

NIIT (USA) Inc., USA

Balance Sheet as at March 31, 2013

PARTICULARS	Notes	As at March 31, 2013 USD	As at March 31, 2012 USD
I EQUITY AND LIABILITIES			
1 Shareholders' funds			
Share capital	3	24,162,113	24,162,113
Reserves and surplus	4	3,640,888	250,880
2 Non-current liabilities			
Long-term borrowings	5	225,432	34,117
Long-term provisions	8	4,675,000	3,200,000
3 Current liabilities			
Trade Payables	6	3,136,277	3,470,265
Other current liabilities	7	1,086,926	1,377,696
Short-term provisions	8	264,000	5,305,546
TOTAL		37,190,636	37,800,617
II ASSETS			
1 Non-current assets			
Fixed assets	9		
Tangible assets		1,027,920	187,189
Intangible assets		4,607,052	5,537,663
Capital work-in-progress		-	51,636
Non-current investments	10	100	100
Deferred tax assets (net)	11	809,000	-
Long-term loans and advances	12	5,677,404	4,032,404
Other non-current assets	15	230,000	616,000
2 Current assets			
Cash and bank balances	16	4,726,201	6,731,573
Short-term loans and advances	12	6,016,701	10,544,948
Trade receivables	13	7,590,753	6,971,684
Other current assets	15	6,505,505	3,127,420
TOTAL		37,190,636	37,800,617

The Notes are an integral part of these Special Purpose Financial Statements.

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

For and on behalf of the Board

For **Price Waterhouse**
Firm Registration No.: 301112E
Chartered Accountants

Sapnesh Lalla
Director

Vijay K Thadani
Director
DIN - 00042527

Usha Rajeev
Partner
Membership No. 087191

P R Subramanian
Chief Financial Officer

Place: Gurgaon
Date: May 23, 2013

Place: Atlanta, USA
Date: May 23, 2013

NIIT (USA) Inc., USA

Statement of Profit & Loss for the year ended March 31, 2013

PARTICULARS	Notes	Year ended March 31, 2013 USD	Year ended March 31, 2012 USD
INCOME			
I. Revenue from Operations	18	40,311,813	38,675,870
II. Other Income	19	718,457	1,270,745
III. Total Revenue (I + II)		<u>41,030,270</u>	<u>39,946,615</u>
IV. EXPENDITURE			
Professional & Technical Outsourcing Expenses		25,137,009	24,767,850
Employee Benefits Expense	20	7,214,211	7,326,135
Other Expenses	21	3,982,175	4,183,462
Finance Costs	22	62,852	832,286
Depreciation and Amortization Expense	9	1,592,727	396,020
Total Expenses		<u>37,988,974</u>	<u>37,505,753</u>
V. Profit before exceptional items and tax (III-IV)		<u>3,041,296</u>	<u>2,440,862</u>
VI. Exceptional items	23	2,928,404	(49,966,141)
VII. Profit before tax (V - VI)		<u>112,892</u>	<u>52,407,003</u>
VIII. Profit before tax		112,892	52,407,003
IX. Tax expense:	11		
(1) Current tax		224,188	17,227,000
(2) Deferred tax (credit)		(809,000)	-
(3) Provision for Tax relating to earlier years (written back)		(7,875,000)	-
X. Profit for the year		<u>8,572,704</u>	<u>35,180,003</u>
XI. Earnings per equity share (Face Value USD 1 each)	25		
- Basic		0.35	1.46
- Diluted		0.35	1.46

The Notes are an integral part of these Special Purpose Financial Statements.

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

For and on behalf of the Board

For **Price Waterhouse**
Firm Registration No.: 301112E
Chartered Accountants

Sapnesh Lalla
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P R Subramanian
Chief Financial Officer

Place: Gurgaon
Date: May 23, 2013

Place: Atlanta, USA
Date: May 23, 2013

NIIT (USA) Inc., USA
Cash Flow Statement for the year ended March 31, 2013

	Year ended March 31, 2013 USD	Year ended March 31, 2012 USD
A. CASH FLOW FROM OPERATING ACTIVITIES:		
Profit before Tax	112,892	52,407,003
Adjustments for:		
Depreciation and Amortisation	1,592,727	396,020
Interest Expenses	62,852	832,286
Interest Income	(269,419)	(752,736)
Dividend Income	-	(54,678,705)
Provision for Indemnity and litigation	1,475,000	3,200,000
Provision for Compensated Absences	(2,000)	26,000
Unrealized Foreign exchange loss / (gain)	(19,236)	59,370
	2,839,924	(50,917,765)
Operating profit before working capital changes	2,952,816	1,489,238
Movement in working capital:		
Trade Receivables	(602,359)	504,403
Loans and Advances & Other Current Assets	2,383,055	1,862,198
Current Liabilities and Provisions	(252,776)	(5,541,240)
Cash generated (used in) / from operations	4,480,736	(1,685,401)
Taxes paid (including withholding taxes)	586,168	(341,697)
Net cash (used in)/ from Operating activities (A)	5,066,904	(2,027,098)
B. CASH FLOW FROM INVESTING ACTIVITIES:		
Purchase of Fixed Assets (including Capital Work-in-progress)	(1,129,352)	(5,289,838)
Dividend received		54,678,705
Loan given to Affiliates	(3,978,500)	(4,000,000)
Loans given to Affiliates received back	2,328,500	-
Loans given to Subsidiaries received back	-	25,062,253
Interest Received	350,920	3,021,038
Taxes (paid) / refund on sale of investment (Refer Note 11)	779,845	(11,300,000)
Net cash from Investing activities (B)	(1,648,587)	62,172,158
C. CASH FLOW FROM FINANCING ACTIVITIES:		
Term loans repaid during the year	-	(25,500,000)
Loan received from Affiliates	-	750,000
Loan repaid to Affiliates	(500,000)	(3,250,000)
Working capital loan - Received	-	5,000,000
Working capital loan - Repaid	-	(5,000,000)
Other loans received (leases) net	321,859	9,984
Interest Paid (including financing charges on finance lease arrangements)	(62,852)	(1,046,417)
Dividend Paid	(5,182,696)	(26,000,000)
Net cash (used in) Financing activities (C)	(5,423,689)	(55,036,433)
Net Increase/(Decrease) in Cash & Cash equivalents (A) + (B) + (C)	(2,005,372)	5,108,627
Cash and Cash equivalents as at the beginning of the year (Note 1)	6,731,573	1,622,946
Cash and cash equivalents as at the end of the year (Note 1)	4,726,201	6,731,573

