

NIIT (USA) Inc., USA

Balance Sheet as at March 31, 2014

PARTICULARS	Notes	As at March 31, 2014 USD	As at March 31, 2013 USD
I EQUITY AND LIABILITIES			
1 Shareholders' funds			
Share capital	3	17,162,113	24,162,113
Reserves and surplus	4	75,442	3,640,888
2 Non-current liabilities			
Deferred tax liabilities (net)	11	692,135	-
Long-term borrowings	5	305,788	225,432
Other Long term liabilities	7	95,000	-
Long-term provisions	8	500,000	4,675,000
3 Current liabilities			
Trade Payables	6	7,249,905	3,136,277
Other current liabilities	7	1,430,809	1,086,926
Short-term provisions	8	782,950	264,000
TOTAL		28,294,142	37,190,636
II ASSETS			
1 Non-current assets			
Fixed assets	9		
Tangible assets		1,638,456	1,027,920
Intangible assets		3,430,379	4,607,052
Intangible assets under development		1,050,078	-
Non-current investments	10	100	100
Deferred tax assets (net)	11	-	809,000
Long-term loans and advances	12	2,427,404	5,677,404
Other non-current assets	15	108,963	230,000
2 Current assets			
Cash and bank balances	16	1,782,229	4,726,201
Short-term loans and advances	12	6,587,364	6,016,701
Trade receivables	13	5,653,726	7,590,753
Other current assets	15	5,615,443	6,505,505
TOTAL		28,294,142	37,190,636

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, India
Date: May 21, 2014

Place: Atlanta, USA
Date:

NIIT (USA) Inc., USA

Statement of Profit & Loss for the year ended March 31, 2014

PARTICULARS	Notes	Year ended March 31, 2014 USD	Year ended March 31, 2013 USD
INCOME			
I. Revenue from Operations	18	38,324,998	40,311,813
II. Other Income	19	731,489	718,457
III. Total Revenue (I + II)		<u>39,056,487</u>	<u>41,030,270</u>
IV. EXPENDITURE			
Professional & Technical Outsourcing Expenses		22,926,014	24,244,878
Employee Benefits Expense	20	7,066,054	7,214,211
Other Expenses	21	5,836,003	4,874,306
Finance Costs	22	41,655	62,852
Depreciation and Amortization Expense	9	1,588,486	1,592,727
Total Expenses		<u>37,458,212</u>	<u>37,988,974</u>
V. Profit before exceptional items and tax (III-IV)		<u>1,598,275</u>	<u>3,041,296</u>
VI. Exceptional items (Net)	23	- 824,301	2,928,404
VII. Profit before tax (V - VI)		<u>2,422,576</u>	<u>112,892</u>
VIII. Tax expense:			
(1) Current Tax		134,472	224,188
(2) AMT Credit Entitlement	-	730,785	
(3) Deferred Tax (Credit)	-	1,501,135	809,000
(4) Current Tax relating to earlier years (written back)	-	586,800	7,875,000
IX. Profit for the year		<u>2,104,554</u>	<u>8,572,704</u>
X. Earnings per equity share (Face Value USD 1 each)	25		
- Basic		0.10	0.35
- Diluted		0.10	0.35

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, India
Date: May 21, 2014

Place: Atlanta, USA
Date:

NIIT (USA) Inc., USA
Cash Flow Statement for the year ended March 31, 2014

		Year ended March 31, 2014 USD	Year ended March 31, 2013 USD
A. CASH FLOW FROM OPERATING ACTIVITIES:			
Profit before Tax		2,422,576	112,892
Adjustments for:			
Depreciation and Amortisation	1,588,486		1,592,727
Interest Expenses	41,655		62,852
Interest Income	(269,784)		(269,419)
Provision for Unbilled Revenue	315,000		-
Provision for Indemnity and litigation	(1,675,000)		1,475,000
Provision for Compensated Absences	18,950		(2,000)
Unrealized Foreign exchange loss / (gain)	(5,932)		(19,236)
		13,375	2,839,924
Operating profit before working capital changes		<u>2,435,951</u>	<u>2,952,816</u>
Movement in working capital:			
Trade Receivables	1,951,652		(602,359)
Loans and Advances & Other Assets	4,769,298		2,383,055
Trade Payables	4,113,628		(333,988)
Other Liabilities and Provisions	(1,783,309)		81,212
Cash generated (used in) / from operations		<u>11,487,220</u>	<u>4,480,736</u>
Taxes paid (including withholding taxes)		(444,554)	586,168
Net cash (used in)/ from Operating activities (A)		<u>11,042,666</u>	<u>5,066,904</u>
B. CASH FLOW FROM INVESTING ACTIVITIES:			
Purchase of Fixed Assets (including intangibles under development)		(1,778,572)	(1,129,352)
Loan given to Affiliates		-	(3,978,500)
Loans given to Affiliates received back		-	2,328,500
Interest Received		209,734	350,920
Taxes (paid) / refund on sale of investment (Refer Note 11)		-	779,845
Net cash from Investing activities (B)		<u>(1,568,838)</u>	<u>(1,648,587)</u>
C. CASH FLOW FROM FINANCING ACTIVITIES:			
Repurchase of shares		(7,070,000)	-
Loan repaid to Affiliates		-	(500,000)
Other loans received (leases) net		293,855	321,859
Interest Paid (including financing charges on finance lease arrangements)		(41,655)	(62,852)
Dividend Paid		(5,600,000)	(5,182,696)
Net cash (used in) Financing activities (C)		<u>(12,417,800)</u>	<u>(5,423,689)</u>
Net Increase/(Decrease) in Cash & Cash equivalents (A) + (B) + (C)		<u>(2,943,972)</u>	<u>(2,005,372)</u>
Cash and Cash equivalents as at the beginning of the year (Note 1)		<u>4,726,201</u>	<u>6,731,573</u>
Cash and cash equivalents as at the end of the year (Note 1)		<u>1,782,229</u>	<u>4,726,201</u>

Notes:

- Cash and cash equivalents as on**

	March 31, 2014 USD	March 31, 2013 USD
Cheques & Drafts (in hand)	-	-
Balances with banks	1,782,229	4,726,201
	<u>1,782,229</u>	<u>4,726,201</u>
- 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.
- The accompanying Notes form an integral part of the Cash Flow Statement.
- 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

Vijay K Thadani
Director
DIN - 00042527

Usha Rajeev
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Membership No. 087191

P R Subramanian
Chief Financial Officer

Place : Gurgaon, India
Date: May 21, 2014

Place : Atlanta, USA
Date:

NIIT (USA) Inc., USA
Notes to the Special Purpose Financial Statements for the year ended March 31, 2014

1 Company background

NIIT (USA) Inc., USA (the Company) is a wholly owned subsidiary of NIIT Limited, a leading global talent management company. 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 except for certain assets acquired pursuant to acquisitions which were accounted for on fair value which was considered as cost.

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 Holding 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, net of accumulated depreciation and accumulated impairment losses, if any, 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 of India

ii) Intangible Fixed Assets and Amortisation

Intangible Assets are stated at cost, net of accumulated amortisation and accumulated impairment losses, if any.

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.

NIIT (USA) Inc., USA
Notes to the Special Purpose Financial Statements for the year ended March 31, 2014

vi) Other Income

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. The plan is described as a defined contribution plan as the Company does not carry any further obligation.

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. The plan is described as a defined contribution plan as the Company does not carry any further obligation.

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 plan is described as a defined contribution plan as the Company does not carry any further obligation.

Compensated Absences

Accumulated compensated absences, which are expected to be availed within 12 months from the end of the year are treated as short term employee benefits. The obligation towards the same is measured at the expected cost of accumulated compensated absences expected to be availed based on the unutilised entitlement as at the year end.

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 are restated at the end of accounting period. Gains/Losses arising out of fluctuations on realisation/payment or restatement are 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 differences 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 **respective** contracts.

Transactions and balances of an integral foreign operation are translated using the principles and procedures as if the translations of the foreign operations are those of the Company itself.

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 - Leases 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 for the period, comprising current and deferred tax, are included in the determination of net profit for the period. Current tax is measured at the amount expected to be paid to the tax authorities in accordance with the taxation laws in USA.

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.

xv) Repurchase of equity shares

Premium paid on repurchase of equity shares is accounted for as distribution of reserves.

NIIT (USA) Inc., USA
Notes to the Special Purpose Financial Statements for the year ended March 31, 2014

3	SHARE CAPITAL	As at March 31, 2014 USD	As at March 31, 2013 USD
	Authorised 25,000,000 (Previous year - 25,000,000) Equity Shares of USD 1 each	25,000,000	25,000,000
	Issued 17,162,113 (Previous year - 24,162,113) Equity Shares of USD 1 each	17,162,113	24,162,113
	Subscribed and fully paid 17,162,113 (Previous year - 17,162,113) Equity Shares of USD 1 each	17,162,113	24,162,113
		17,162,113	24,162,113

