

NIIT CHINA (SHANGHAI) LIMITED

Balance Sheet as at 31st March 2012

	PARTICULARS	Notes	As at 31st March 2012 Rs.	As at 31st March 2011 Rs.
I	EQUITY AND LIABILITIES			
1	Shareholders' funds			
	Share capital	5	10,250,891	10,250,891
	Reserves and surplus	6	110,079,399	62,259,567
3	Non-current liabilities			
4	Current liabilities			
	Trade Payables	7	134,556,379	95,958,618
	Other current liabilities	8	4,559,142	5,808,235
	Short-term provisions	9	20,895,118	6,412,265
	TOTAL		280,340,929	180,689,576
II	ASSETS			
1	Non-current assets			
	Fixed assets	10		
	Tangible assets		3,490,304	3,504,741
	Intangible assets		5,476,598	8,475,751
	Intangible assets under development			
	Non-current investments	11	8,350,212	8,350,212
	Deferred tax assets (net)		22,775,756	14,247,273
	Long-term loans and advances	12	2,523,256	2,924,647
2	Current assets			
	Inventories	15	156,019	3,589,180
	Cash and bank balances	16	7,954,871	17,597,089
	Short-term loans and advances	12	62,904,094	31,163,283
	Trade receivables	13	166,709,819	90,837,400
	TOTAL		280,340,929	180,689,576

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

NOTE: BALANCE SHEET has been converted at the closing rate as at 31 MARCH 2012 being : CNY 1 = INR 8.0784
(Previous Year CNY 1 = INR 6.7848)

NIIT CHINA (SHANGHAI) LIMITED

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

	PARTICULARS	Notes	Year ended 31st March 2012 Rs.	Year ended 31st March 2011 Rs.
	INCOME			
I.	Revenue from Operations	17	278,167,511	223,310,698
II.	Other Income	18	9,529,290	3,702,089
III.	Total Revenue (I + II)		287,696,801	227,012,787
IV.	EXPENDITURE			
	(Increase) / Decrease in Inventory	15	3,433,161	-
	Purchase of Traded Goods		63,943,497	50,806,170
	Professional & Technical Outsourcing Expenses for Execution		39,535,630	2,431,491
	Employee Benefits Expense	19	90,226,026	97,094,139
	Other Expenses	20	46,539,455	68,387,520
	Depreciation and Amortization Expenses	10	5,001,566	4,875,510
	Total Expenses		248,679,335	223,594,830
V.	Profit before exceptional and extraordinary items and tax (III-IV)		39,017,466	3,417,957
VII.	Profit before extraordinary items and tax (V - VI)		39,017,466	3,417,957
IX.	Profit before tax (VII- VIII)		39,017,466	3,417,957
X	Tax expense:	22		
	(1) Current tax		12,925,668	(651,126)
	(2) Deferred tax		(5,600,564)	-
	(3) MAT Credit Entitlement			
	(4) Provision for Tax relating to earlier years			
XI	Profit (Loss) for the period		31,692,362	4,069,083
XII	Earnings per equity share (Face Value Rs. ___ each):			
	(1) Basic			
	(2) Diluted			

The accompanying notes 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

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

1 GENERAL INFORMATION

NIIT China (Shanghai) Limited (“the Company”) was incorporated in the People’s Republic of China on August 23, 2000 as a wholly foreign owned enterprise. The Company principally engaged in the producing, selling software and multimedia, providing professional information technology training and services. The registered capital of the Company is USD 210,000. The approved business period of the Company is from August 23, 2000 to August 22, 2030.

On March 14, 2008, NIIT Wuxi Service Outsourcing Training School (“Wuxi School”) was jointly set up by the Company and Wuxi An Ai Ai Di Education and Training Co., Ltd. Wuxi School engaged in providing non-diploma education, such as computer information technology training and relevant outsourcing training services. The registered capital of Wuxi School is RMB 800,000. The Company owns 60% of equity interest of Wuxi School. The approved business period of Wuxi School is from March 14, 2008 to March 14, 2011.

On May 13, 2008, Chongqing NIIT Education Consulting Ltd. (“Chongqing Consulting”) was jointly set up by the Company and Chongqing Suobosi Business Consulting Co, Ltd. The registered capital of Chongqing Consulting is RMB 600,000. The Company owns 60% of equity interest of Chongqing Consulting. The approved business period is from May 13, 2008 to May 31, 2038.