Notes:

- 1 Cash and cash equivalents as on**

	March 31, 2013 USD	March 31, 2012 USD
Cheques & Drafts (in hand)	-	-
Balances with banks	4,726,201	6,731,573
	4,726,201	6,731,573
- 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) [Companies (Accounting Standards) Rules, 2006, as amended] and the relevant provisions of the Companies Act, 1956 of India.
- 3** The accompanying Notes form an integral part of the Cash Flow Statement.
- 4** Previous year figures to the extent feasible have been regrouped / recast wherever necessary to conform to current year's classification.

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

For and on behalf of the Board

For Price Waterhouse
Firm Registration No. : 301112E
Chartered Accountants

Sapnesh Lalla
Director

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P R Subramanian
Chief Financial Officer

Place : Gurgaon
Date: May 23, 2013

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NIIT (USA) Inc., USA
Notes to the Financial Statements for the year ended March 31, 2013

1 Company background

NIIT (USA) Inc., USA, the Company, is a wholly owned Subsidiary of NIIT Limited India a leading Global talent management Corporation. The Company is in the learning business providing services to customers in United States of America, Europe and in the regions of Asia - pacific and has branches in Australia and Singapore.

2 Significant Accounting Policies

2.1 BASIS OF PREPARATION OF ACCOUNTS

These special purpose financial statements have been prepared in accordance with the generally accepted accounting principles in India under the historical cost convention on accrual basis.

These special purpose financial statements have been prepared in accordance with Companies (Accounting Standards) Rules, 2006 notified by the Central Government of India, to the extent considered relevant by it for the purpose of preparation of the Consolidated Financial Statements of the Parent Company, NIIT Limited, India.

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.

2.2 Other significant accounting policies adopted by the Company is 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: -

Asset Description	Useful Life
Plant and Equipments including:	
- Computers, printers and related accessories	2-5 years
- Electronic Equipments	8 years
Office Equipments	8 years
Furniture, Fixtures & Electric Fittings	7-10 years
Leasehold Improvements	3-5 years or lease period
Assets acquired under lease (Included under Plant & Equipments and Furniture & Fixtures)	whichever is lower
All other assets (including vehicles)	Rates prescribed under Schedule XIV to the Companies Act, 1956.

ii) Intangible Fixed Assets and Amortisation

Intangible Assets are stated at cost, net of accumulated amortisation.

Expenses incurred on internal development of educational content and products are capitalised, 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) [Companies (Accounting Standards) Rules, 2006, as amended]. Expenses incurred during research phase till the establishment of commercial feasibility are 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 3-5 years.

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

iii) Impairment of Assets

All assets other than inventories, investments and deferred tax asset, are reviewed for impairment, wherever events or changes in circumstances indicate that the carrying amount may not be recoverable. Assets whose carrying value exceeds their recoverable amount are written down to the recoverable amount.

iv) Investments

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

v) Revenue Recognition

The revenue from time and material contracts is recognized on a man month basis. In respect of fixed price contracts, revenue is recognized based on the technical evaluation of utilization of products and as per the proportionate completion method. The foreseeable losses on completion of contract, if any, are provided for.

Subscription revenue is deferred and recognized ratably over the term of the subscription

NIIT (USA) Inc., USA
Notes to the Financial Statements for the year ended March 31, 2013

vi) **Other Income**

Dividend income is recognized when the right to receive dividend is established.
Interest income is recognized on a time proportion basis taking into account the amount outstanding and the applicable rate.

vii) **Employee Benefits**

401 (K) Plan

The company makes defined contributions on a monthly basis towards retirement benefits of the employees in USA under 401 (K) plan, which is charged to the Statement of Profit & Loss.

Superannuation Plan

The company makes defined contributions on a monthly basis towards retirement benefits of the employees in Australia under the Superannuation plan, which is charged to the Statement of Profit & Loss.

Provident Fund

The company makes defined contributions on a monthly basis towards retirement benefits of the employees in Singapore under the Provident Fund plan, which is charged to the Statement of Profit & Loss.

The liabilities for short term employees' benefits have been recognised at undiscounted amount, in accordance with the policy of the Company.

viii) **Foreign Currency Transactions**

Transactions in foreign currency are booked at standard rates determined periodically which approximates the actual rates, and all monetary assets and liabilities in foreign currency is restated at the end of accounting period. Gain/Loss arising out of fluctuations on realisation/payment or restatement is charged/ credited to the Statement of Profit and Loss.

Foreign currency assets/ liabilities covered by forward contracts are stated at the forward contract rate and difference between the forward rate and the exchange rate at the inception of the forward contract are recognised to the Statement of Profit and Loss over the life of the contract.

ix) **Leases**

The Company has taken assets as well as premises on lease. Lease rental in respect of operating lease arrangements are charged to expense Statement of Profit and Loss on a straight line basis as per the terms of the related agreement.

