652
		<u>1,391,656,348</u>	<u>1,462,135,382</u>

NOTES TO ACCOUNTS

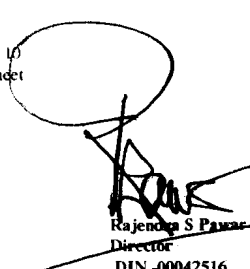
The Schedules referred to above form an integral part of the Balance Sheet

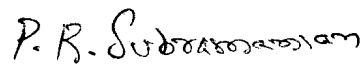
This is the Balance Sheet referred to in our report of even date

For Price Waterhouse
Firm Registration Number 301112E
Chartered Accountants



H. Singh
Partner
Membership No. F-86994

Place : Gurgaon, India
Date : MAY 6, 2010


Rajendra S Puri
Director
DIN -00042516


P. R. Subramanian
Chief Financial Officer

Place : Atlanta, USA
Date : May 6, 2010


Vijay K Thadani
Director
DIN -00042527

NIIT Ventures Inc

Profit and Loss Account For the Year ended 31st March 2010

PARTICULARS	Schedule No./ Note Reference	Year Ended 31st March 2010 INR	Year Ended 31st March 2009 INR
INCOME			
Interest income	8	27,516,816	41,712,232
		<u>27,516,816</u>	<u>41,712,232</u>
EXPENDITURE			
Administration, Finance and others	9	57,912,749	82,095,693
		<u>57,912,749</u>	<u>82,095,693</u>
(Loss) before Tax		(30,395,933)	(40,383,461)
Tax Expense	10(8)	-	-
(Loss) after Tax		(30,395,933)	(40,383,461)
Balance brought forward from previous year		(154,410,652)	(114,027,191)
Balance transferred to Balance Sheet		<u>(184,806,585)</u>	<u>(154,410,652)</u>

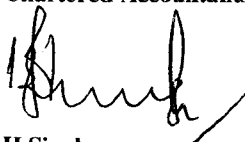
Earning per share - Basic & Diluted 10(5) (303,959.33) (403,834.61)

NOTES TO ACCOUNTS 10


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

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

For Price Waterhouse
Firm Registration Number 301112E
Chartered Accountants


H. Singh
Partner
Membership No. F-86994


Rajendra S Pawar
Director
DIN -00042516


Vijay K Thadani
Director
DIN -00042527


P. R. Subramanian
Chief Financial Officer

Place : Gurgaon, India
Date : MAY 6, 2010

Place : Atlanta, USA
Date : May 6, 2010.

NHIT Ventures Inc
Cash flow statement
For the period ended 31st March 2010

		Year Ended 31st March 2010 INR	Year Ended 31st March 2009 INR
A Cash flow from operating activities:			
Net (Loss) before tax		(30,395,933)	(40,383,461)
Adjustments for:			
Interest Expense		55,634,503	80,541,462
Interest Income		(27,516,816)	(41,712,232)
Operating (loss) before working capital changes		(2,278,246)	(1,554,231)
Adjustments for changes in working capital :			
- Other Receivables		39,751,093	(19,136,125)
- Trade and Other Payables		884,087	58,558,619
Cash generated from operations		38,356,934	37,868,264
- Taxes Paid			
Net cash from operating activities	A	38,356,934	37,868,264
B. Cash flow from Investing activities:			
Interest Received (Revenue)		45,064,084	37,151,857
Loan to Subsidiary		88,583,330	(11,813,804)
Net cash from investing activities	B	133,647,414	25,338,053
C. Cash flow from financing activities:			
Unsecured loan to Affiliates - Long Term		(179,101,022)	206,714,449
Interest Paid		(102,292,455)	(81,534,734)
Net cash from / (used in) financing activities	C	(281,393,477)	125,179,715
Net Increase / (Decrease) in Cash & Cash Equivalents	A+B+C	(109,389,129)	188,386,031
Currency Translation Adjustment		108,621,988	(191,252,001)
Cash and cash equivalents as at the beginning of the year (Refer Note 1 below)		1,275,461	4,141,431
Cash and cash equivalents as at the end of the year (Refer Note 1 below)		508,320	1,275,461

Notes :

- 1 Cash and cash equivalents comprise
Balance with Banks

508,320 1,275,461

508,320 1,275,461

- 2 The above Cash Flow Statement has been prepared under the indirect method set out in AS-3 "Cash Flow Statements" as notified by Government of India under Section 211 (3C) of Companies Act, 1956
- 3 Figures in brackets indicate cash outflow.
- 4 Previous year figures have been regrouped and recasted wherever necessary to conform to the current year classification.
- 5 The schedule nos. 1 to 10 form an integral part of the Cash Flow Statement