On August 22, 2008, NIIT Chongqing Training Center (“Chongqing School”) was established and fully controlled by Chongqing Consulting. Chongqing School engaged in providing non-diploma education, such as computer information technology training and relevant outsourcing training services. The registered capital is RMB 300,000. The approved business period is from August 22, 2008 to August 21, 2012.

On June 19, 2009, Wuxi NIIT Information Technology Consulting Limited (“Wuxi Consulting”) is formed by the Company in association with Wuxi An Ai Ai Di Education Training Limited. The registered capital is RMB 800,000. The Company owns 60% of the equity interest. Wuxi Consulting engaged in providing consulting and training services on information technology.

On September 2, 2009, Changzhou NIIT Information Technology Consulting Limited (“Changzhou Consulting”) was set up and fully controlled by Wuxi Consulting. The registered capital is RMB 500,000. The approved business period is from September 2, 2009 to September 1, 2059.

On March 29, 2010, NIIT Changzhou Training Center (“Changzhou School”) was established and fully controlled by Changzhou Consulting. Changzhou School engaged in providing non-diploma education, such as computer information technology training and relevant outsourcing training services.

On March 29, 2010, NIIT Changzhou Training Center (“Changzhou School”) was established and fully controlled by Changzhou Consulting. Changzhou School engaged in providing non-diploma education, such as computer information technology training and relevant outsourcing training services. The registered capital is RMB 400,000. The approved business period is from March 29, 2010 to December 21, 2013.

On April 28, 2010, Suzhou NIIT Information Technology Consulting Limited (“Suzhou Consulting”) was set up and fully controlled by Wuxi Consulting. The registered capital is RMB 500,000. The approved business period is from April 28, 2010 to April 27, 2060.

On May 10, 2011, Su Zhou NIIT Training Center (“Suzhou School”) was set up and fully controlled by Suzhou Consulting. The registered capital is RMB 500,000. The approved business period is from May 10, 2011 to January 6, 2013.

The Company, Wuxi School, Chongqing Consulting, Chongqing School, Wuxi Consulting, Changzhou Consulting, Changzhou School, Suzhou Consulting and Suzhou School are collectively referred to as the Group.

2 STATEMENT ON SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

i) Basis of Preparation

The financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (“IFRSs”). The financial statements have been prepared under the historical cost convention.

The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 4.

However, the INR financial statement have been converted into INR equivalents on the basis of principles stated in the “Certificate” annexed hereto with the company’s financials.

ii) Consolidation

The consolidated financial statements include the financial statements of the Company and all of its subsidiaries made up to March 31, 2012.

Subsidiaries are all entities (including special purpose 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.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the group’s share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognized directly in the income statement

Inter-company transactions, balances and unrealized gains on transactions between Group companies are eliminated. Unrealized losses are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

iii) Foreign currency translation

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented In Renminbi ("RMB"), which is the Group's functional and presentation currency.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the income statement.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the income statement within 'finance income or cost'.

All other foreign exchange gains and losses are presented in the income statement within 'other (losses)/gains - net'.

iv) Property, plant and equipment

Property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged in the income statement during the financial period in which they are incurred.

Depreciation is calculated using the straight-line method to allocate the cost to the residual values over the estimated useful lives as follows:

	Useful lives
Machinery	5 years
Vehicles	5 years
Furniture	5 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note vi).

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognized within other (losses)/gains - net, in the income statement.

v) Intangible assets

Cost incurred on internal development of courseware and products are capitalized as intangible assets when the following criteria are met:

- it is technically feasible to complete the courseware and products so that it will be available for use;
- management intends to complete the courseware and products and use or sell it;
- there is an ability to use or sell the courseware and products;
- it can be demonstrated how the courseware and products will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the courseware and products are available; and
- the expenditure attributable to the courseware and products during its development can be reliably measured.

Directly attributable costs that are capitalized as part of the courseware and products include the courseware development employee costs and an appropriate portion of relevant overheads. Other development expenditures that do not meet these criteria are recognized as an expense as incurred. Development costs previously recognized as an expense are not recognized as an asset in a subsequent period.