Finance lease transactions are considered as financing arrangements in accordance with Accounting Standard 19 and the leased asset is capitalized at an amount equal to the present value of future lease payments and a corresponding amount is recognized as a liability. The lease payments made are apportioned between finance charge and reduction of outstanding liability in relation to the leased asset.

x) **Borrowing Costs**

Borrowing costs are recognised in the Statement of Profit and Loss for the period in which they are 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 capitalised. Ancillary costs in connection with the arrangement of borrowing are amortized over the period of the respective loan.

xi) **Taxation**

Tax expense, comprising of current tax is included in determining the net results for the year. Current tax is determined based on the provisions of the applicable taxation laws in USA based on the combined profit of its subsidiaries.

xii) **Provisions and Contingencies**

The Company creates a provision when there is present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that probably will not require an outflow of resources or where a reliable estimate of the obligation cannot be made. When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made. Disclosure of third party claims are made on merits where management foresees possibilities of any outflow of resources.

xiii) **Earnings Per Share**

The earnings considered in ascertaining the Company's Earnings per share ('EPS') comprises the Net Profit after Tax. The number of shares used in computing the Basic EPS is the weighted average number of shares outstanding during the year. The Diluted EPS is calculated on the same basis as Basic EPS, after adjusting for the effects of potential Dilutive Equity Shares.

xiv) **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 (USA) Inc., USA
Notes to the Financial Statements for the year ended March 31, 2013

3	SHARE CAPITAL	As at March 31, 2013 USD	As at March 31, 2012 USD
	Authorised 25,000,000 Equity Shares of USD 1 each (Previous year 25,000,000 Equity Shares of USD 1 each)	25,000,000	25,000,000
		<u>25,000,000</u>	<u>25,000,000</u>
	Issued 24,162,113 Equity Shares of USD 1 each held by NIIT Limited the holding Company (Previous year - 24,162,113 Equity Shares of USD 1 each held by NIIT limited the holding Company)	24,162,113	24,162,113
		<u>24,162,113</u>	<u>24,162,113</u>
	Subscribed and fully paid 24,162,113 Equity Shares of USD 1 each (Previous year - 24,162,113 Equity Shares of USD 1 each)	24,162,113	24,162,113
		<u>24,162,113</u>	<u>24,162,113</u>

3.1	Reconciliation of the number of shares outstanding	As at March 31, 2013		As at March 31, 2012	
		No. of shares	Value USD	No. of shares	Value USD
	Equity Shares				
	Shares outstanding at the beginning of the year	24,162,113	24,162,113	24,162,113	24,162,113
	Shares Issued during the year	-	-	-	-
	Shares bought back during the year	-	-	-	-
	Shares outstanding at the end of the year	24,162,113	24,162,113	24,162,113	24,162,113

3.2 Rights, preferences and restrictions attached to shares:-

The company has one class of equity shares having a par value of \$ 1/- per share. Each shareholder is eligible for one vote per share held.

3.3	Shares in respect of each class in the Company held by	Name of the company	Class of shares Equity/ Preference	As at March 31, 2013 No. of shares	As at March 31, 2012 No. of shares
	Holding company	NIIT Limited	Equity	24,162,113	24,162,113
	Total			24,162,113	24,162,113

3.4	Shares held by each shareholder holding more than 5% shares	March 31, 2013		March 31, 2012	
		% of Holding	No. of Shares	% of Holding	No. of Shares
	Equity Shares				
	NIIT Limited	100	24,162,113	100	24,162,113
	Total	100%	24,162,113	100%	24,162,113

NIIT (USA) Inc., USA
Notes to the Financial Statements for the year ended March 31, 2013

4	RESERVES AND SURPLUS	As at March 31, 2013 USD	As at March 31, 2012 USD
	Surplus / (Deficit) in Statement of Profit & Loss		
	Balance Brought Forward from Previous year	250,880	(8,929,123)
	Add : Current year profit attributable to Shareholders	8,572,704	35,180,003
	Less:-		
	Interim Dividend on Equity Shares	<u>5,182,696</u>	<u>26,000,000</u>
		3,640,888	250,880
		3,640,888	250,880

NIIT (USA) Inc., USA
Notes to the Financial Statements for the year ended March 31, 2013

5	LONG TERM BORROWINGS	Non Current Portion		Current Maturities	
		As at March 31, 2013 USD	As at March 31, 2012 USD	As at March 31, 2013 USD	As at March 31, 2012 USD
A)	UNSECURED				
i)	Loans from Related Parties	-	-	-	500,000
ii)	Finance Lease Obligation (Refer Note 5.1)	225,432	34,117	174,346	43,802
	Sub Total (A)	225,432	34,117	174,346	543,802
B)	Amount disclosed under the head "Other Current Liabilities" (Refer Note 7)			(174,346)	(543,802)
	Total (A+B)	225,432	34,117	-	-

5.1 Repayable in equated monthly installments beginning from the month subsequent to taking the lease.

NIIT (USA) Inc., USA
Notes to the Financial Statements for the year ended March 31, 2013

6	Trade Payables	Non Current		Current	
		As at March 31, 2013 USD	As at March 31, 2012 USD	As at March 31, 2013 USD	As at March 31, 2012 USD
	Sundry Creditors	-	-	3,136,277	3,470,265
		-	-	3,136,277	3,470,265

7	Other Liabilities	Long Term Liabilities		Current Liabilities	
		As at March 31, 2013 USD	As at March 31, 2012 USD	As at March 31, 2013 USD	As at March 31, 2012 USD
	Current Maturities of Long Term Borrowings	-	-	174,346	543,802
	Deferred Revenue	-	-	-	24,000
	Advances from Customers	-	-	54,707	2,140
	Statutory Dues	-	-	106,486	63,453
	Other Payables*	-	-	751,387	744,301
		-	-	1,086,926	1,377,696

*Other payables include amount USD 551,387 (Previous Year : USD 744,301) due to employees of the Company and USD 200,000 (Previous year: NIL) payable in respect of settlement of a litigation claim.