3.1	Reconciliation of the number of shares outstanding	As at March 31, 2014		As at March 31, 2013	
		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 repurchased during the year	(7,000,000)	(7,000,000)	-	-
	Shares outstanding at the end of the year	17,162,113	17,162,113	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, 2014 No. of shares	As at March 31, 2013 No. of shares
	Holding company	NIIT Limited	Equity	17,162,113	24,162,113

3.4	Shares held by each shareholder holding more than 5% shares	March 31, 2014		March 31, 2013	
		% of Holding	No. of Shares	% of Holding	No. of Shares
	Equity Shares				
	NIIT Limited	100	17,162,113	100	24,162,113
	Total	100%	17,162,113	100%	24,162,113
3.5	During the year, the Company repurchased 7,000,000 equity shares @ USD 1.01 per share from its sole shareholder. The shares repurchased stand cancelled as at the year end.				

NIIT (USA) Inc., USA
Notes to the Special Purpose Financial Statements for the year ended March 31, 2014

4	RESERVES AND SURPLUS	As at March 31, 2014 USD	As at March 31, 2013 USD
	Surplus in Statement of Profit & Loss		
	Balance Brought Forward from Previous year	3,640,888	250,880
	Add : Current year profit attributable to Shareholders	2,104,554	8,572,704
	Less:-		
	Dividend on Equity Shares	5,600,000	5,182,696
	Transferred to/from General Reserve- Premium on repurchase of equity shares (Refer Note 4.1)	70,000	-
		75,442	3,640,888
		75,442	3,640,888

- 4.1** During the year, the Company has repurchased part of it's equity capital, aggregating to USD 7,000,000, from the holding company at a premium of USD 0.01 per equity share. The amount of consideration has been determined based on valuation carried out by an independent expert of the Company. The shares repurchased have been cancelled by the Company. The premium on repurchase has been charged to the accumulated reserves of the Company.

NIIT (USA) Inc., USA

Notes to the Special Purpose Financial Statements for the year ended March 31, 2014

5	LONG TERM BORROWINGS	Non Current Portion		Current Maturities	
		As at March 31, 2014 USD	As at March 31, 2013 USD	As at March 31, 2014 USD	As at March 31, 2013 USD
A)	UNSECURED				
	Finance Lease Obligation (Refer Note 5.1)	305,788	225,432	387,845	174,346
	Sub Total (A)	305,788	225,432	387,845	174,346
B)	Amount disclosed under the head "Other Current Liabilities" (Refer Note 7)			(387,845)	(174,346)
	Total (A+B)	305,788	225,432	-	-

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

NIIT (USA) Inc., USA
Notes to the Special Purpose Financial Statements for the year ended March 31, 2014

6	TRADE PAYABLES	Non Current		Current	
		As at	As at	As at	As at
		March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013
		USD	USD	USD	USD
	Sundry Creditors	-	-	7,249,905	3,136,277
		-	-	7,249,905	3,136,277

7	OTHER LIABILITIES	Long Term Liabilities		Current Liabilities	
		As at	As at	As at	As at
		March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013
		USD	USD	USD	USD
	Current Maturities of Long Term Borrowings	-	-	387,845	174,346
	Deferred Revenue	-	-	7,500	-
	Advances from Customers	-	-	81,209	54,707
	Statutory Dues	-	-	73,045	106,486
	Other Payables (Note 7.1 below)	95,000	-	881,210	751,387
		95,000	-	1,430,809	1,086,926

7.1 Other payables includes the following amounts -
(a) USD 443,889 (Previous Year : USD 551,387) due to employees of the Company.
(b) Subsequent to the year end, the Company settled an ongoing law suit, in respect of an alleged contract liability relating to an acquisition made in 2003-04, for a consideration of USD 500,000. As the same was settled prior to approval of the financial information, the amount has been provided for. Out of this, an amount of USD 95,000 has been classified as long-term liability.

8	PROVISIONS	Long-Term		Short-Term	
		As at	As at	As at	As at
		March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013
		USD	USD	USD	USD
	Employee benefits : Provision for Compensated Absences - Short tem	-	-	282,950	264,000
	Others : Provision for Indemnity (Refer Note 8.1)	500,000	4,675,000	500,000	-
		500,000	4,675,000	782,950	264,000

8.1 Movement in Provision for Indemnity

Particulars	As at March 31, 2014	As at March 31, 2013
Opening Balance	4,675,000	3,200,000
Additions/(Utilisation)	(3,675,000)	1,475,000
Balance at the year end	1,000,000	4,675,000

During FY 2011-12, the Company, through its wholly owned subsidiary NIIT Ventures Inc., USA, sold its investment in Element K Corporation USA ("EK"). As a part of the sale agreement, the Company had submitted an indemnity to the buyer or its representatives 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 had 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. Based on claim received from the buyers of EK, the Company had initiated arbitration against the claim amount in previous year and settled the dispute with the buyers in the current year for an aggregate consideration of USD 2,500,000 payable in instalments. The remaining amount of the provision, amounting to USD 2,175,000 has been credited to the Statement of Profit and Loss as an exceptional item (Refer Note 23).