Courseware and products development costs recognized as assets are amortized over their estimated useful lives.

vi) Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to amortization and are tested periodically for impairment. Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount IS the higher of an asset's fair value less costs to sell and value in use. Non-financial assets other than goodwill that suffered on impairment are reviewed for possible reversal of the impairment at each reporting date.

vii) Inventories

Inventories are stated at the lower of cost and net realizable value. Cost is determined using the weighted average method. Net realizable value is the estimated selling price in the ordinary course of business, less applicable variable selling expense.

viii) Financial instruments

Financial assets and financial liabilities carried on the balance sheet include cash and bank balances, trade and other receivables and trade and other payables.

ix) Trade and other receivables

Trade receivables are recognized initially at fair value and subsequently measured at amortized 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 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 effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the 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 the expenditures in the income statement.

x) Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less.

xi) Employee benefits

The Group participates in a mandatory government employee social security plans, including pension, medical, housing and other welfare benefits, arranged by the government authorities in accordance with relevant regulations. According to the relevant regulations, the premium and welfare benefit contributions are remitted to the social welfare authorities and are calculated based on percentages of the total salary of employees, subject to a certain ceiling and floor. Contributions to the plans are charged to the income statement.

Under the plans, retirement benefits of existing and retired employees are guaranteed by the local authorities and the Group has no further obligation beyond the monthly contributions.

xii) Provisions

Provisions are recognized when the Group has a present obligation or constructive obligation as a result of past transactions or events, it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognized for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognized even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognized as interest expense.

xiii) Revenue recognition

Revenue comprises the receivable for the sale of goods and the provision of services in the ordinary course of the Group's activities. Revenue is shown net of value-added tax, returns, rebates and discounts and after eliminating sales within the Group. The Group's services are provided within the same accounting period, and are recognized as revenue when the services are provided.

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

xiv) Operating leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lesser are classified as operating leases. Payments made under operating leases (net of any incentives received from the lesser) are charged to the income statement on a straight-line basis over the lease periods.

xv) Deferred income tax

Deferred income tax is recognized, using the liability method, on 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 (and laws) 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 realized or the deferred income tax liability is settled.

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

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

3 Financial Risk Management

i) Foreign Risk Factors

The Group's activities expose it to a variety of financial risks: foreign exchange risk, credit risk, liquidity risk and cash flow and fair value interest rate risk.

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

Foreign exchange risk:

The Group operates domestically and is not significantly exposed to foreign exchange risk arising from any currency exposures. Accordingly, the Group has not used any forward contracts or currency borrowings to hedge its exposure to foreign currency risk.

Credit risk:

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

Liquidity risk:

Prudent liquidity risk management implies maintaining sufficient cash and cash equivalents together with adequate banking facilities.

Cash flow and fair value interest rate risk:

As the Group has no significant interest-bearing assets and liabilities, the Group's income and operating cash flows are substantially independent of changes in market interest rates.

ii) Fair Value estimation

The carrying amounts of the following financial assets and financial liabilities approximate their fair value due to their short maturities: cash and cash equivalents, trade and other receivables, trade and others payables.

4 Critical Accounting Estimates and Judgments

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definitions, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

i) Impairment of receivables

The Group's management determines the provision for impairment of trade and other receivables. This estimate is based on the credit history of its customers and the current market condition. Management reassesses the provision on each of the balance sheet date.

ii) Deferred income tax assets

The Group's management determines the deferred tax assets based on the enacted or substantially enacted tax rates and law and best knowledge of profit projections of the Group for the coming years during which the deferred tax assets are expected to be utilized. Management will revise the assumption and profit projections by the balance sheet date.

NIIT CHINA (SHANGHAI) LIMITED

5	SHARE CAPITAL	As at 31st March 2012 Rs.	As at 31st March 2011 Rs.
	Issued	10,250,891	10,250,891
		10,250,891	10,250,891
	Subscribed and fully paid	10,250,891	10,250,891
		10,250,891	10,250,891

NIIT CHINA (SHANGHAI) LIMITED

6	RESERVES AND SURPLUS	As at 31st March 2012 Rs.	As at 31st March 2011 Rs.
	General Reserve (Note 1 below) As per Last Balance Sheet Less: General Reserve of Associates Add : Transferred from Profit and Loss Account	- - <u>16,561,786</u>	- - -
	Profit & Loss Account Balance Brought Forward from Previous year Add : Current Year Profit / (Loss) attributable to Share Holders Less:- Proposed Dividend on Equity Shares Corporate Dividend Tax Transferred to General Reserve Transferred to/ (from) Debenture Redemption Reserve Share in Corporate Dividend Tax of Associates	54,541,056 31,692,362 - - 16,561,786 - - <u>69,671,632</u>	50,471,973 4,069,083 - - - - - <u>54,541,056</u>
	Currency translation reserve As per Last Balance Sheet Add : Currency Translation Reserve of Associates Increase/ (Decrease) during the year on translation of balances	7,718,511 - <u>16,127,470</u>	<u>7,520,692</u> - <u>197,819</u>
		<u>110,079,399</u>	<u>62,259,567</u>

Notes :

- General Reserve above represents General Reserve as per the Indian Companies Act, 1956 in respect of Indian Companies.
- General Reserve, if any, of overseas Companies are included as part of the Profit & Loss Account balance as it is not practical to give movement thereof.