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

For Price Waterhouse
Firm Registration Number 301112E
Chartered Accountants

H. Singh
Partner
Membership No. F-86994

Place : Gurgaon, India
Date : **MAY 6, 2010**

Rajendra S Pawar
Director
DIN -00042516

Vijay K Thadani
Director
DIN -00042527

P. R. Subramanian
P R Subramanian
Chief Financial Officer

Place : Atlanta, USA
Date : **May 6, 2010**

NIIT Ventures Inc

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
SHARE CAPITAL		
Authorised Share Capital 25,000,000 Equity Shares of USD 1 each	<u>1,165,250,000</u>	<u>1,165,250,000</u>
Subscribed, Issued and Paid-up Capital 100 Equity Shares of USD 1 each held by the Holding Company NIIT USA Inc	<u>4,661</u>	<u>4,661</u>
Currency Translation Reserve [Refer Note 1 on Schedule 10]		
As per Last Balance sheet	(85,328,591)	105,923,410
Increase / (Decrease) during the year on translation of balances	108,621,988	(191,252,001)
	<u>23,293,397</u>	<u>(85,328,591)</u>
UNSECURED LOANS [Refer Note 2(a) on Schedule 10]		
Term Loan - From NIIT USA Inc - the Holding Company [Due within one year INR NIL (Previous Year INR NIL)]	<u>1,368,358,290</u>	<u>1,547,459,312</u>



NIIT Ventures Inc

Schedules annexed to and forming part of the Balance Sheet As At 31st March 2010 [Contd]

Schedule No.		As At 31st March 2010 INR	As At 31st March 2009 INR
3	INVESTMENTS [Refer Note 1 (i) on Schedule 10]		
	Investment in Subsidiary Company - Element K Corporation USA	683,286,073	683,286,073
		<u>683,286,073</u>	<u>683,286,073</u>
4	CASH AND BANK BALANCES		
	Balance with Non-scheduled banks in : - Current Accounts	508,320	1,275,461
		<u>508,320</u>	<u>1,275,461</u>
5	LOANS & ADVANCES (Unsecured, considered good) [Refer Note 2(c) on Schedule 10]		
	Loans and Advances to Affiliates recoverable in cash or in kind or for value to be received	1,338,916	41,090,009
	Loan to Subsidiary company	676,789,740	765,373,070
		<u>678,128,656</u>	<u>806,463,079</u>



NIIT Ventures Inc

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
6	Other Current Assets [Unsecured, considered good]		
	Interest Receivable	1,796,454	19,343,722
		<u>1,796,454</u>	<u>19,343,722</u>
7	CURRENT LIABILITIES [Refer Note 2 (b) on Schedule 10]		
	Sundry Creditors		
	- Holding Company	78,064,059	187,490,115
	- Others	1,916,274	2,784,141
	Interest Accrued but not due	76,889,407	12,369,349
		<u>156,869,740</u>	<u>202,643,605</u>



NIIT Ventures Inc

Schedules annexed to and forming part of the Profit and Loss Account For the Year ended 31st March 2010 [Contd]

Schedule No.		Year ended 31st March 2010 INR	Year ended 31st March 2009 INR
8	OTHER INCOME [Refer Note 1(ii) and 3 on Schedule 10]		
	Interest received on Loan to Subsidiary	27,516,816	41,712,232
		<u>27,516,816</u>	<u>41,712,232</u>



NIIT Ventures Inc

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

Schedule No.		Year ended 31st March 2010 INR	Year ended 31st March 2009 INR
9	ADMINISTRATION, FINANCE AND OTHERS [Refer Notes 1(iii), 3, 4 and 9 on Schedule 10]		
	Legal and Professional	2,173,573	1,532,810
	Travelling and Conveyance	84,930	-
	Bank, Discounting and other Financial Charges	19,743	21,421
	Interest on Fixed Loans	55,634,503	80,541,462
		<u>57,912,749</u>	<u>82,095,693</u>



NIIT Ventures Inc., USA

Schedule '10': Notes to Accounts For the year ended March 31, 2010

1. STATEMENT ON SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been 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 provisions of the Companies Act, 1956 on an accrual basis, under historical cost convention. The Company's reporting currency is United States Dollars (USD) and these accounts have been prepared in Indian Rupees (INR). The USD balances as per books of the company have been converted into Indian Rupees as follows:

- i) All revenue items have been converted at predetermined rates that approximate the exchange rate prevailing on the date of the transaction.
- ii) All assets (other than investments) and liabilities have been converted at the yearend rate.
- iii) Share capital, Reserves and Surplus and investments are translated at the historical rate.

The net difference on conversion is disclosed as Currency Translation Reserve/ (Debit balance) and is shown as a separate component under Shareholder's Fund.

