

NIIT Ventures 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	100	100
Reserves and surplus	4	8,562	194,587
2 Current liabilities			
Other current liabilities	5	2,500	669,542
TOTAL		11,162	864,229
II ASSETS			
1 Current assets			
Cash and bank balances	6	11,162	98,494
Other current assets	8	-	765,735
TOTAL		11,162	864,229

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

Rajendra S Pawar
Director
DIN – 00042516

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 Ventures 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
I. INCOME			
Other Income	9	-	293,253
Total Income		<u>-</u>	<u>293,253</u>
II EXPENDITURE			
Other Expenses	10	2,022	62,017
Finance Costs	12	-	520,660
Total Expenses		<u>2,022</u>	<u>582,677</u>
III. (Loss) before exceptional items and tax		<u>(2,022)</u>	<u>(289,424)</u>
IV. Exceptional items	13	(184,003)	59,825,419
V. Profit / (Loss) before tax (III - IV)		<u>(186,025)</u>	<u>59,535,995</u>
VI. Tax expense	15	-	-
VII. Profit / (Loss) after tax for the year		<u>(186,025)</u>	<u>59,535,995</u>
VIII. Earnings / (Loss) per equity share (Face Value USD 1 each):	16		
Basic		(1,860.25)	595,359.95
Diluted		(1,860.25)	595,359.95

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.

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NIIT Ventures Inc., USA
Cash Flow Statement for the year ended 31st March 2013

	Year ended March 31, 2013 USD	Year ended March 31, 2012 USD
A. CASH FLOW FROM OPERATING ACTIVITIES:		
Profit before Tax	(186,025)	59,535,995
Adjustments for:		
Depreciation and Amortisation	-	
Interest Expenses	-	520,660
Dividend income	-	(32,945,345)
Profit on sale of Investments	-	(26,880,074)
Liabilities / Provisions no longer required written back	-	(35,735)
Interest Income	-	(257,518)
	-	(59,598,012)
Operating profit before working capital changes	(186,025)	(62,017)
Add / (Less): (Increase)/ Decrease in operating working capital:		
Loans and Advances & Other Current Assets	765,735	(700,230)
Current Liabilities	(667,042)	(1,811,152)
	98,693	(1,110,922)
Cash generated from / used in operations	(87,332)	(1,873,169)
Taxes paid (including TDS)	-	-
Net cash used for Operating activities (A)	(87,332)	(1,873,169)
B. CASH FLOW FROM INVESTING ACTIVITIES:		
Proceeds from Sale of Investments in Subsidiary (Element K Corporation USA)	-	41,490,999
Dividend Received	-	32,945,345
Repayment of Loan given	-	15,048,199
Interest Received	-	376,202
	-	89,860,745
Net cash from Investing activities (B)	-	89,860,745
C. CASH FLOW FROM FINANCING ACTIVITIES:		
Long Term Borrowings repaid during the year	-	(24,340,000)
Current Maturities of Long term borrowings repaid during the year	-	(6,085,000)
Interest Paid	-	(2,797,827)
Dividend Paid	-	(54,678,705)
	-	(87,901,532)
Net cash used in Financing activities (C)	-	(87,901,532)
Net Increase/(Decrease) in Cash & Cash equivalents (A) + (B) + (C)	(87,332)	86,044
Cash and Cash equivalents as at the beginning of the year (Note 1)	98,494	12,450
Cash and cash equivalents as at the end of the year (Note 1)	11,162	98,494

Notes:

1 Cash and cash equivalents as on	March 31, 2013	March 31, 2012
	USD	USD
Balances with banks	11,162	98,494
	11,162	98,494

- 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

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P R Subramanian
Chief Financial Officer

Place : Gurgaon
Date: May 23, 2013

Place : Atlanta, USA
Date: May 23, 2013

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

1 Company Background

NIIT Ventures Inc., USA, is a wholly owned subsidiary of NIIT (USA) Inc., USA, incorporated in the United States of America. There are no employees of the Company.