NIIT CHINA (SHANGHAI) LIMITED

7	Trade Payables	Non Current		Current	
		As at 31st March 2012 Rs.	As at 31st March 2011 Rs.	As at 31st March 2012 Rs.	As at 31st March 2011 Rs.
	- Due to Micro Enterprises and Small Enterprises	-	-	-	-
	- Due to Others	-	-	134,556,379	95,958,618
		-	-	134,556,379	95,958,618

8	OTHER LIABILITIES	Long Term Liabilities		Current Liabilities	
		As at 31st March 2012 Rs.	As at 31st March 2011 Rs.	As at 31st March 2012 Rs.	As at 31st March 2011 Rs.
	Advances from Customers	-	-	964,609	1,063,463
	Payable to Employees	-	-	313,513	2,498,065
	Statutory Dues	-	-	3,281,020	2,246,707
	Other Payables	-	-	-	-
		-	-	4,559,142	5,808,235

9	Provisions	LONG-TERM		SHORT-TERM	
		As at 31st March 2012 Rs.	As at 31st March 2011 Rs.	As at 31st March 2012 Rs.	As at 31st March 2011 Rs.
	Provision for employee benefits :				
	Provision for Gratuity	-	-	-	-
	Provision for Compensated Absences	-	-	7,286,717	6,269,148
	Others :				
	Provision for Tax	-	-	13,608,401	143,117
		-	-	20,895,118	6,412,265

NIIT CHINA (SHANGHAI) LIMITED

10 Fixed Assets

(Amount in Rs.)

[illegible]

NIIT CHINA (SHANGHAI) LIMITED

11	INVESTMENTS	Non Current				Current			
		As at		As at		As at		As at	
		31st March 2012		31st March 2011		31st March 2012		31st March 2011	
		Rs.		Rs.		Rs.		Rs.	
A.	LONG TERM, TRADE [UNQUOTED]								
B.	LONG TERM, OTHERS [UNQUOTED]								
	In Subsidiary Companies								
	NIIT Wuxi Service Outsourcing Training School		2,702,016		2,702,016				
	Chongqing NIIT Education Consulting Ltd		2,208,708		2,208,708				
	Wuxi NIIT Information Technology Consulting Limited		3,439,488		3,439,488				
C.	SHORT TERM, NON TRADE [UNQUOTED]								
	In Mutual Funds						-		-
			8,350,212		8,350,212		-		-

	Aggregate amount of Unquoted Investment				
	Less:- Aggregate Provision for diminution in the value of Investment	-	-	-	-

NIIT CHINA (SHANGHAI) LIMITED

12	LOANS AND ADVANCES	Long Term		Short Term	
		As at 31st March 2012 Rs.	As at 31st March 2011 Rs.	As at 31st March 2012 Rs.	As at 31st March 2011 Rs.
i)	Security Deposits Receivable (refer note below) Unsecured, considered good				
		2,523,256	2,922,864	519,441	-
	(A)	2,523,256	2,922,864	519,441	-
	Advances recoverable in cash or in kind (refer note below) Unsecured, considered good				
		-	-	62,384,653	31,163,283
	(B)	-	-	62,384,653	31,163,283
	b) Advance Tax Less : Provision for Tax	-	-	-	-
		-	1,783	-	-
		-	1,783	-	-
	(C)				
		-	1,783	-	-
	Total (A+B+C)	2,523,256	2,924,647	62,904,094	31,163,283

NIIT CHINA (SHANGHAI) LIMITED

13	Trade Receivables	Non Current		Current	
		As at 31st March 2012 Rs.	As at 31st March 2011 Rs.	As at 31st March 2012 Rs.	As at 31st March 2011 Rs.
a)	Trade receivables outstanding for a period exceeding six months from the date they are due for payment				
	Unsecured, considered good	-	-	66,511,297	49,626,875
	Unsecured, considered doubtful	49,867,597	38,382,562	-	(478,218)
	Less: Provision for doubtful debts	(49,867,597)	(38,382,562)	-	478,218
		-	-	66,511,297	49,626,875
	b) Other Trade Receivables				
	Unsecured, considered good	-	-	100,198,522	41,210,525
	Unsecured, considered doubtful	-	-	-	-
	Less: Provision for doubtful debts	-	-	-	-
		-	-	100,198,522	41,210,525
		-	-	166,709,819	90,837,400