8	Provisions	LONG-TERM		SHORT-TERM	
		As at March 31, 2013 USD	As at March 31, 2012 USD	As at March 31, 2013 USD	As at March 31, 2012 USD
	Provision for employee benefits :				
	Provision for Compensated Absences - Short tem	-	-	264,000	266,000
	Provision for Tax:				
	Provision for Tax	-	-	-	17,314,110
	Less: Advance Tax	-	-	-	(12,274,564)
	Others :				
	Provision for Indemnity (Refer Note 8.1)	4,675,000	3,200,000	-	-
		4,675,000	3,200,000	264,000	5,305,546

8.1 Movement in Provision for Indemnity (Refer Note 23)

Particulars	As at March 31, 2013	As at March 31, 2012
Opening Balance	3,200,000	-
Additions	1,475,000	3,200,000
Balance at the year end	4,675,000	3,200,000

During the previous year, the Company, through its wholly owned subsidiary NIIT Ventures Inc., USA, sold its investment in Element K Corporation USA ("EK").

As a part of sale agreement, NIIT (USA) Inc., USA has submitted indemnity to the buyer or its representative upto a maximum of USD 11,000,000 on any claim arising in excess of USD 1,100,000. The indemnity is covered by a Corporate guarantee from NIIT Limited the holding company. Any claim / liability arising therefrom, shall be borne by NIIT (USA) Inc., USA.

The Company has estimated an amount of USD 4,675,000 (net of deductible USD 1,100,000) as at March 31, 2013 in respect of liabilities which could possibly arise on account of the indemnity provision. The matter is under arbitration and the outcome is unascertained at this stage.

NIIT (USA) Inc., USA
Notes to the Financial Statements for the year ended March 31, 2013

9 Fixed Assets

(Amount in USD)

Description of Assets	GROSS BLOCK				DEPRECIATION AND AMORTISATION				NET BLOCK	
	Cost As on 01.04.2012	Additions during the year	Sales / Disposal during the year	Total as on 31.03.2013	As on 01.04.2012	For the year	Sales / Disposal during the year	Total as on 31.03.2013	As on 31.03.2013	As on 31.03.2012
<u>i) Tangible</u>										
Plant & Equipment										
-Owned	854,545	504,286	498,105	860,726	739,129	88,180	498,105	329,204	531,522	115,416
-Leased	123,176	556,045	-	679,221	88,240	131,420	-	219,660	459,561	34,936
Lease Hold Improvements	33,882	16,322	29,522	20,682	30,797	4,696	29,522	5,971	14,711	3,085
Furniture & Fixtures										
-Owned	150,948	21,450	-	172,398	117,196	33,076	-	150,272	22,126	33,752
Vehicles	28,800	-	28,800	-	28,800	-	28,800	-	-	-
Sub Total (a)	1,191,351	1,098,103	556,427	1,733,027	1,004,162	257,372	556,427	705,107	1,027,920	187,189
<u>ii) Intangible</u>										
Goodwill	1,360,011	-	-	1,360,011	1,360,011	-	-	1,360,011	-	-
Intellectual Property Rights										
- Internally generated	1,138,874	-	-	1,138,874	788,357	227,775	-	1,016,132	122,742	350,517
Software Acquired	8,552,866	404,744	22,500	8,935,110	3,365,720	1,107,580	22,500	4,450,800	4,484,310	5,187,146
Sub Total (b)	11,051,751	404,744	22,500	11,433,995	5,514,088	1,335,355	22,500	6,826,943	4,607,052	5,537,663
Total (a+b)	12,243,102	1,502,847	578,927	13,167,022	6,518,250	1,592,727	578,927	7,532,050	5,634,972	5,724,852
March 31, 2012	7,006,807	5,236,295	-	12,243,102	6,122,230	396,020	-	6,518,250	5,724,852	-

(iii) Capital work-in-progress

- 51,636

NIIT (USA) Inc., USA
Notes to the Financial Statements for the year ended March 31, 2013

10	INVESTMENTS	Non Current	
		As at March 31, 2013 USD	As at March 31, 2012 USD
	A. Trade: Equity Investment (at cost, unquoted) Investment in Subsidiary 100 Shares (Previous year 100 Shares) of 1 USD each fully paid up held in NIIT Ventures Inc., USA.	100	100
		100	100
	Aggregate amount of Unquoted Investment	100	100

NIIT (USA) Inc., USA
Notes to the Financial Statements for the year ended March 31, 2013

11 Taxation

- a) Current tax expense comprises of federal tax and taxes payable on income in different states of United States of America
- b) The entities in USA , namely NIIT Ventures Inc and NIIT USA Inc ("the Group") would be assessed for federal tax purposes on a consolidated level as the return of taxes on income is filed at a consolidated level. Pursuant to sale of its subsidiary Element K Corporation in previous year and with NIIT Ventures Inc., not having substantial operations, with effect from April 1, 2012, the consolidated tax expense along with the related accruals and assets, are recognized in the financial statements of NIIT USA Inc. based on the timing differences as at the year end. Accordingly, the impact of the reversal of the opening deferred tax liabilities aggregating to USD 1,000,000 as at March 31, 2012, on the Statement of Profit and Loss would be accounted for in the consolidated financial statements.
- c) Consequent to the sale of Element K, during the year ended March 31, 2012, the Company initiated the exercise to determine the tax expense on the sale by engaging independent experts to review the feasibility of certain deductions and with the objective to jointly review the tax return with the buyers of Element K. Pending completion of such exercise and pending finalisation of tax return, the Company estimated the tax expense of USD 17,200,000 as at March 31, 2012.