2 Significant Accounting Policies

i) BASIS OF PREPARATION OF ACCOUNTS

These special purpose financial statements have been prepared in accordance with the generally accepted accounting principles in India on accrual basis. Due to the sale of its investment in Element K in the preceding financial year, neither have there been any significant operations in the Company, other than meeting its commitments and obligations in connection to the sale, nor are there any plans to commence any business. Considering these factors, there is doubt whether the Company may continue as a going concern. Accordingly, assets and liabilities in these financial statements have been stated at net realisable values.

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 Consolidated Financial Statements of NIIT Limited, the Parent Company.

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.

ii) 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.

iii) Borrowing Costs

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

iv) 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, if any.

v) 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 Ventures 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 100 Equity Shares of USD 1 each held (Previous year - 100 Equity Shares of USD 1 each held)	100	100
		<u>100</u>	<u>100</u>
	Subscribed and fully paid 100 Equity Shares of USD 1 each held (Previous year - 100 Equity Shares of USD 1 each held)	100	100
		100	100

3.1	Reconciliation of the number of shares outstanding	As at 31st March 2013		As at 31st March 2012	
		No. of shares	Value USD	No. of shares	Value USD
	Equity Shares				
	Shares outstanding at the beginning of the year	100	100	100	100
	Shares outstanding at the end of the year	100	100	100	100

3.2 Note on rights, preferences and restrictions attaching to Equity 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 (USA) Inc., USA	Equity	100	100

3.4	Shares held by each shareholder holding more than 5% shares	As at 31st March 2013		As at 31st March 2012	
		% of holding	No. of shares	% of holding	No. of shares
	Equity Shares				
	NIIT (USA) Inc., USA	100	100	100	100
	Total	100%	100	100%	100

NIIT Ventures 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 / (Defecit) in Statement of Profit & Loss		
	Balance Brought Forward from Previous year	194,587	(4,662,703)
	Add : Current year profit / (loss) attributable to Shareholders	(186,025)	59,535,995
	Less:-		
	Interim Dividend on Equity Shares	-	54,678,705
		8,562	194,587
		8,562	194,587

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

5	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
	Other Payables	-	-	2,500	669,542
		-	-	2,500	669,542

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

6	Cash and Bank Balances	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
	Cash and cash equivalents:				
	Balance with banks	-	-	11,162	98,494
	-Current Accounts	-	-	-	-
		-	-	11,162	98,494

7 Contingencies and Commitments

Pursuant to the sale of subsidiary by the Company in the previous year and as per the terms of the sale agreement, NIIT (USA) Inc., USA has indemnified the buyer for claims arising upto an amount of USD 11,000,000 except for specific matters regarding fundamental representation, where the amount is not limited. Any claim in liability arising therefrom shall be borne by NIIT (USA) Inc., USA, as per the sale agreement. The said indemnity is also covered by a corporate guarantee from NIIT Limited., the ultimate holding company.

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

8	OTHER ASSETS Unsecured, Considered good unless otherwise stated	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
	Other Receivables (Refer Note 8.1)	-	-	-	765,735
		-	-	-	765,735

8.1 Other receivable includes USD NIL (Previous year USD 492,477) pertaining to amount recoverable from the buyers of Element K on account of working capital adjustment which has been since received. (Refer Note 18)

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

9	Other Income	Year ended March 31, 2013 USD	Year ended March 31, 2012 USD
	Interest Income on loan to Subsidiary*	-	257,518
	Liabilities written back	-	35,735
		-	293,253

* Element K Corporation USA ceased to be a subsidiary w.e.f October 14, 2011.

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

10	Other Expenses	Year ended March 31, 2013 USD	Year ended March 31, 2012 USD
	Legal and Professional	1,743	61,500
	Bank Charges	279	517
		2,022	62,017

11 Legal and Professional expenses include:

	Payment to Auditors	Year ended March 31, 2013 USD	Year ended March 31, 2012 USD
	As auditor	-	2,500
		-	2,500

12	Finance costs	Year ended March 31, 2013 USD	Year ended March 31, 2012 USD
	Interest Expense	-	520,660
		-	520,660

13	Exceptional items (Refer Note 18)	Year ended March 31, 2013 USD	Year ended March 31, 2012 USD
	Legal & Professional expenses	(184,003)	-
	Profit on Sale of long term investment (net of expenses) (Refer Note 18)	-	26,880,074
	Dividend Income	-	32,945,345
		(184,003)	59,825,419