14	Provision for Doubtful Debts	Non Current		Current	
		As at 31st March 2012 Rs.	As at 31st March 2011 Rs.	As at 31st March 2012 Rs.	As at 31st March 2011 Rs.
	Opening Provision	37,904,344			
	Add: Additional Provision Created	4,563,983			
	Adjustment: Currency Translation Adjustment	7,399,270			
	Closing Provision	49,867,597			

NIIT CHINA (SHANGHAI) LIMITED

15	Inventories	As at 31st March 2012 Rs.	As at 31st March 2011 Rs.
	As at the end of the year		
	Raw Material	-	-
	Traded Goods		
	a) Education and Training Material*		
	- Manufactured	-	-
	- Others	156,019	3,589,180
	b) Software	-	-
		156,019	3,589,180
	As at the beginning of the year		
	Raw Material	-	-
	Traded Goods		
	a) Education and Training Material*		
	- Manufactured	-	-
	- Others	3,589,180	3,589,180
	b) Software	-	-
		3,589,180	3,589,180
	(Increase) / Decrease in Inventory	3,433,161	-

16	Cash and Bank Balances	Non Current		Current	
		As at 31st March 2012 Rs.	As at 31st March 2011 Rs.	As at 31st March 2012 Rs.	As at 31st March 2011 Rs.
	Cash and cash equivalents:				
	Balance with banks			7,791,996	17,484,860
	Current Accounts			162,875	112,229
	Cash on hand			-	-
	Cheques, drafts on hand				
				7,954,871	17,597,089
	Other bank balances:				
		-	-	-	-
		-	-	7,954,871	17,597,089
		-	-		
		-	-	7,954,871	17,597,089

NIIT CHINA (SHANGHAI) LIMITED

17	Revenue from Operations	Year ended 31st March 2012 Rs.	Year ended 31st March 2011 Rs.
	Sale of Products : Revenue from Operation	278,167,511	223,310,698
		278,167,511	223,310,698

18	Other Income	Year ended 31st March 2012 Rs.	Year ended 31st March 2011 Rs.
	Interest Income	1,804,317	1,009,949
	Dividend Income from Long Term Investments	5,734,205	-
	Gain on foreign currency translation and transaction (net)	1,800,771	1,938,939
	Other non-operating income (net of expenses)	189,997	753,201
		9,529,290	3,702,089

NIIT CHINA (SHANGHAI) LIMITED

19	Employee Benefits Expenses	Year ended 31st March 2012 Rs.	Year ended 31st March 2011 Rs.
	Salaries and Benefits	73,020,178	79,883,528
	Contribution to Provident and Other Funds	12,075,891	12,296,162
	Employees Stock Option Expenses	-	-
	Welfare and Other expenses	5,129,957	4,914,449
		90,226,026	97,094,139

NIIT CHINA (SHANGHAI) LIMITED

20	Other Expenses	Year ended 31st March 2012 Rs.	Year ended 31st March 2011 Rs.
	Equipment Hiring	190,494	1,406,546
	Royalties	-	1,214,801
	Rent (net of recoveries)	14,055,364	12,974,119
	Rates and Taxes	1,036,606	516,107
	Power & Fuel	565,585	447,317
	Communication	2,478,527	2,701,798
	Legal and Professional	1,456,006	4,584,530
	Traveling and Conveyance	10,541,440	12,197,537
	Provision for Doubtful Debts	4,509,632	13,927,565
	Insurance	369,989	456,454
	Repairs and Maintenance		
	- Plant and Machinery	-	-
	- Buildings	-	-
	- Others	754,875	922,571
	Consumables	-	-
	Loss on Sale of Fixed Assets (Net)	-	150,528
	Loss on foreign currency translation and transaction (net)	-	-
	Security and Administration Services	-	-
	Miscellaneous Expenditure written off	-	-
	Bank Charges	23,435	68,808
	Marketing & Advertising Expenses	10,170,217	15,616,034
	Sales Commission	-	-
	Discounts & Rebates	-	-
	Sundry Expenses	387,285	1,202,805
		<u>46,539,455</u>	<u>68,387,520</u>

21	Payment to Auditors	Year ended 31st March 2012 Rs.	Year ended 31st March 2011 Rs.
	Audit fee	703,705	1,751,729
		<u>703,705</u>	<u>1,751,729</u>

22 **Taxation**

i) **Business Tax**

Revenue derived from professional services provided by the Company, Chongqing Consulting, Wuxi Consulting, Changzhou Consulting and Suzhou Consulting is subject to business tax at 5% of gross service income.