NIIT (USA) Inc., USA

Notes to the Special Purpose Financial Statements for the year ended March 31, 2014

9 FIXED ASSETS

(Amount in USD)

Description of Assets	GROSS BLOCK				DEPRECIATION AND AMORTISATION				NET BLOCK	
	Cost As on 01.04.2013	Additions during the year	Sales / Disposal during the year	Total as on 31.03.2014	As on 01.04.2013	For the year	Sales / Disposal during the year	Total as on 31.03.2014	As on 31.03.2014	As on 31.03.2013
<u>i) Tangible</u>										
Plant & Equipment										
-Owned	860,726	334,966	-	1,195,692	329,204	111,860	-	441,064	754,628	531,522
-Leased	679,221	627,454	-	1,306,675	219,660	230,241	-	449,901	856,774	459,561
Lease Hold Improvements	20,682	-	-	20,682	5,971	5,457	-	11,428	9,254	14,711
Furniture & Fixtures										
-Owned	172,398	1,342	-	173,740	150,272	5,668	-	155,940	17,800	22,126
Vehicles	-	-	-	-	-	-	-	-	-	-
Sub Total (a)	1,733,027	963,762	-	2,696,789	705,107	353,226	-	1,058,333	1,638,456	1,027,920
<u>ii) Intangible</u>										
Goodwill	1,360,011	-	-	1,360,011	1,360,011	-	-	1,360,011	-	-
Software - Internally generated	1,138,874	-	-	1,138,874	1,016,132	87,946	-	1,104,078	34,796	122,742
Software Acquired	8,935,110	58,587	-	8,993,697	4,450,800	1,147,314	-	5,598,114	3,395,583	4,484,310
Sub Total (b)	11,433,995	58,587	-	11,492,582	6,826,943	1,235,260	-	8,062,203	3,430,379	4,607,052
Total (a+b)	13,167,022	1,022,349	-	14,189,371	7,532,050	1,588,486	-	9,120,536	5,068,835	5,634,972
Previous year	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	-

(iii) Intangible Assets under development

1,050,078

9.1 Expenses capitalised in respect of development of internally generated intangibles during the year

	Amount in USD
- Salaries and Benefits	485,510
- Professional outsourcing	437,820
- Other Expenses	126,748
	<u>1,050,078</u>

9.2 Intangibles include softwares (tools and platforms) whose remaining amortisation period is 1 to 4 years. None of these are individually material to these financial statements as a whole other than a tool for providing managed training services.

NIIT (USA) Inc., USA

Notes to the Special Purpose Financial Statements for the year ended March 31, 2014

10	INVESTMENTS	Non Current	
		As at March 31, 2014 USD	As at March 31, 2013 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 Special Purpose Financial Statements for the year ended March 31, 2014

11 TAXATION

- a) Current tax expense comprises of federal and state taxes payable on income.
- 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.
- c) Deferred Tax Asset (net)

Amount in USD		
Deferred Tax Assets/Liabilities	As on March 31, 2014	As on March 31, 2013
Deferred Tax Liabilities:		
a) Depreciation and amortisation	1,195,105	1,126,125
Total (A)	1,195,105	1,126,125
Deferred Tax Assets:		
- Provision for Compensated Absences	(110,691)	-103,277
- Others	(1,079)	-2,988
- Provision for indemnity	(391,200)	-1,828,860
Total (B)	-502,970	-1,935,125
	-	
Net Deferred Tax Liabilities/ (Assets)	692,135	-809,000

NIIT (USA) Inc., USA
Notes to the Special Purpose Financial Statements for the year ended March 31, 2014

12	LOANS AND ADVANCES Unsecured, considered good	Long Term		Short Term	
		As at March 31, 2014 USD	As at March 31, 2013 USD	As at March 31, 2014 USD	As at March 31, 2013 USD
	i) Security Deposits Receivable	27,404	27,404	-	-
	ii) Loans and advances to related parties	2,400,000	5,650,000	3,250,000	4,495,540
	iii) Advances recoverable in cash or in kind	-	-	464,444	275,908
		2,427,404	5,677,404	3,714,444	4,771,448
	iv) Advance Tax	-	-	2,265,544	1,469,440
	Less : Provision for Tax	-	-	(123,409)	(224,187)
		-	-	2,142,135	1,245,253
	v) AMT Credit entitlement	-	-	730,785	-
		-	-	730,785	-
	Total	2,427,404	5,677,404	6,587,364	6,016,701