During the year ended March 31, 2013, based on the opinions of the independent expert, the Group concluded the detailed exercise of assessment of the availability of the deductions and accordingly, the Company filed its tax return which resulted in a write back of USD 7,875,000 out of the provision.

d) Deferred Tax Asset (net)

Deferred Tax Assets/Liabilities	Amount in USD		
	Opening As on April 1, 2012	Charged/ (Credited) to Profit and Loss	Closing As on March 31, 2013
Deferred Tax Liabilities:			
a) Tax impact of difference between carrying amount of fixed assets in the financial statements and as per the income tax calculation.		1,126,125	1,126,125
Total (A)	-	1,126,125	1,126,125
Deferred Tax Assets:			
a) Tax impact of expenses charged in the financial statements but allowable as deductions in future years under income tax:			
- Provision for Compensated Absences		(103,277)	(103,277)
- Unrealised foreign currency		(2,988)	(2,988)
- Provision for indemnity		(1,828,860)	(1,828,860)
Total (B)	-	(1,935,125)	(1,935,125)
Net Deferred Tax Liabilities/ (Assets) (A+B)	-	(809,000)	(809,000)
<i>Previous Year</i>	<i>NIL</i>	<i>NIL</i>	<i>NIL</i>

NIIT (USA) Inc., USA
Notes to the Financial Statements for the year ended March 31, 2013

12	LOANS AND ADVANCES Unsecured, considered good	Long Term		Short Term	
		As at March 31, 2013 USD	As at March 31, 2012 USD	As at March 31, 2013 USD	As at March 31, 2012 USD
i)	Security Deposits Receivable	27,404	32,404	-	-
ii)	Loans and advances to related parties	5,650,000	4,000,000	4,495,540	10,362,747
iii)	Advances recoverable in cash or in kind	-	-	275,908	182,201
		5,677,404	4,032,404	4,771,448	10,544,948
iv)	Advance Tax	-	-	1,469,440	-
	Less : Provision for Tax	-	-	(224,187)	-
		-	-	1,245,253	-
	Total	5,677,404	4,032,404	6,016,701	10,544,948

NIIT (USA) Inc., USA
Notes to the Financial Statements for the year ended March 31, 2013

13	Trade Receivables	Non Current		Current	
		As at March 31, 2013 USD	As at March 31, 2012 USD	As at March 31, 2013 USD	As at March 31, 2012 USD
a)	Trade receivables outstanding for a period exceeding six months from the date they are due for payment				
	Unsecured, considered good	-	-	134,966	-
	Unsecured, considered doubtful	20,171	450,228	-	-
	Less: Provision for doubtful debts	(20,171)	(450,228)	-	-
		-	-	134,966	-
b)	Other Trade Receivables				
	Unsecured, considered good	-	-	7,455,787	6,971,684
		-	-	7,455,787	6,971,684
		-	-		
		-	-	7,590,753	6,971,684

14	Provision for Doubtful Debts	Non Current		Current	
		As at March 31, 2013 USD	As at March 31, 2012 USD	As at March 31, 2013 USD	As at March 31, 2012 USD
	Opening Provision	450,228	839,388	-	-
	Add: Additional Provision Created	-	-	-	-
	Less: Provision utilised	(430,057)	(389,160)	-	-
	Closing Provision	20,171	450,228	-	-

15	OTHER ASSETS	Non Current		Current	
		As at March 31, 2013 USD	As at March 31, 2012 USD	As at March 31, 2013 USD	As at March 31, 2012 USD
	Unbilled revenue	230,000	616,000	3,795,199	1,794,936
	Interest Receivable	-	-	1,513	83,014
	Other Receivables	-	-	2,708,793	1,249,470
		230,000	616,000	6,505,505	3,127,420

NIIT (USA) Inc., USA
Notes to the Financial Statements for the year ended March 31, 2013

16	Cash and Bank Balances	Current	
		As at March 31, 2013 USD	As at March 31, 2012 USD
	Cash and cash equivalents:		
	Balance with banks -		
	- Current Accounts	4,726,201	6,731,573
		4,726,201	6,731,573

17 Contingent Liabilities

The Company is defending a civil lawsuit in which the plaintiff alleges the company is liable under a successor liability theory for an alleged contract liability. The Company disputes all allegations and is vigorously defending the suit and is confident that there would not be any future cash outflow.

NIIT (USA) Inc., USA
Notes to the Financial Statements for the year ended March 31, 2013

18	Revenue from Operations	Year ended March 31, 2013 USD	Year ended March 31, 2012 USD
	Sale of Services	40,311,813	38,272,933
	Subscription revenue	-	402,937
		40,311,813	38,675,870

19	Other Income	Year ended March 31, 2013 USD	Year ended March 31, 2012 USD
	Interest Income	269,419	752,736
	Service Fee (Refer Note 19.1)	449,038	507,803
	Miscellaneous Income	-	10,206
		718,457	1,270,745

19.1 Net of Personnel costs recovered USD 626,443 (Previous year NIL)

NIIT (USA) Inc., USA

Notes to the Financial Statements for the year ended March 31, 2013

20	Employee Benefits Expenses	Year ended March 31, 2013 USD	Year ended March 31, 2012 USD
	Salaries and Benefits (Net of recoveries)	6,993,039	7,186,611
	Contribution to 401K Plan & other Funds	191,258	95,096
	Welfare and Other expenses	29,914	44,428
		7,214,211	7,326,135

Notes

- i) Salaries and benefits is net off USD 104,603 (Previous Year USD 727,206) being the salary and other related cost recoveries and USD 114,536 capitalized for setting up of data center.
- ii) Other disclosures in respect of Employee benefits -

Company makes contribution towards a defined contribution plan for eligible employees.