Revenue derived from education courses provided by Wuxi School ,Chongqing School and Changzhou School is subject to business tax at 3% of gross course fee income.

ii) **Enterprise Income Tax ("EIT")**

The Company is a foreign investment enterprise established in the Zhang Jiang Hi-Tech Park. Effective from January 1st, 2008, the Company shall pay the corporate income tax in accordance with the Corporate Income Tax Law of the People's Republic of China (hereinafter "the new CIT Law") as approved by the National People's Congress on March 16th, 2007. Under the new CIT Law, the corporate income tax rate applicable to the Company during a 5 year's transition period is 18% for 2008, 20% for 2009, 22% for 2010, 24% for 2011, 25% for 2012 and thereafter.

The applicable enterprise income tax rate for Wuxi School, Chongqing Consulting, Chongqing School, Wuxi Consulting, Changzhou Consulting, Changzhou School, Suzhou Consulting and Suzhou School is 25%.

The Group provides for income tax on the basis of its statutory income for financial reporting purpose, adjusting for income and expense items which are not assessable or deductible for income tax purposes and after considering all available tax benefits.

iii) **Other taxes**

Other taxes are provided in accordance with the prevailing PRC tax regulations.

23 **Paid-in capital**

	31-Mar-12	31-Mar-12	31-Mar-11	31-Mar-11
	Amount	Amount	Amount	Amount
	(RMB)	(RS.)	(RMB)	(RS.)
Subscribed and fully paid	1,738,412	10,250,891	1,738,412	10,250,891

The paid-in capital is USD 210,000 (RMB equivalent: 1,738,412) which is fully contributed by NIIT GC Limited. All of the paid-in capital was verified by a local CPA firm.

24 SIGNIFICANT RELATED PARTY TRANSACTIONS:

Parties are considered to be related if one party has the ability, directly or indirectly to control the other party, or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence.

i) Names of related companies and nature of relationship:

Related party	Relationship
NIIT Limited	Ultimate parent company
NIIT GC Limited	Parent company
NIIT UK	Controlled by the same ultimate parent company
NIIT (USA) Inc.	Controlled by the same ultimate parent company
NIIT Malaysia	Controlled by the same ultimate parent company
NIIT Technologies Limited and its subsidiaries	Under which the ultimate parent company exercises significant influence
Wuxi An Ai Ai Di Education and Training Co., Ltd.	Local partner with whom jointly set up Wuxi School and Consulting
Chongqing Suobosi Business Consulting Co. Ltd.	Local partner with whom jointly set up Chongqing Consulting

ii) Significant related party transactions and balances

(a) Pricing Policy

The Group's pricing policies on receiving or providing services are determined by internal negotiation with reference to market situation.

(b) Significant balances with related parties:

	Year ended 31 March 2012		Year ended 31 March 2011	
	RMB	INR	RMB	INR
Trade and other receivables				
- NIIT Limited UK	40,889	330,318	26,013	177,066
- NIIT Technologies Pte. Limited, Singapore.	352,088	2,844,308	294,483	1,998,008
- NIIT Limited	48,308	390,251	48,308	309,260
- NIIT Technology Limited India	1,672	13,507	1,672	11,381
Total	442,957	3,578,384	370,476	2,495,715
Trade and other Payables				
NIIT GC Limited	7,795,944	62,978,754	7,795,944	52,928,064
- NIIT Limited	69,153	558,646	69,153	469,492
NIIT Malaysia	593	4,790		
Total	7,865,690	63,542,190	7,865,097	53,397,556

	As at 31 March			
	2012		2011	
	RMB	INR	RMB	INR
Rendering of Services				
- NIIT Technologies Pte Limited, Singapore	287,599	2,134,905	413,900	2,839,098
- NIIT Limited UK	184,810	1,371,882	162,242	1,112,880
Royalty fee				
-NIIT GC Limited			162,962	1,061,281