NIIT (USA) Inc., USA
Notes to the Special Purpose Financial Statements for the year ended March 31, 2014

13	TRADE RECEIVABLES	Non Current		Current	
		As at March 31, 2014 USD	As at March 31, 2013 USD	As at March 31, 2014 USD	As at March 31, 2013 USD
a)	Trade receivables outstanding for a period exceeding six months from the date they are due for payment				
	Unsecured, considered good	-	-	30,095	134,966
	Unsecured, considered doubtful	20,171	20,171	-	-
	Less: Provision for doubtful debts	- 20,171	- 20,171	-	-
		-	-	30,095	134,966
b)	Other Trade Receivables				
	Unsecured, considered good	-	-	5,623,631	7,455,787
		-	-	5,623,631	7,455,787
		-	-	5,653,726	7,590,753

14	PROVISION FOR DOUBTFUL DEBTS	Non Current		Current	
		As at March 31, 2014 USD	As at March 31, 2013 USD	As at March 31, 2014 USD	As at March 31, 2013 USD
	Opening Provision	20,171	450,228	-	-
	Add: Additional Provision Created	-	-	-	-
	Less: Provision utilised	-	430,057	-	-
	Closing Provision	20,171	20,171	-	-

15	OTHER ASSETS	Non Current		Current	
		As at March 31, 2014 USD	As at March 31, 2013 USD	As at March 31, 2014 USD	As at March 31, 2013 USD
	Unbilled revenue	-	230,000	3,829,531	3,795,199
	Less : Provision for Unbilled Revenue	-	-	(315,000)	-
	Interest Receivable	-	-	61,563	1,513
	Other Receivables	108,963	-	2,039,349	2,708,793
		108,963	230,000	5,615,443	6,505,505

NIIT (USA) Inc., USA
Notes to the Special Purpose Financial Statements for the year ended March 31, 2014

16	CASH AND BANK BALANCES	Current	
		As at March 31, 2014 USD	As at March 31, 2013 USD
	Cash and cash equivalents: Balance with banks - - Current Accounts	1,782,229	4,726,201
		1,782,229	4,726,201

17 Contingent Liabilities

Tax Matters

518,867

The Company has indemnified the buyers of Element K Corp USA, an erstwhile subsidiary of the Company, in case of any outflows. However, the Company does not foresee any cash outflow in respect of the above matter based on the advice of it's legal counsel.

NIIT (USA) Inc., USA
Notes to the Special Purpose Financial Statements for the year ended March 31, 2014

18	Revenue from Operations	Year ended March 31, 2014 USD	Year ended March 31, 2013 USD
	Sale of Products :		
	Sale of Services	38,324,998	40,311,813
		38,324,998	40,311,813
19	OTHER INCOME	Year ended March 31, 2014 USD	Year ended March 31, 2013 USD
	Interest Income	269,784	269,419
	Service Fee (Refer Note 19.1)	461,705	449,038
		731,489	718,457

19.1 Net of Personnel costs and other overheads recovered USD 185,108 (Previous year 658,310)

NIIT (USA) Inc., USA

Notes to the Special Purpose Financial Statements for the year ended March 31, 2014

20	EMPLOYEE BENEFIT EXPENSES	Year ended March 31, 2014 USD	Year ended March 31, 2013 USD
	Salaries and Benefits (Net of recoveries)	6,831,071	6,993,039
	Contribution to 401K Plan & other Funds	194,315	191,258
	Welfare and Other expenses	40,668	29,914
		7,066,054	7,214,211

Notes

- i) Other disclosures in respect of Employee benefits -

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

Particulars	For the year ended March 31, 2014	For the year ended March 31, 2013
Contribution to 401K plan	149,958	167,980
Contribution to Superannuation Fund	26,869	12,935
Contribution to Provident Fund	17,488	10,343

NIIT (USA) Inc., USA
Notes to the Special Purpose Financial Statements for the year ended March 31, 2014