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

14 Related party Disclosures as per Accounting Standard 18

a. Related party relationship where control exists

i) Parent Companies

- 1 NIIT Limited, India (Ultimate Holding Company)
- 2 NIIT (USA) Inc., USA (Holding Company)

ii) Subsidiaries*

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

*Subsidiary upto October 14, 2011 (Refer note 18)

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)

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

Nature of Transactions	Holding Company	Subsidiary (Element K Corporation)	Total
Recovery of Expenses from	NIL	NIL	-
	(NIL)	(7,627)	(7,627)
Reimbursement of Expenses	184,912	NIL	184,912
	(1,223,033)	(NIL)	(1,223,033)
Interest Expense	NIL	NIL	-
	(520,660)	(NIL)	(520,660)
Interest Income	NIL	NIL	-
	(NIL)	(257,518)	(257,518)
Loan given received back	NIL	NIL	-
	(NIL)	(15,048,199)	(15,048,199)
Loan received paid back	NIL	NIL	-
	(30,425,000)	(NIL)	(30,425,000)
Dividend Received	NIL	NIL	-
	(NIL)	(32,945,345)	(32,945,345)
Dividend paid	NIL	NIL	-
	(54,678,705)	(NIL)	(54,678,705)

d. **Details of Balances with related parties outstanding as at year end:**

Nature of Transactions	Holding Company	Subsidiary (Element K Corp.)	Total
Recoverable	NIL	NIL	-
	(244,432)	(NIL)	(244,432)
Payable	NIL	NIL	-
	(167,239)	(NIL)	(167,239)

Also, refer Note 7 for corporate guarantee.

Previous year figure are given in paranthesis

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

15 Tax Expense

The subsidiaries of NIIT Limited in USA, namely NIIT (USA) Inc, and NIIT Ventures Inc , are assessed for federal taxes on a consolidated level as the return of taxes on income is filed at a consolidated level in USA. As there are no significant operations of the Company, the tax expense would be borne only at a consolidated level and reported in the financial statements of the Holding company, NIIT (USA) Inc., USA, and thus not accounted for and reported in these financial statements.

16 Earnings Per Share

Particulars	Year ended March 31, 2013	Year ended March 31, 2012
Profit / (Loss) attributable to Equity shareholders (USD) - (A)	(186,025)	59,535,995
Weighted Average number of Equity shares outstanding during the year - (B)	100	100
Nominal Value of Equity Shares (USD)	1	1
Basic / Diluted Profit / (Loss) per share (USD) (A/B)	(1,860.25)	595,359.95

*There are no dilutive securities

17 Segment Reporting

Primary segment information - business segment

The company only has investment in USA and related income / expenses and accordingly, no primary segment information is being given.

Secondary segment information

Details of secondary segments are not disclosed as all assets and liabilities relate to the domestic market, USA.

18 Sale of Investment in subsidiary

During the previous year, the Company, sold its investment in Element K Corporation for an aggregate consideration of USD 109,653,634. The Company received a consideration of USD 43,153,634 towards sale of its investment in Element K Corporation and USD 32,945,345 as dividend from Element K Corporation towards sale of its intangibles.

The net profit on sale of investment was determined as below:

Particulars	Year ended March 31, 2012 (USD)
Proceeds received towards Sale of Investment*	43,153,634
Less: Investment cost	14,610,925
Less: Expenses incurred in connection with the sale**	1,662,635
Total	26,880,074

*Includes working capital adjustment of USD 492,477 received subsequent to the date of sale.

** Expenses incurred in connection with the sale include:

Amount in USD

Particulars	31-Mar-13	31-Mar-12
Legal and Professional expenses	184,003	850,162
Salaries & benefits (including performance linked incentives)	-	722,725
Others	-	89,748
Total	184,003	1,662,635

19 Previous Year Figures

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

Signatures to Notes '1' to '19' to these Financial Statements.

For and on behalf of the Board

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