Particulars	For the year ended March 31, 2013	For the year ended March 31, 2012
Contribution to 401K plan	167,980	95,096
Contribution to Superannuation Fund	12,935	-
Contribution to Provident Fund	10,343	-

NIIT (USA) Inc., USA
Notes to the Financial Statements for the year ended March 31, 2013

21	Other Expenses	Year ended March 31, 2013 USD	Year ended March 31, 2012 USD
	Equipment Hiring	-	595
	Rent (net of recoveries) Refer Note 27 (a)	350,065	385,656
	Rates and Taxes	62,845	50,467
	Communication	144,141	142,204
	Legal and Professional (Refer Note 21 (a))	476,174	487,918
	Management Cost Recovery by Holding Company	129,623	140,103
	Travelling and Conveyance	1,863,931	1,988,283
	Insurance	91,837	87,506
	Repairs and Maintenance		
	- Plant and Machinery	37,709	28,318
	- Others	9,511	3,736
	Consumables	3,868	2,062
	Loss on foreign currency translation and transaction (net)	79,594	71,632
	Bank Charges	26,909	35,885
	Marketing & Advertising Expenses	552,269	552,170
	Sales Commission	129,350	157,517
	Sundry Expenses	24,349	49,410
		3,982,175	4,183,462

21 (a) Legal and Professional expenses include:

	Payment to Auditors	Year ended March 31, 2013 USD	Year ended March 31, 2012 USD
	As auditor - Towards Audit	18,000	86,314
	Reimbursement of expenses (including Service Tax)	-	4,300
		18,000	90,614

22	Finance costs	Year ended March 31, 2013 USD	Year ended March 31, 2012 USD
	Interest Expense	62,852	628,164
	Other Borrowing Costs	-	204,122
		62,852	832,286

23	Exceptional items (Refer Note 28)	Year ended March 31, 2013 USD	Year ended March 31, 2012 USD
	Legal & Professional Expenses	1,253,404	1,512,564
	Indemnity Provisions & Litigation	1,675,000	3,200,000
	Dividend Income	-	(54,678,705)
	(Received from subsidiary, NIIT Ventures Inc. upon sale of Element K Corp.)		
		2,928,404	(49,966,141)

NIIT (USA) Inc., USA
Notes to the Financial Statements for the year ended March 31, 2013

24 Related party Disclosures as per Accounting Standard 18

a. Related party relationship where control exists

i) Parent Company
NIIT Limited, India

ii) Subsidiaries
1 NIIT Ventures Inc., USA
2 Element K Corporation, USA*
3 Element K India Pvt. Limited*
4 Element K (UK) Limited*
5 Element K Canada Inc.*

*Subsidiary upto October 14, 2011 (Refer note 28)

iii) Fellow Subsidiaries
1 NIIT Online Learning Ltd, India
2 Hole-in-the Wall Education Ltd, India
3 Scantech Evaluation Services Ltd, India
4 NIIT Yuvajyoti Limited, India
5 NIIT Institute of Finance Banking and Insurance Training Ltd, India
6 NIIT Institute of Process Excellence Limited, India
7 Evolv Services limited, India
8 NIIT Limited UK
9 NIIT Antilles NV, Netherlands Antilles
10 NIIT Malaysia Sdn. Bhd, Malaysia
11 NIIT GC Limited, Mauritius
12 NIIT China (Shanghai) Limited, China
13 NIIT Wu Xi Service outsourcing Training School, China
14 Chongqing NIIT Education Consulting Limited, China
15 Wu Xi NIIT Information Technology Consulting Limited, China
16 Changzhou NIIT Information Technology Consulting Limited, China
17 Su Zhou NIIT Information Technology Consulting Ltd, China
18 Chengmai NIIT Information Technology Company Limited (w.e.f December 19, 2012)
19 PT NIIT Indonesia, Indonesia (Under liquidation)
20 NIIT West Africa Limited, Nigeria
21 Qingdao NIIT Information Technology Co., Ltd China (w.e.f. May 14, 2012)
22 Chongqing An Dao Education Consulting Limited, China (w.e.f June 5, 2012)
23 Zhangjiagang NIIT Information Services Ltd, China (w.e.f September 1, 2012)

b. Key Managerial Personnel

i) Rajendra S Pawar (Director)
ii) V K Thadani (Director)
iii) P Rajendran (Director)
iv) Sapnesh Lalla (Chief Executive and Director)

c. Parties in which Key management personnel of the company are interested with whom the company has transacted

i) NIIT Technologies Pte Ltd, Singapore
ii) NIIT Smart Serve Ltd, India
iii) NIIT Technologies PTY Ltd Australia
iv) NIIT Technologies Inc USA
v) NIIT Technologies BV, Netherlands
vi) NIIT Technologies LTD, India
vii) NIIT Healthcare Technologies Inc, USA
viii) NIIT Media Technologies LLC, USA
ix) NIIT Insurance Technologies Ltd, USA

d. **Details of significant transactions with related parties on an arm's length basis**

Nature of Transactions	Holding Company	Subsidiaries	Fellow Subsidiaries	Key Managerial Personnel	Parties in which Key Managerial Personnel are interested	Total
Purchase of Assets (Refer Footnote 1 below)	NIL	NIL	NIL	NIL	NIL	-
	(5,151,000)	(NIL)	(NIL)	(NIL)	(957)	(5,151,957)
Services received in respect thereof	139,152	NIL	NIL	NIL	NIL	139,152
	(NIL)	(NIL)	(NIL)	(NIL)	(NIL)	-
Sale of Services (Refer Footnote 2 below)	NIL	NIL	NIL	NIL	NIL	-
	(337,529)	(1,119,338)	(51,666)	(NIL)	(NIL)	(1,508,533)
Service Fee recovered (Refer Footnote 3 below)	184,912	NIL	196,895	NIL	NIL	381,807
	(221,833)	(NIL)	(285,970)	(NIL)	(NIL)	(507,803)
Receiving of Services (Refer Footnote 4 below)	13,645,368	NIL	24,872	NIL	201,357	13,871,597
	(12,924,762)	(184,912)	(NIL)	(NIL)	(969,484)	(14,079,158)
Recovery of expenses (Refer Footnote 5 below)	1,113,754	185,142	481,571	NIL	370,505	2,150,972
	(427,537)	(1,471,168)	(413,908)	(NIL)	(563,697)	(2,876,310)
Reimbursement of expenses (Refer Footnote 6 below)	127,373	NIL	6,409	NIL	NIL	133,782
	(873,200)	(266,051)	(NIL)	(NIL)	(48,321)	(1,187,572)
Management Charges	129,623	NIL	NIL	NIL	NIL	129,623
	(140,103)	(NIL)	(NIL)	(NIL)	(NIL)	(140,103)
Loans Availed (Refer Footnote 7 below)	NIL	NIL	NIL	NIL	NIL	-
	(750,000)	(NIL)	(NIL)	(NIL)	(NIL)	(750,000)
Loans Repaid (Refer Footnote 8 below)	NIL	NIL	500,000	NIL	NIL	500,000
	(3,000,000)	(NIL)	(250,000)	(NIL)	(NIL)	(3,250,000)
Interest Expense (Refer Footnote 9 below)	NIL	NIL	34,222	NIL	NIL	34,222
	(130,644)	(NIL)	(45,111)	(NIL)	(NIL)	(175,755)
Interest Income (Refer Footnote 10 below)	NIL	NIL	259,751	NIL	NIL	259,751
	(NIL)	(627,294)	(83,014)	(NIL)	(NIL)	(710,308)
Loan Given (Refer Footnote 11 below)	NIL	NIL	3,978,500	NIL	NIL	3,978,500
	(NIL)	(NIL)	(4,000,000)	(NIL)	(NIL)	(4,000,000)
Loan given received back (Refer Footnote 12 below)	NIL	NIL	2,328,500	NIL	NIL	2,328,500
	(NIL)	(35,425,000)	(NIL)	(NIL)	(NIL)	(35,425,000)
Remuneration (Refer Footnote 13 below)	NIL	NIL	NIL	312,381	NIL	312,381
	(NIL)	(NIL)	(NIL)	(467,034)	(NIL)	(467,034)
Dividend Received (Refer Footnote 14 below)	NIL	NIL	NIL	NIL	NIL	-
	(NIL)	(54,678,705)	(NIL)	(NIL)	(NIL)	(54,678,705)
Dividend paid	5,182,696	NIL	NIL	NIL	NIL	5,182,696
	(26,000,000)	(NIL)	(NIL)	(NIL)	(NIL)	(26,000,000)

e. **Details of balances with related parties outstanding as at year end:**

Nature of Transactions	Holding Company	Subsidiaries	Fellow Subsidiaries	Parties in which Key Managerial Personnel are interested	Total
Trade & Other recoverable	1,177,549	NIL	330,851	7,466	1,515,866
	(664,678)	(167,239)	(612,880)	(10,804)	(1,455,601)
Trade Payable	233,542	NIL	NIL	NIL	233,542
	(NIL)	(244,432)	(568,646)	(85,027)	(898,105)
Loan Receivable	NIL	NIL	5,650,000	NIL	5,650,000
	(NIL)	(NIL)	(4,000,000)	(NIL)	(4,000,000)
Advance Recoverable	4,495,540	NIL	NIL	NIL	4,495,540
	10,362,747	(NIL)	(NIL)	(NIL)	10,362,747

Also, refer Note 8.1 in respect of corporate guarantee.

(Previous year figures are given in parenthesis)

- 1 Includes Purchase of Fixed Assets from -**
i) NIIT Limited USD NIL (Previous year USD 5,151,000)
ii) NIIT Technologies Pte Ltd USD NIL. (Previous year USD 957)
- 2 Includes sale of services to -**
i) Element K Corporation USA USD NIL (Previous year USD 1,119,338)
ii) NIIT Limited USD NIL (Previous year USD 337,529)
iii) NIIT Limited, UK USD NIL (Previous year USD 51,666)
- 3 Includes service fee recovered from -**
i) NIIT Limited USD 184,912 (Previous year USD 221,833)
ii) NIIT Limited, UK USD 196,895 (Previous year USD 285,970)
- 4 Includes receiving of Services from -**
i) NIIT Limited USD 13,645,368 (Previous year USD 12,924,762)
ii) Element K Corporation USA USD NIL (Previous year USD 184,912)
iii) NIIT Technologies Pte Ltd USD 36,953. (Previous year USD 132,806)
iv) NIIT Smart Serve Ltd USD NIL (Previous year USD 494,546)
v) NIIT Technology PTY Ltd USD 77,486 (Previous year USD 233,238)
vi) NIIT Technologies Inc USA USD NIL (Previous year USD 21,518)
vii) NIIT Technologies BV USD 86,918. (Previous year USD 87,376)
- 5 Includes recovery of expenses from -**
i) NIIT Technologies Inc USD 137,860. (Previous year USD 118,113)
ii) NIIT Technologies Ltd USA USD 209,523 (Previous year USD 391,987)
iii) NIIT Limited, UK USD 481,571 (Previous year USD 413,908)
iv) NIIT Venture Inc USA USD 185,142 (Previous year USD 1,223,033)
v) Element K Corporation USA USD NIL (Previous year USD 248,135)
vi) NIIT Limited USD 1,113,754 (Previous year USD 427,537)
vii) NIIT Healthcare Technologies Inc USD NIL (Previous year USD 2,860)
viii) NIIT Media Technologies LLC USD 23,122 (Previous year USD 50,738)
- 6 Includes reimbursement of expenses to -**
i) NIIT Limited USD 127,373 (Previous year USD 873,200)
ii) NIIT Technologies Inc USD NIL (Previous year USD 2,590)
iii) Element K Corporation USA USD NIL (Previous year USD 266,051)
iv) NIIT Technologies Pte Ltd USD NIL (Previous year USD 1,306)
v) NIIT Technologies PTY Ltd USD NIL (Previous year USD 42,117)
vi) NIIT Technologies Ltd USD NIL (Previous year USD 2,308)
vii) NIIT Limited, UK USD 6,409 (Previous year USD NIL)
- 7 Includes loans received from -**
i) NIIT Limited USD NIL (Previous year USD 750,000)
- 8 Includes loans repaid to -**
i) NIIT Limited USD NIL. (Previous year USD 3,000,000)
v) NIIT Malaysia SDN BHD USD 500,000 (Previous year USD 250,000)
- 9 Includes interest paid to -**
i) NIIT Limited USD NIL (Previous year USD 130,644)
ii) NIIT Malaysia SDN BHD USD 34,222. (Previous year USD 45,111)
- 10 Includes interest income from -**
i) NIIT Ventures Inc. USA USD NIL (Previous year USD 520,660)
ii) Element K Corporation USA USD NIL (Previous year USD 106,634)
iii) NIIT Antilles NV USD 220,783 (Previous year USD 83,014)
iv) NIIT Limited, UK USD 38,968 (Previous year USD NIL)
- 11 Includes loan given to -**
i) NIIT Antilles NV USD 2,400,000 (Previous year USD 4,000,000)
ii) NIIT Limited, UK USD 1,578,500 (Previous year USD NIL)
- 12 Includes loans given received back from -**
i) Element K Corporation USA USD NIL (Previous year USD 5,000,000)
ii) NIIT Ventures Inc USA USD NIL (Previous year USD 30,425,000)
iii) NIIT Antilles NV USD 750,000 (Previous year USD NIL)
iv) NIIT Limited, UK USD 1,578,500 (Previous year USD NIL)
- 13 Remuneration paid to the Chief Executive and Director USD 312,381 (Previous year USD 467,034)**
- 14 Includes Dividend received from -**
i) NIIT Ventures Inc USA USD NIL (Previous year USD 54,678,705)