21	OTHER EXPENSES	Year ended March 31, 2014 USD	Year ended March 31, 2013 USD
	Equipment Hiring	1,607,769	892,131
	Rent (net of recoveries) Refer Note 27 (a)	334,332	350,065
	Rates and Taxes	106,756	62,845
	Communication	145,026	144,141
	Legal and Professional (Refer Note 21 (a))	426,647	476,174
	Management Cost Recovery by Holding Company	86,328	129,623
	Travelling and Conveyance	1,766,826	1,863,931
	Provision for Unbilled Revenue	315,000	-
	Insurance	47,748	91,837
	Repairs and Maintenance		
	- Plant and Machinery	45,387	37,709
	- Others	6,373	9,511
	Consumables	2,497	3,868
	Loss on foreign currency translation and transaction (net)	66,079	79,594
	Bank Charges	59,294	26,909
	Marketing & Advertising Expenses	659,346	552,269
	Sales Commission	104,496	129,350
	Sundry Expenses	56,099	24,349
		5,836,003	4,874,306

21 (a) Legal and Professional expenses include:

	PAYMENT TO AUDITORS	Year ended March 31, 2014 USD	Year ended March 31, 2013 USD
	As auditor - Towards Audit	12,000	18,000
	Reimbursement of expenses	3,626	3,800
		15,626	21,800

22	FINANCE COSTS	Year ended March 31, 2014 USD	Year ended March 31, 2013 USD
	Interest Expense	6,335	34,222
	Other Borrowing Costs	35,320	28,630
		41,655	62,852

23	EXCEPTIONAL ITEMS	Year ended March 31, 2014 USD	Year ended March 31, 2013 USD
	Provision in respect of Indemnity & Litigations (Net) (Refer Note 7.1 (b) and 8.1)	(1,675,000)	1,675,000
	Legal & Professional Expenses	850,699	1,253,404
		(824,301)	2,928,404

23.1 Legal and Professional expenses pertain to expenses incurred in connection with (a) Defending civil law suits and (b) Sale of it's erstwhile stepdown subsidiary, namely Element K Corp, during the year ended March 31, 2012.

NIIT (USA) Inc., USA
Notes to the Financial Statements for the year ended March 31, 2014

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

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 PCEC NIIT Institute of Information Technology, Shanghai- (liquidated), China
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)
24 Chengmai NIIT Information Technology Company Limited (W.e.f. December 19, 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 Technologies FZ LLC
iii) NIIT Technologies Inc USA
iv) NIIT Technologies Ltd, India
v) NIIT Media Technologies LLC, USA

d. Details of transactions with related parties -

	Holding Company	Subsidiaries	Fellow Subsidiaries	Key Managerial Personnel	Parties in which Key Managerial Personnel are interested	Total
Nature of Transactions						
Sale of Services (Refer Footnote 1 below)	NIL	NIL	165,809	NIL	450,138	615,947
	NIL	(NIL)	(NIL)	(NIL)	(NIL)	NIL
Other Income (Refer Footnote 2 below)	79,610	NIL	378,453	NIL	NIL	458,063
	(250,743)	(NIL)	(196,895)	(NIL)	(NIL)	(447,638)
Purchase of Services (Refer Footnote 3 below)						
- Professional Technical & Outsourcing Services	13,006,397	NIL	NIL	NIL	67,089	13,073,486
	(13,645,368)	(NIL)	(24,872)	(NIL)	(114,439)	(13,784,679)
- Employee Cost (Included in Employee Benefits Expense)	NIL	NIL	NIL	NIL	NIL	NIL
	(NIL)	(NIL)	(NIL)	(NIL)	(86,918)	(86,918)
Recovery of expenses from (Refer Footnote 4 below)						
- Other Expenses	216,452	NIL	854,496	NIL	316,016	1,386,964
	(389,613)	(185,142)	(466,493)	(NIL)	(278,587)	(1,319,835)
- Employee Cost	185,108	NIL	15,091	NIL	120,924	321,123
	(658,310)	(NIL)	(15,078)	(NIL)	(91,918)	(765,306)
Recovery of expenses by (Refer Footnote 5 below)						
- Professional Technical & Outsourcing Services	NIL	NIL	83,998	NIL	NIL	83,998
	(139,152)	(NIL)	(NIL)	(NIL)	(NIL)	(139,152)
- Other Expenses	172,204	NIL	NIL	NIL	3,490	175,694
	(127,373)	(NIL)	(6,409)	(NIL)	(NIL)	(133,782)
Management Cost Recovery	86,328	NIL	NIL	NIL	NIL	86,328
	(129,623)	(NIL)	(NIL)	(NIL)	(NIL)	(129,623)
Loans received paid back (Refer Footnote 6 below)	NIL	NIL	NIL	NIL	NIL	NIL
	(NIL)	(NIL)	(500,000)	(NIL)	(NIL)	(500,000)
Interest Expense (Refer Footnote 7 below)	NIL	NIL	NIL	NIL	NIL	NIL
	(NIL)	(NIL)	(34,222)	(NIL)	(NIL)	(34,222)
Interest Income (Refer Footnote 8 below)	NIL	NIL	269,569	NIL	NIL	269,569
	(NIL)	(NIL)	(259,751)	(NIL)	(NIL)	(259,751)
Loan Given (Refer Footnote 9 below)	NIL	NIL	NIL	NIL	NIL	NIL
	(NIL)	(NIL)	(3,978,500)	(NIL)	(NIL)	(3,978,500)
Loan given received back (Refer Footnote 10 below)	NIL	NIL	NIL	NIL	NIL	NIL
	(NIL)	(NIL)	(2,328,500)	(NIL)	(NIL)	(2,328,500)
Remuneration (Refer Footnote 11 below)	NIL	NIL	NIL	299,669	NIL	299,669
	(NIL)	(NIL)	(NIL)	(312,381)	(NIL)	(312,381)
Dividend paid	5,600,000	NIL	NIL	NIL	NIL	5,600,000
	(5,182,696)	(NIL)	(NIL)	(NIL)	(NIL)	(5,182,696)
Repurchase of shares	7,000,000	NIL	NIL	NIL	NIL	7,000,000
	(NIL)	(NIL)	(NIL)	(NIL)	(NIL)	NIL
Premium paid on repurchase of shares	70,000	NIL	NIL	NIL	NIL	70,000
	(NIL)	(NIL)	(NIL)	(NIL)	(NIL)	NIL