The significant accounting policies adopted by the company are detailed below: -

i) Investments

Long-term investments are valued at their acquisition cost. Any decline in the value of the said investments, other than a temporary decline, is recognized and charged to Profit and Loss. Short-term investments are carried at cost or their market values, whichever is lower.

ii) Revenue Recognition

Interest income is recognized on accrual basis as per terms of the agreement.

iii) Borrowing Costs

Borrowing costs are expensed in the year in which it is incurred except where the cost is incurred during the construction of an asset that takes a substantial period to get ready for its intended use, in which case, it is capitalized. Ancillary costs in connection with the arrangement of borrowing are amortized over the period of the respective loan.

iv) Foreign Currency transactions/ Translation

Transactions in foreign currency (currency other than companies reporting 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 yearend. Gain/ Loss arising out of fluctuations on realization/ payment or restatement is charged/ credited to the profit and loss account.

2. (a) The Company had taken Unsecured Loans of Rs. 1,586,056,467 (USD 36,510,000) from its parent company NIIT (USA), Inc during 2006-07 to finance the acquisition of the Element K Corporation, USA at an interest rate of LIBOR +2.7%. The principal amount of the loan, along with interest, shall be payable in twelve equal semi-annual installments by July 31, 2013. The repayment schedule of the outstanding principal amount of INR 1,368,358,290 (USD 30,425,000) have been further extended during the year and now commencing from July 25, 2011 in 10 equal semi-annual installments to be paid in full by January 2016.

- (b) During the year the Company has extended payment terms of Interest and other dues aggregating to INR 154,953,466 (USD 3,445,340) payable to NIIT USA Inc. The payment for the same will now commence from



NIIT Ventures Inc., USA

Schedule '10': Notes to Accounts For the year ended March 31, 2010

July 25, 2011 and will be paid in full by July 25, 2016. The management expects to service this through realization of outstanding loans and interests due from its subsidiary.

(c) During the earlier years, loan of Rs. 980,579,041 (USD 22,572,300) was granted by the Company to its subsidiary Element K Corporation, USA during 2006-07 year at an interest rate of LIBOR plus 2.7 %. The principal amount of the loan, along with interest, was payable in six equal semi-annual installments by July 25, 2010. During the year, the Company has further extended the terms of repayment of outstanding principal sum of Rs. 676,789,740 (USD 15,048,199) which will now commence from July 25, 2011 in four equal semi-annual installments to be paid in full by January 25, 2013.

3. Interest income arising out of the loan amount in Note 2 above is Rs. 27,516,816 (Previous year Rs. 41,712,232) and Interest expense is Rs. 55,634,503 (Previous year Rs. 80,541,462) on the loan mentioned in Note 2 (a) above.

4. Payments to Auditors

(In Rs)

Particulars	2009-10	2008-09
Audit fees	115,200	137,160

5. Earnings Per Share

(In Rs)

Particulars	Year ended 31st March , 2010	Year ended 31st March, 2009
Loss attributable to Equity shareholders -(A)	(30,395,933)	(40,383,461)
Weighted Average number of Equity shares Outstanding during the year – (B)	100	100
Nominal Value of Equity Shares	USD 1	USD 1
Basic/Diluted Loss per share (A/B)	(303,959.33)	(403,834.61)

Note: There are no potential dilutive equity shares. Accordingly Basic and Diluted earnings per share are the same.

6. Related Party Disclosures as per Accounting Standard 18

a. Related party relationship where control exists

i) Parent Companies

1. NIIT Limited, India
2. NIIT (USA) Inc., USA

ii) Subsidiaries

1. Element K Corporation, USA
2. Element K India Private Limited
3. Element K Canada Inc.
4. Element K (UK) Limited



NIIT Ventures Inc., USA

Schedule '10': Notes to Accounts For the year ended March 31, 2010

iii) Fellow Subsidiaries

1. Hole-in-the-Wall Education Limited (Formerly Minimally Invasive Education Company Ltd)
2. NIIT Antilles NV, Netherlands Antilles
3. NIIT China (Shanghai) Limited, China
4. NIIT Limited, UK
5. NIIT Malaysia SDN BHD, Malaysia
6. NIIT Middle East LLC, Bahrain (Liquidated on May 26, 2009)
7. NIIT Multimedia Limited
8. NIIT Online Learning Limited
9. NIIT GC Limited (Formerly NIIT TVE Ltd, Mauritius)
10. PCEC NIIT Information Technology Institute, China
11. PT NIIT Indonesia (Under liquidation)
12. Scantech Evaluation Services Limited
13. NIIT Institute of Finance Banking and Insurance Training Limited
14. Evolv Services Limited (Formerly known as Evolv Management Services Private Limited)
15. NIIT Wu Xi Service & Software Outsourcing Training School
16. NIIT Institute of Process Excellence Limited
17. Chongqing NIIT Education Consulting Limited
18. Imperia China (Shanghai) Limited (till May 28, 2009)
19. Changzhou NIIT Information Technology Consulting Limited
20. Wu Xi NIIT Information Technology Consulting Limited

b. Key Managerial personnel

- i) Rajendra S Pawar
- ii) V K Thadani
- iii) P Rajendran
- iv) Ashish Basu



NIIT Ventures Inc., USA
Schedule '10': Notes to Accounts For the year ended March 31, 2010

c. Detail of significant transactions with related parties carried on an arm's length basis

(In Rs)

Nature of Transactions	Holding Company	Subsidiary (Element K Corp.)	Total
Recovery of expenses	-	17,470,134	17,470,134
	(NIL)	(18,255,722)	(18,255,722)
Reimbursement of Expenses	19,491,764	-	19,491,764
	(16,639,108)	(NIL)	(16,639,108)
Loans Received repaid	-	-	-
	(154,745,809)	(NIL)	(154,745,809)
Interest Expense	55,634,503	-	55,634,503
	(80,541,462)	(NIL)	(80,541,462)
Interest Income	-	27,516,816	27,516,816
	(NIL)	(41,712,232)	(41,712,232)
Loan Given received back	-	-	-
	(NIL)	(191,343,130)	(191,343,130)

d. Details of Balances with related parties outstanding as on 31st March 2010

(In Rs)

Nature of Transactions	Holding Company	Subsidiary (Element K Corp)	Total
Recoverable	-	679,925,113	679,925,113
	(NIL)	(825,806,137)	(825,806,137)
Payable	1,523,311,767	-	1,523,311,767
	(1,746,688,862)	(628,494)	(1,747,317,356)

Previous year figures are given in parenthesis.

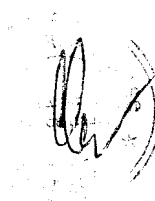
7. Segment information

Primary segment information-business segment

The Company operates in a single business segment –Learning Solutions Business and accordingly, no primary segment information is being given.

Secondary Segment information

Details of secondary segments are not disclosed as more than 90% of the Company's revenues, net results and assets relate to the domestic market.



NIIT Ventures Inc., USA
Schedule '10': Notes to Accounts For the year ended March 31, 2010

Tax Expense

subsidaries of NIIT Limited in USA, namely NIIT (USA), Inc, NIIT Ventures Inc and Element K Corporation, are assessed for federal taxes on a consolidated level as the return of taxes on income is filed at a consolidated level. tax expense would be determined only at a consolidated level and reported in the consolidated financial statements of the Holding company NIIT (USA), Inc and thus not accounted for and reported in these financial statements.

Service cost recovery

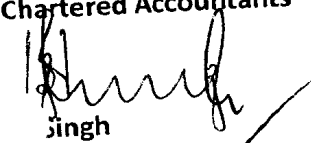
During the year, Rs. 19,491,764 (Previous year Rs. 16,639,108) in the nature of Personnel, Legal & professional charges was charged by the Holding Company and an amount of Rs. 17,470,134 (Previous year Rs. 16,639,108) in the nature of Personnel, Legal & professional charges was recovered from the subsidiary as service costs. These were then netted off in the Profit and Loss Account.

1. The holding Company in United States, NIIT USA Inc., is supporting the company in the form of extending the repayment of the principal amount of the loans that existed at the beginning of the year. This, along with the extension of payment terms of interest and other dues, is expected to improve the liquidity and financial position of the Company.

1. The previous Year figures have been regrouped and reclassified to conform to the current year classification.

Signatures to the schedule '1' to '11' above


For Price Waterhouse
Firm Registration Number: 301112E
Chartered Accountants

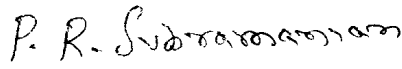

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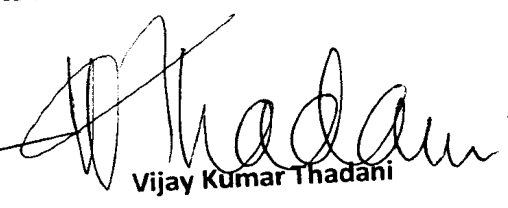
Partner

Membership No. F-86994

Place : Gurgaon, India
Date : MAY 6, 2010


Rajendra S Pawar
Director
DIN-00042516


P R Subramanian
Chief Financial Officer


Vijay Kumar Thadani
Director
DIN-0042527

Place : Atlanta, USA

Date : May 6, 2010