NIIT (USA) Inc., USA
Notes to the Financial Statements for the year ended March 31, 2013

25 Earnings Per Share

Particulars	Amount in USD	
	Year ended March 31, 2013	Year ended March 31, 2012
Profit attributable to Equity shareholders (USD) - (A)	8,572,704	35,180,003
Weighted Average number of Equity shares outstanding during the year - (B)	24,162,113	24,162,113
Nominal Value of Equity Shares (USD)	1	1
Basic / Diluted earnings per share (USD) (A/B)	0.35	1.46

* There are no dilutive securities as at year end.

26 Segment Reporting

Primary segment information-business segment

In the view of the management, the Company operates in a single business segment i.e. Learning solutions for enterprises

Secondary Segment information - Geographical

Particulars	Amount in USD		
	Revenue from customers by location	Carrying amount of segment assets by location of the assets	Additions to Fixed assets
Americas (USA & Canada)	29,015,680	20,190,762	1,502,847
	(30,118,039)	(37,647,535)	(5,238,295)
India	138,472	5,764,853	-
	(109,878)	-	-
Europe	8,778,285	8,496,415	-
	(6,647,689)	-	-
Others	2,379,376	684,353	-
	(1,800,264)	(153,082)	-
Total	40,311,813	35,136,383	1,502,847
	(38,675,870)	(37,800,617)	(5,238,295)

Previous year figures are given in parenthesis

27 Disclosure in respect of leases as per Accounting Standard (AS) - 19

a) Operating Leases

Minimum lease Payments under non-cancellable Operating leases in case of premises on leases are as follows:

Particulars	Amount in USD	
	In respect of Premises March 31, 2013	March 31, 2012
Not later than 1 year	352,575	485,025
Later than 1 year but not later than 5 years	533,383	1,299,753

Lease rentals under Operating lease during the year ended 31st March 2013 amounted to USD 350,065 (Previous year USD 385,656) (net of recoveries).

Sub lease recoveries made USD 23,116. (Previous year USD 127,173).

Total of future minimum sub lease payments (in respect of premises) expected to be received under non-cancellable subleases at the year end amount to USD NIL. (Previous year USD 456,737).

b) Finance Leases:

The Company has entered into finance leasing arrangements for licenses and computers

Particulars	Amount in USD	
	As at March 31, 2013	As at March 31, 2012
Minimum lease payments	449,770	88,018
Less: Finance Costs	49,992	10,099
Present value of lease payment outstanding as at year end	399,778	77,919

Minimum lease payments due:

Particulars	Amount in USD	
	As at March 31, 2013	As at March 31, 2012
Not later than 1 year	196,495	39,873
Later than 1 year but not later than 5 years	253,275	48,145

Present value of minimum lease payments:

Particulars	Amount in USD	
	As at March 31, 2013	As at March 31, 2012
Not later than 1 year	174,346	34,117
Later than 1 year but not later than 5 years	225,432	43,802

- 28 During the previous year, the Company, along with its subsidiary NIIT Ventures Inc., USA, sold the erstwhile step down subsidiary, Element K Corp., USA ("EK"), for an aggregate consideration of USD 109,653,634. The Company has given an indemnity to the buyers of EK in connection of such sale. The Company has incurred the following expenses in connection with the sale :

Amount in USD

Particulars	March 31, 2013	March 31, 2012
Legal and Professional expenses	1,253,404	537,211
Salaries & benefits (including performance linked incentives)	-	425,757
Indemnity Provisions & Litigation	1,675,000	3,200,000
Finance cost	-	549,596
Total	2,928,404	4,712,564

Accordingly, figures of the current year are not comparable to those of the corresponding previous year.

29 **Previous Year Figures**

Previous year figures have been reclassified / regrouped to conform to current year's classification.

For and on behalf of the Board

For **Price Waterhouse**
Firm Registration No.: 301112E
Chartered Accountants

Sapnesh Lalla
Director

Vijay K Thadani
Director
DIN - 00042527

Usha Rajeev
Partner
Membership No. 087191

P R Subramanian
Chief Financial Officer

Place: Gurgaon
Date: May 23, 2013

Place: Atlanta, USA
Date: May 23, 2013