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

e.

Nature of Transactions	Holding Company	Subsidiaries	Fellow Subsidiaries	Key Managerial Personnel	Parties in which Key Managerial Personnel are interested	Total
Trade & Other recoverable	141,455	NIL	1,205,122	5,991	NIL	1,352,568
	(1,177,549)	(NIL)	(333,400)	NIL	(7,466)	(1,518,415)
Trade Payable	4,175,346	NIL	61,322	NIL	2,617	4,239,285
	(233,542)	(NIL)	(NIL)	NIL	(NIL)	(233,542)
Loan Receivable	NIL	NIL	5,650,000	NIL	NIL	5,650,000
	(NIL)	(NIL)	(5,650,000)	NIL	(NIL)	(5,650,000)
Advance Recoverable	NIL	NIL	NIL	NIL	NIL	NIL
	(4,495,540)	(NIL)	(NIL)	NIL	(NIL)	(4,495,540)

Also, refer Note 17 in respect of contingencies and commitments

(Previous year figures are given in parenthesis)

- 1 Includes sale of services to -**
- i) NIIT Technologies FZ LLC USD 18,138 (Previous year USD NIL)
 - ii) NIIT Technologies Ltd USD 432,000 (Previous year USD NIL)
 - iii) NIIT UK USD 165,809 (Previous year USD NIL)
- 2 Includes other income pertaining to -**
- i) NIIT Limited USD 79,610 (Previous year USD 250,543)
 - ii) NIIT UK USD 378,453 (Previous year USD 196,895)
- 3 Includes purchase of services from -**
In respect of professional and technical outsourcing
- (A) services**
- i) NIIT Limited USD 13,006,397 (Previous year USD 13,645,368)
 - ii) NIIT China (Shanghai) Limited USD NIL (Previous year USD 24,872)
 - iii) NIIT Technologies Pte Ltd USD 29,464 (Previous year USD 36,953)
 - iv) NIIT Technologies Inc. USD 37,625 (Previous year USD NIL)
 - v) NIIT Technology PTY Ltd USD NIL (Previous year USD 77,486)
- (B) In respect of employee cost**
- i) NIIT Technologies BV USD NIL (Previous year USD 86,918)
- 4 Includes recovery of expenses from -**
- (A) In respect of other expenses**
- i) NIIT Limited USD 216,452 (Previous year USD 389,613)
 - ii) NIIT Venture Inc USA USD NIL (Previous year USD 185,142)
 - iii) NIIT Limited UK USD 854,496 (Previous year USD 466,493)
 - iv) NIIT Technologies Inc USD 86,754 (Previous year USD 128,421)
 - v) NIIT Technologies Ltd USA USD 197,994 (Previous year USD 127,044)
 - vi) NIIT Media Technologies LLC USD 31,268 (Previous year USD 23,122)
- (B) In respect of employee costs**
- i) NIIT Limited USD 185,108 (Previous year USD 658,310)
 - ii) NIIT Limited UK USD 15,091 (Previous year USD 15,078)
 - iii) NIIT Technologies Inc USD 15,025 (Previous year USD 9,438)
 - iv) NIIT Technologies Ltd USD 105,899 (Previous year USD 82,480)
- 5 Includes recovery of expenses by -**
In respect of professional and technical outsourcing
- (A) services**
- i) NIIT Limited UK USD 59,653 (Previous year USD NIL)
 - ii) NIIT China (Shanghai) Limited USD 24,345 (Previous year USD NIL)
 - iii) NIIT Limited USD NIL (Previous year USD 139,152)
- (B) In respect of other expenses**
- i) NIIT Limited USD 172,204 (Previous year USD 127,373)
 - ii) NIIT Limited UK USD NIL (Previous year USD 6,409)
 - iii) NIIT Technologies Inc USD 3,423 (Previous year USD NIL)
 - iv) NIIT Technologies Ltd USD 63 (Previous year USD NIL)
- 6 Includes loans received paid back to -**
- i) NIIT Malaysia SDN BHD USD NIL (Previous year USD 500,000)
- 7 Includes interest paid to -**
- i) NIIT Malaysia SDN BHD USD NIL (Previous year USD 34,222)
- 8 Includes interest income from -**
- i) NIIT Antilles NV USD 269,569 (Previous year USD 220,783)
 - ii) NIIT Limited UK USD NIL (Previous year USD 38,968)
- 9 Includes loan given to -**
- i) NIIT Antilles NV USD NIL (Previous year USD 2,400,000)
 - ii) NIIT Limited UK USD NIL (Previous year USD 1,578,500)
- 10 Includes loans given received back from -**
- i) NIIT Antilles NV USD NIL (Previous year USD 750,000)
 - ii) NIIT Limited UK USD NIL (Previous year USD 1,578,500)
- 11 Remuneration paid to the Chief Executive and Director USD 299,669 (Previous year USD 312,381)**

NIIT (USA) Inc., USA

Notes to the Special Purpose Financial Statements for the year ended March 31, 2014

25 EARNINGS PER SHARE

Amount in USD

Particulars	Year ended March 31, 2014	Year ended March 31, 2013
Profit attributable to Equity shareholders (USD) - (A)	2,104,554	8,572,704
Weighted Average number of Equity shares outstanding during the year - (B)	21,690,880	24,162,113
Nominal Value of Equity Shares (USD)	1	1
Basic / Diluted earnings per share (USD) (A/B)	0.10	0.35

* 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

Amount in USD

Particulars	Revenue from customers by location	Carrying amount of segment assets by location of the assets	Additions to Fixed assets
Americas (USA & Canada)	25,347,791	16,500,580	1,022,349
	(29,015,680)	(20,190,762)	(1,502,847)
India	112,493	387,683	-
	(138,472)	(5,764,853)	-
Europe	10,560,777	9,506,030	-
	(8,778,285)	(8,496,415)	-
Others	2,303,937	1,899,849	-
	(2,379,376)	(684,353)	-
Total	38,324,998	28,294,142	1,022,349
	(40,311,813)	(35,136,383)	(1,502,847)

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:

Amount in USD

Particulars	In respect of Premises	
	March 31, 2014	March 31, 2013
Not later than 1 year	384,140	352,575
Later than 1 year but not later than 5 years	1,206,027	533,383
Later than 5 years	517,802	-

Lease rentals under Operating lease during the year amounted to USD 334,332 (Previous year USD 350,065) (net of recoveries) which is net of sub lease recoveries made USD 3,732. (Previous year USD 23,116).

b) Finance Leases:

The Company has entered into finance leasing arrangements for computers

Amount in USD

Particulars	As at March	
	31, 2014	31, 2013
Minimum lease payments	761,121	449,770
Less: Finance Costs	67,488	49,992
Present value of lease payment outstanding as at year end	693,633	399,778

Minimum lease payments due:

Amount in USD

Particulars	As at March	
	31, 2014	31, 2013
Not later than 1 year	420,086	196,495
Later than 1 year but not later than 5 years	341,035	253,275

Present value of minimum lease payments:

Amount in USD

Particulars	As at March	
	31, 2014	31, 2013
Not later than 1 year	387,845	174,346
Later than 1 year but not later than 5 years	305,788	225,432

28 Previous Year Figures

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

29 Signatures to Notes 1 to 28 of the Special Purpose Financial Statements.

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, India
Date: May 21, 2014

Place: Atlanta, USA
Date: