

**Mindchampion Learning Systems Limited**

**Statutory Audit for the year ended March 31, 2017**

# Price Waterhouse & Co Bangalore LLP

## Chartered Accountants

### INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF MINDCHAMPION LEARNING SYSTEMS LIMITED  
(formerly known as Hole-in-the-Wall Education Limited)

### Report on the Financial Statements

1. We have audited the accompanying financial statements of Mindchampion Learning Systems Limited (formerly known as Hole-in-the-Wall Education Limited) ("the Company"), which comprise the Balance Sheet as at March 31, 2017, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

### Management's Responsibility for the Financial Statements

2. The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements to give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### Auditors' Responsibility

3. Our responsibility is to express an opinion on these financial statements based on our audit.
4. We have taken into account the provisions of the Act and the Rules made thereunder including the accounting standards and matters which are required to be included in the audit report.
5. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India. Those Standards and pronouncements require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
6. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view, in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.
7. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

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## INDEPENDENT AUDITORS' REPORT

To the Members of Mindchampion Learning Systems Limited  
Report on the Financial Statements

### Opinion

8. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2017, and its profit and its cash flows for the year ended on that date.

### Report on Other Legal and Regulatory Requirements

9. As required by 'the Companies (Auditor's Report) Order, 2016', issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act (hereinafter referred to as the "Order"), and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure B a statement on the matters specified in paragraphs 3 and 4 of the Order.
10. As required by Section 143 (3) of the Act, we report that:
- (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books
  - (c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
  - (d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
  - (e) On the basis of the written representations received from the directors as on March 31, 2017 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2017 from being appointed as a director in terms of Section 164 (2) of the Act.
  - (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in Annexure A.
  - (g) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our knowledge and belief and according to the information and explanations given to us:
    - i. The Company has disclosed the impact, if any, of pending litigations as at March 31, 2017 on its financial position in its financial statements – Refer Note No. 17.
    - ii. The Company has long-term contracts including derivative contracts as at March 31, 2017 for which there were no material foreseeable losses.



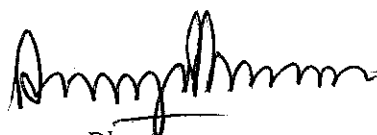
INDEPENDENT AUDITORS' REPORT

To the Members of Mindchampion Learning Systems Limited  
Report on the Financial Statements

iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company during the year ended March 31, 2017.

iv. The Company did not have any holdings or dealings in Specified Bank Notes during the period from November 8, 2016 to December 30, 2016 – Refer Note 37.

For Price Waterhouse & Co Bangalore LLP  
Firm Registration Number: 007567S/S-200012  
Chartered Accountants



Anupam Dhawan  
Partner  
Membership Number: 084451

Place: Gurugram  
Date: May 10, 2017

## **Annexure A to Independent Auditors' Report**

Referred to in paragraph 10(f) of the Independent Auditors' Report of even date to the members of Mindchampion Learning Systems Limited (formerly known as Hole-in-the-Wall Education Limited) on the financial statements for the year ended March 31, 2017

### **Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Act**

1. We have audited the internal financial controls over financial reporting of Mindchampion Learning Systems Limited (formerly known as Hole-in-the-Wall Education Limited) ("the Company") as of March 31, 2017 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

### **Management's Responsibility for Internal Financial Controls**

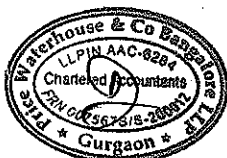
2. The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

### **Auditors' Responsibility**

3. Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing deemed to be prescribed under section 143(10) of the Act to the extent applicable to an audit of internal financial controls, both applicable to an audit of internal financial controls and both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.
4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

### **Meaning of Internal Financial Controls Over Financial Reporting**

6. A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being



## **Annexure A to Independent Auditors' Report**

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made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

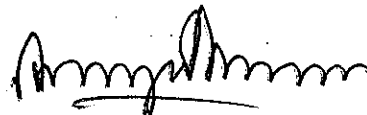
### **Inherent Limitations of Internal Financial Controls Over Financial Reporting**

7. Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### **Opinion**

8. In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For Price Waterhouse & Co Bangalore LLP  
Firm Registration Number: 007567S/S-200012  
Chartered Accountants



Anupam Dhawan  
Partner  
Membership Number: 084451

Place: Gurugram  
Date: May 10, 2017

## **Annexure B to Independent Auditors' Report**

Referred to in paragraph 9 of the Independent Auditors' Report of even date to the members of Mindchampion Learning Systems Limited (formerly known as Hole-in-the-Wall Education Limited) on the financial statements as of and for the year ended March 31, 2017

- i. (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation, of fixed assets.  
(b) The fixed assets are physically verified by the Management according to a phased programme designed to cover all the items over a period of two years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the programme, a portion of the fixed assets has been physically verified by the Management during the year and no material discrepancies have been noticed on such verification.  
(c) The Company does not own any immovable properties. Therefore, the provisions of Clause 3(i)(c) of the said Order are not applicable to the Company.
- ii. (a) The inventory has been physically verified by the management during the year. In our opinion, the frequency of verification is reasonable.  
(b) In our opinion, the procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and nature of its business.  
(c) On the basis of our examination of the inventory records, in our opinion, the Company is maintaining proper records of inventory. The discrepancies noticed on physical verification of inventory as compared to books records were not material.
- iii. The Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Act. Therefore, the provisions of Clause 3(iii), (iii)(a), (iii)(b) and (iii)(c) of the said Order are not applicable to the Company.
- iv. The Company has not granted any loans or made any investments, or provided any guarantees or security to the parties covered under Section 185 and 186. Therefore, the provisions of Clause 3(iv) of the said Order are not applicable to the Company.
- v. The Company has not accepted any deposits from the public within the meaning of Sections 73, 74, 75 and 76 of the Act and the Rules framed there under to the extent notified.
- vi. Pursuant to the rules made by the Central Government of India, the Company is required to maintain cost records as specified under Section 148(1) of the Act in respect of its products. We have broadly reviewed the same, and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.
- vii. (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is generally regular in depositing undisputed statutory dues in respect of service tax, value added tax and works contract tax, though there has been a slight delay in a few cases in service tax, value added tax and works contract tax and is regular in depositing undisputed statutory dues, including provident fund, income tax, employees' state insurance and other material statutory dues, as applicable, with the appropriate authorities.



## **Annexure B to Independent Auditors' Report**

Referred to in paragraph 9 of the Independent Auditors' Report of even date to the members of Mindchampion Learning Systems Limited (formerly known as Hole-in-the-Wall Education Limited) on the financial statements as of and for the year ended March 31, 2017

- (b) According to the information and explanations given to us and the records of the Company examined by us, there are no dues of income-tax, sales-tax, value added tax, service tax, works contract tax, central sales tax which have not been deposited on account of any dispute.
- viii. As the Company does not have any loans or borrowings from any financial institution or bank or Government, nor has it issued any debenture as at balance sheet date, the provisions of Clause 3(viii) of the Order are not applicable to the Company.
- ix. The Company has not raised any moneys by way of initial public offer, further public offer (including debt instruments) and term loans. Accordingly, the provisions of Clause 3(ix) of the Order are not applicable to the Company.
- x. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud by the Company or on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of any such case by the Management.
- xi. The Company has paid/ provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.
- xii. As the Company is not a Nidhi Company and the Nidhi Rules, 2014 are not applicable to it, the provisions of Clause 3(xii) of the Order are not applicable to the Company.
- xiii. The Company has entered into transactions with related parties in compliance with the provisions of Sections 177 and 188 of the Act. The details of such related party transactions have been disclosed in the financial statements as required under Accounting Standard (AS) 18, Related Party Disclosures specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- xiv. The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Accordingly, the provisions of Clause 3(xiv) of the Order are not applicable to the Company.
- xv. The Company has not entered into any non-cash transactions with its directors or persons connected with him. Accordingly, the provisions of Clause 3(xv) of the Order are not applicable to the Company.





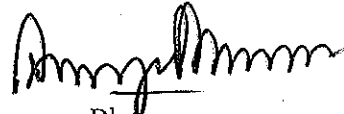
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- xvi. The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, the provisions of Clause 3(xvi) of the Order are not applicable to the Company.

For Price Waterhouse & Co Bangalore LLP  
Firm Registration Number: 007567S/S-200012  
Chartered Accountants



Anupam Dhawan  
Partner  
Membership Number : 084451

Place : Gurugram  
Date : May 10, 2017


**MINDCHAMPION LEARNING SYSTEMS LIMITED**  
(Formerly Known as Hole-in-the-Wall Education Limited)  
Balance Sheet as at March 31, 2017

	Note	As at March 31, 2017 (Rs.)	As at March 31, 2016 (Rs.)
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' Funds</b>			
Share Capital	3	190,640,720	190,640,720
Reserves and Surplus	4	(539,288,219)	(592,615,026)
<b>Non-Current Liabilities</b>			
Long-Term Borrowings	5	900,000,000	929,700,000
Other Long-Term Liabilities	8	14,784,205	24,552,151
Long-Term Provisions	9	119,000	228,000
<b>Current Liabilities</b>			
Short-Term Borrowings	6	-	278,000,000
Trade Payables	7	-	-
-Total outstanding due of micro and small enterprises		40,104	4,883
-Total outstanding due of creditor other than micro and small enterprises		274,500,612	268,385,307
Other Current Liabilities	8	118,182,208	156,057,418
Short-Term Provisions	9	11,135,856	7,044,967
<b>TOTAL</b>		<b>970,114,486</b>	<b>1,261,998,420</b>
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Fixed Assets	10		
-Tangible Assets		20,301,844	53,959,049
-Intangible Assets		81,622,878	81,662,198
-Intangible Assets under Development		1,370,666	-
Long-Term Loans and Advances	12	85,893,628	58,114,793
Trade Receivables	13	2,723,704	74,069,338
Other Non-Current Assets	14	1,402,686	4,494,436
<b>Current Assets</b>			
Inventories	15	14,623,050	17,137,443
Trade Receivables	13	511,847,573	742,345,982
Cash and Bank Balances	16	154,952,828	68,249,920
Short-Term Loans and Advances	12	66,397,455	101,678,264
Other Current Assets	14	28,978,174	60,286,997
<b>TOTAL</b>		<b>970,114,486</b>	<b>1,261,998,420</b>

The accompanying Notes form an integral part of these financial statements

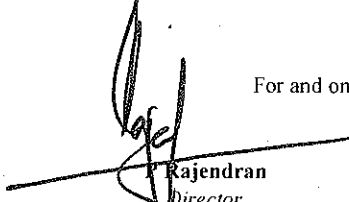
This is the Balance Sheet referred to in our report of even date


For Price Waterhouse & Co Bangalore LLP  
Firm Registration No: 007567S/S-200012  
Chartered Accountants


  
**Anupam Dhawan**  
Partner  
Membership No. 084451


Place: Gurugram  
Date: May 10, 2017

For and on behalf of the Board

  
**Rajendran**  
Director  
DIN - 00042531

  
**Rahul Keshav Patwardhan**  
Director  
DIN - 01832386

  
**Umesh Kumar Gola**  
Chief Financial Officer


  
**Neha Gandhi**  
Company Secretary

**MINDCHAMPION LEARNING SYSTEMS LIMITED**  
**(Formerly Known as Hole-in-the-Wall Education Limited)**  
**Statement of Profit and Loss for the year ended March 31, 2017**

	Note	Year ended March 31, 2017 (Rs.)	Year ended March 31, 2016 (Rs.)
<b>Income</b>			
Revenue from Operations	19	981,485,521	1,064,460,617
Other Income	20	1,233,557	1,949,005
<b>Total Revenue</b>		<b>982,719,078</b>	<b>1,066,409,622</b>
<b>Expenses</b>			
Purchase of Traded Goods (net)		108,085,651	118,648,257
Increase/ (Decrease) in Inventory	15	2,514,393	(3,848,285)
Employee Benefits Expense	21	416,242,749	446,831,719
Professional & Technical Outsourcing Expenses (net)		50,334,938	77,150,230
Finance Costs	23	25,527,198	27,450,324
Depreciation and Amortisation Expense	10	73,494,979	80,762,054
Other Expenses	24	259,816,082	338,954,249
<b>Total Expenses</b>		<b>936,015,990</b>	<b>1,085,948,548</b>
<b>Profit/ (Loss) before Exceptional items and Tax</b>		<b>46,703,088</b>	<b>(19,538,926)</b>
Exceptional items (Net)	26	(6,623,719)	(2,684,226)
<b>Profit/ (Loss) before Tax</b>		<b>53,326,807</b>	<b>(16,854,700)</b>
<b>Tax expense:</b>	11		
-Current Tax		12,556,543	-
-MAT Credit Entitlement		(12,556,543)	-
<b>Profit/ (Loss) for the year</b>		<b>53,326,807</b>	<b>(16,854,700)</b>
<b>Earnings/ (Loss) per Equity Share (Face Value Rs. 10/- each):</b>	30		
-Basic		2.80	(0.88)
-Diluted		0.53	(0.88)

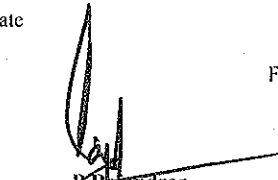
The accompanying Notes form an integral part of these Financial Statements  
This is the Statement of Profit and Loss referred to in our report of even date


For Price Waterhouse & Co Bangalore LLP  
Firm Registration No: 007567S/S-200012  
Chartered Accountants

  
**Anupam Dhawan**  
Partner  
Membership No. 084451

Place: Gurugram  
Date: May 10, 2017

For and on behalf of the Board

  
**P. Ramendran**  
Director  
DIN - 00042531

  
**Umesh Kumar Gola**  
Chief Financial Officer

  
**Rahul Keshay Patwardhan**  
Director  
DIN - 01832386

  
**Neha Gandhi**  
Company Secretary

**MINDCHAMPION LEARNING SYSTEMS LIMITED**  
(Formerly Known as Hole-in-the-Wall Education Limited)

**Cash Flow Statement for the year ended March 31, 2017**

	Year ended March 31, 2017 (Rs.)	Year ended March 31, 2016 (Rs.)
<b>A. CASH FLOW FROM OPERATING ACTIVITIES:</b>		
Profit/ (Loss) before Tax and before Exceptional Items	46,703,088	(19,538,926)
<b>Add / (Less):</b>		
Depreciation and Amortisation	73,494,979	80,762,054
Provision for Doubtful Debts (net)	26,633,258	18,090,399
Inventroy Written off/(Written back)	(281,231)	1,543,556
Unrealised Foreign Exchange (Gain)/ Loss	2,440	(92,848)
Finance Cost	25,527,198	27,450,324
Interest Income	(287,179)	(38,160)
(Profit)/ Loss on sale of Fixed Assets	(88,435)	(304,586)
Provision / Other Liabilities Written Back	-	(1,211,468)
	125,001,030	126,199,271
<b>Operating Profit before Working Capital Changes</b>	<b>171,704,118</b>	<b>106,660,345</b>
<b>Add/ (Less): Changes in Operating Working Capital:</b>		
Increase/ (Decrease) in Trade Payables	6,151,086	(106,389,810)
Increase/ (Decrease) in Short Term Provisions	4,090,889	(5,456,962)
Increase/ (Decrease) in Long Term Provisions	(109,000)	(40,000)
Increase/ (Decrease) in Other Current Liabilities	(31,544,609)	(16,957,574)
Increase/ (Decrease) in Other Long Term Liabilities	(9,767,946)	(22,639,409)
(Increase)/ Decrease in Current Trade Receivables	230,495,409	(367,545,578)
(Increase)/ Decrease in Non Current Trade Receivables	44,712,376	205,380,759
(Increase)/ Decrease in Inventories	2,795,624	(5,391,841)
(Increase)/ Decrease in Short Term Loans and Advances	35,280,809	2,087,242
(Increase)/ Decrease in Long Term Loans and Advances	12,261,943	812,436
(Increase)/ Decrease in Other Current Assets	31,311,436	69,279,858
(Increase)/ Decrease in Other Bank Balances	(33,986)	(127,612)
(Increase)/ Decrease in Other Non-current Assets	3,125,736	7,284,326
	328,769,767	(239,704,165)
<b>Cash generated from operations</b>	<b>500,473,885</b>	<b>(133,043,820)</b>
Direct Tax- (paid)/ refund received (including TDS) (net)	(39,223,903)	(22,763,791)
<b>Net Cash from/ (used) in Operating activities before exceptional itmes</b>	<b>461,249,982</b>	<b>(155,807,611)</b>
Exceptional items	6,623,719	4,379,572
<b>Net Cash from/ (used) in Operating activities (A)</b>	<b>467,873,701</b>	<b>(151,428,039)</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES:</b>		
Purchase of Fixed Assets (including Capital Work-in-progress, internally developed intangibles and Capital Advances)	(48,514,456)	(11,120,948)
Sale of Fixed Assets	286,295	1,916,033
Interest Received	284,566	31,242
<b>Net Cash from/ (used) in Investing activities (B)</b>	<b>(47,943,595)</b>	<b>(9,173,673)</b>



**C. CASH FLOW FROM FINANCING ACTIVITIES:**

Interest Paid on Fixed Loan	(25,527,198)	(27,450,324)
Receipt of Inter Corporate Deposits	78,000,000	278,000,000
Payment of Inter Corporate Deposits	(385,700,000)	(25,000,000)
<b>Net Cash from/ (used) in Financing activities ( C )</b>	<b>(333,227,198)</b>	<b>225,549,676</b>
<b>Net Increase/(Decrease) in Cash &amp; Cash Equivalents (A) + (B) + (C)</b>	<b>86,702,908</b>	<b>64,947,964</b>
<b>Cash and Cash Equivalents as at the beginning of the year (Note 1)</b>	<b>67,891,811</b>	<b>2,943,847</b>
<b>Cash and cash Equivalents as at the end of the year (Note 1)</b>	<b>154,594,719</b>	<b>67,891,811</b>

**Notes:**

**1 Cash and Cash Equivalents**

**Balance with banks**

	<b>As at</b>	
	<b>March 31, 2017</b>	<b>March 31, 2016</b>
	<b>(Rs.)</b>	<b>(Rs.)</b>
Current Accounts	152,067,591	64,189,255
Cheques, drafts on hand	2,527,128	3,702,556
<b>Cash and Cash Equivalents as at the end of the year</b>	<b>154,594,719</b>	<b>67,891,811</b>

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 other relevant provisions of the Companies Act, 2013.

3 Figures in parenthesis indicate cash outgo.

4 Previous year figures have been regrouped/ recast wherever necessary to conform to the current year's classification.

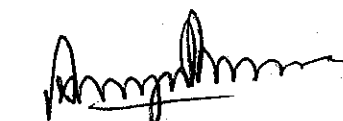
The accompanying Notes form an integral part of these Financial Statements

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

For Price Waterhouse & Co Bangalore LLP

Firm Registration No: 007567S/S-200012

Chartered Accountants



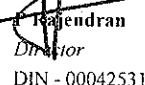
**Anupam Dhawan**  
Partner

Membership No. 084451

Place: Gurugram

Date: May 10, 2017

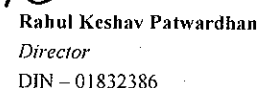
For and on behalf of the Board



**P. Rajendran**  
Director  
DIN - 00042531



**Umesh Kumar Gola**  
Chief Financial Officer



**Rahul Keshav Patwardhan**  
Director  
DIN - 01832386



**Neha Gandhi**  
Company Secretary

# MINDCHAMPION LEARNING SYSTEMS LIMITED

(Formerly Known as Hole-in-the-Wall Education Limited)

Notes to the Financial Statements for the year ended March 31, 2017

## 1 CORPORATE INFORMATION

Mindchampion Learning Systems Limited (Formerly known as Hole-in-the-Wall Education Ltd), ('the Company') was set up in 2001 and was involved in the research and development activities for the purpose of discovering the extent to which poor children in rural and slum areas in India can access and learn from web based curriculum using a purpose built 'Internet Kiosk'. Pursuant to a Scheme of Arrangement between NIIT Limited and the Company, the School Business Undertaking (SLS) of NIIT Limited was transferred to the Company w.e.f. May 23, 2015 from appointed date of April 1, 2014. Presently, the Company is primarily in the business of providing education services and other related solutions to schools across India.

## 2 SIGNIFICANT ACCOUNTING POLICIES

### 2.1 Basis of Preparation

These financial statements have been prepared in accordance with the generally accepted accounting principles in India under the historical cost convention on accrual basis. Pursuant to the section 133 of the Companies Act, 2013, read with the Rule 7(1) of the Companies (Accounts) Rules, 2014, till the standards of accounting or any addendum thereto are prescribed by the Central Government in consultation and recommendation of the National Financial Reporting Authority, the existing Accounting Standards notified under the Companies Act, 1956 shall continue to apply. Consequently, these financial statements have been prepared to comply in all material aspects with the accounting standards notified under Section 211(3C) [Companies (Accounting Standards) Rules, 2006, as amended] and other relevant provisions of the Companies Act, 2013.

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 III to the Companies Act, 2013. 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 Accounting policies adopted by the Company are 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 an acquisition are recorded at their respective fair values on the date of acquisition based on a valuation carried out by an independent valuer.

Losses arising from the retirement of, and gains or losses arising from disposal of fixed assets which are carried at cost or fair values are recognised in the Statement of Profit and Loss.

Depreciation is provided on a pro-rata basis on the straight-line method over the estimated useful lives of the assets based on an evaluation by management expert or the rates prescribed under Schedule II to the Companies Act, 2013, whichever is higher, as follows:

Description of Asset	Current Year
Plant and Equipment including:	
- Computers, Printers and related Accessories	3 Years
- Computer Servers & Networks	5 Years
- Electronic Equipments	8 years
- Air Conditioners	10 years
Office Equipment	5 years
Furniture & Fixtures	7 years
Leasehold Improvements	3-5 years or lease period, whichever is lower
Assets under employee benefits scheme except vehicles	3 years
Assets acquired under lease (Included under Plant & Equipment and Furniture & Fixtures)	Lease period or useful life, whichever is shorter
All other assets (including vehicles)	Rates prescribed under Schedule II to the Companies Act, 2013

Fixed Assets purchased for utilisation in implementing certain contractual obligations with the customers under a project are depreciated over the period of the contracts or useful life assessed as above, whichever is shorter.

#### ii) Intangible Fixed Assets and Amortisation

Expenses incurred on internal development of educational content and products are capitalised either individually or as a knowledge bank in the form of software, once their technical feasibility and ability to generate future economic benefits is established in accordance with the requirements of Accounting Standard 26, "Intangible Assets". Expenses incurred during the research phase till the establishment of commercial feasibility is charged to the Statement of Profit and Loss.

Intangible Fixed Assets are stated at acquisition cost, net of accumulated amortisation and accumulated impairment losses.

Intangibles are amortised on a pro-rata basis on the straight-line method over the estimated useful lives of the assets determined as follows:

Description of Asset	Current Year
a) Contents and Products #	
- School based non - IT content	10 Years
- Others	3-5 Years
b) Software #	3-5 Years
c) Patents	3-5 years

# Contents, products and software are technically evaluated each year for their useful economic life and the unamortised amount of the asset is charged to Statement of Profit and Loss as amortisation over their revised remaining useful life.



**MINDCHAMPION LEARNING SYSTEMS LIMITED**  
**(Formerly Known as Hole-in-the-Wall Education Limited)**  
**Notes to the Financial Statements for the year ended March 31, 2017**

**iii) Impairment of Assets**

All assets other than inventories 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) Inventory Valuation – Traded Goods**

Inventories are valued at lower of cost or net realisable value. Cost is determined using weighted average method and includes applicable costs incurred in bringing inventories to their present location and condition.

**v) Revenue Recognition**

The revenue in respect of sale of courseware and other goods are recognised on dispatch / delivery of the material to the customer as per trade practice and agreed terms whereas the revenue from the training is recognised over the period of the course programs or as per the terms of agreement, as the case may be. Revenue is recognised net of trade discounts, value added tax and service tax as the case may be.

The Company undertakes fixed price projects for supply/ installation/maintenance of hardware & infrastructure set-up, providing educational product and educational services. Revenue from initial project set up activities & development of products under such contracts is recognised under proportionate completion method. The revenue in such contracts from sale of hardware is recognised on delivery of the hardware when substantial risks and rewards of ownership in such hardware passes to the customer based on contractual terms of the respective contracts. Deferred Revenue represents amounts billed to customers in advance for products, services or subscriptions for which revenue is yet to be recognised.

In respect of sale and lease back transactions, revenue is recognised on delivery of the product. Gain on sale on such transactions is recognised in the Statement of Profit and Loss over the lease period of the respective product.

**vi) Other Income**

Interest income is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.

**vii) Employee Benefits**

**Gratuity**

The Company provides for gratuity, a defined benefit retirement plan (the "Gratuity Plan") covering eligible employees in accordance with the Payment of Gratuity Act, 1972. The Gratuity Plan provides a lump sum payment to vested employees at retirement, death, incapacitation or termination of employment, of an amount based on the respective employee's salary and the tenure of employment. Company's liability is actuarially determined (using projected unit credit method) at the end of the year and any shortfall in the fund size maintained by the Trust set up by the holding Company, NIIT Limited, with Life Insurance Corporation of India (LIC) is charged/ credited to the Statement of Profit and Loss.

**Compensated Absences**

Liability in respect of compensated absences is provided both for encashable leave and those expected to be availed. The Company's liability is determined on the basis of an actuarial valuation (using projected unit credit method) at the end of the year. Actuarial losses/ gains are charged/ credited to the Statement of Profit and Loss in the year in which such losses/ gains arise.

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

**Superannuation**

The Company makes defined contribution to the Trust established for the purpose by the holding Company towards superannuation fund maintained with Life Insurance Corporation of India. The Company has no further obligations beyond its monthly contributions. Contributions made during the year is charged to Statement of Profit and Loss.

**Provident Fund**

The Company makes defined contribution of Provident Fund to the trust "NIIT LIMITED EMPLOYEES' PROVIDENT FUND TRUST" (the Trust) set up by the Holding Company. The Company's obligation is actuarially determined (using Projected Unit Credit Method) and provided for if circumstances indicate that the Trust may not be able to earn adequate return to cover the interest rate notified by the government. The Company's contribution towards Provident Fund is charged to the Statement of Profit & Loss.

**Pension Scheme**

The Company makes defined contribution to a government administered pension fund towards its pension plan on behalf of its employees. The Company has no further obligations beyond its monthly contributions and additionally, the contribution towards Employee Pension Scheme is charged to Statement of Profit and Loss.

**National Pension System**

The Company makes defined contribution towards National Pension System for certain employees for which the company has no further obligation. The Company's contribution towards Employee Pension System is charged to Statement of Profit and Loss.



**MINDCHAMPION LEARNING SYSTEMS LIMITED**  
**(Formerly Known as Hole-in-the-Wall Education Limited)**  
**Notes to the Financial Statements for the year ended March 31, 2017**

**viii) Foreign Currency Transactions**

Transactions in foreign currency are booked at rates determined periodically which approximate the actual rates, and all monetary assets and liabilities in foreign currency are 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.

**ix) Leases**

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

**x) Borrowing Cost**

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.

**xi) Taxation**

Tax expense, comprising of both current tax and deferred tax is included in determining the net results for the year. Current Tax is measured at the amount expected to be paid to the tax authorities in accordance with the taxation laws prevailing in the respective jurisdiction. Minimum Alternate Tax (MAT) paid in excess of normal income tax is recognised as asset (MAT Credit entitlement) only to the extent, there is reasonable certainty that the Company shall be liable to pay tax as per the normal provisions of the Act in future. MAT Credit is utilised in the year when normal income tax is higher than the Minimum Alternate Tax (MAT). Deferred Tax is recognised for all timing differences, subject to consideration of prudence in respect of Deferred Tax Assets. Deferred tax assets are recognised and carried forward only to the extent that there is reasonable certainty of realisation of such timing difference.

In situation, where the company has unabsorbed depreciation or carry forward losses under the law, all deferred tax assets are recognised to the extent that there is virtual certainty supported by convincing evidence that they can be reached against future taxable profits. At each Balancesheet date, the Company re-assess unrecognised deferred tax assets, if any.

**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. Provisions are measured at the best estimate of the expenditure recognised to settle the present obligation at the balance sheet date and are not discounted to the present value.

Contingent Liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only on the occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resource will be argued to settle or a reliable estimate of the amount cannot be made.

**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**

Cash and cash equivalents includes cash on hand, demand deposits with banks, other short-term highly liquid investments with original maturities of three months or less.





**MINDCHAMPION LEARNING SYSTEMS LIMITED**  
**(Formerly Known as Hole-in-the-Wall Education Limited)**  
**Notes to Financial Statements for the year ended March 31, 2017**

3	SHARE CAPITAL	As at March 31, 2017 Rs.	As at March 31, 2016 Rs.
	<b>Authorised</b> 20,000,000 Equity Shares of Rs. 10/- each (Previous year 20,000,000 Equity Shares of Rs. 10/- each)	200,000,000	200,000,000
	10,000,000 Redeemable Preference Shares of Rs.10/- each (Previous year 10,000,000 Redeemable Preference Shares of Rs.10/- each)	100,000,000	100,000,000
		<b>300,000,000</b>	<b>300,000,000</b>
	<b>Issued</b> 19,064,072 Equity Shares of Rs. 10/- each (Previous year - 19,064,072 Equity Shares of Rs. 10/- each)	190,640,720	190,640,720
		<b>190,640,720</b>	<b>190,640,720</b>
	<b>Subscribed and fully paid</b> 19,064,072 Equity Shares of Rs. 10/- each (Previous year - 19,064,072 Equity Shares of Rs. 10/- each)	190,640,720	190,640,720
		<b>190,640,720</b>	<b>190,640,720</b>

3.1	Reconciliation of the number of shares outstanding	As at March 31, 2017		As at March 31, 2016	
		No. of shares	Value Rs.	No. of shares	Value Rs.
	<b>Equity Shares</b> Shares outstanding at the beginning and at the end of the year	19,064,072	190,640,720	1,000,007	10,000,070
	Shares Issued during the year	-	-	18,064,065	180,640,650
	<b>Shares outstanding at the end of the year</b>	<b>19,064,072</b>	<b>190,640,720</b>	<b>19,064,072</b>	<b>190,640,720</b>

3.2	Shares in respect of each class in the Company held by	Name of the company	Class of shares Equity/ Preference	As at March 31, 2017 No. of shares	As at March 31, 2016 No. of shares
	Holding company	NIIT Limited	Equity	19,064,072	19,064,072

Out of the above, 6 Equity Shares are registered in the names of individuals, the beneficial interest of which lies with the Holding Company.

3.3	Shares held by each shareholder holding more than 5% shares	As at March 31, 2017		As at March 31, 2016	
		% of holding	No. of shares	% of holding	No. of shares
	<b>Equity Shares</b>				
	NIIT Limited	100%	19,064,072	100%	19,064,072

**3.4 Rights, preferences and restrictions attached to shares:-**

**EQUITY SHARES**

The Company has one class of equity shares having a par value of Rs. 10/- per share. Each shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

**3.5 Share allotted as fully paid up pursuant to contract(s) without payment being received in cash (during the 5 years immediately preceding March 31,2017)**

18,064,065 equity share of Rs. 10 each were allotted on July 6, 2015 to NIIT Limited pursuant to a Scheme of Arrangement without payment of cash.



**MINDCHAMPION LEARNING SYSTEMS LIMITED**  
**(Formerly Known as Hole-in-the-Wall Education Limited)**  
**Notes to Financial Statements for the year ended March 31, 2017**

(Rs.)

**4 RESERVES AND SURPLUS**

	As at	
	March 31, 2017	March 31, 2016
Securities Premium Reserve	20,000,000	20,000,000
Surplus /(Deficit) in Statement of Profit and Loss		
Balance Brought Forward from Previous year	(612,615,026)	(595,760,326)
Add : Profit/ (Loss) for the year	53,326,807	(16,854,700)
	(559,288,219)	(612,615,026)
<b>Total</b>	<b>(539,288,219)</b>	<b>(592,615,026)</b>

**5 LONG-TERM BORROWINGS**

(Rs.)

	As at	
	March 31, 2017	March 31, 2016
<b>UNSECURED</b>		
Loans from Holding Company	-	29,700,000
Optionally Convertible Debentures (OCDs)	900,000,000	900,000,000
900,000 Optionally Convertible Debentures		
(Previous year 900,000) of Rs. 1,000/-each		
<b>Total</b>	<b>900,000,000</b>	<b>929,700,000</b>

a) In previous year the terms of repayments were as follows:-

Repayment Date	Rs.
August 25, 2017	9,000,000
September 17, 2017	6,000,000
September 25, 2017	500,000
November 25, 2017	2,700,000
December 3, 2017	2,500,000
February 24, 2018	1,000,000
February 24, 2018	2,500,000
March 29, 2018	5,500,000
	29,700,000

The loans carry an interest rate of 15% p.a. payable annually. The Company has repaid whole amount of loan on March 31, 2017.

b) Terms of OCDs

The Company has allotted 900,000 OCDs aggregating to Rs. 1,000/- each to the Holding company on May 27, 2015. The OCDs carry a coupon rate of 0.5% p.a. payable annually and mature or convert to equity shares after 5 years from the date of issuance with a call and put option to seek premature redemption after 36 months from the date of allotment.

(Rs.)

**6 SHORT-TERM BORROWINGS**

	As at	
	March 31, 2017	March 31, 2016
<b>UNSECURED</b>		
Loans from Holding Company	-	278,000,000
<b>Total</b>	<b>-</b>	<b>278,000,000</b>

In previous year the terms of repayments were as follows:-

Repayment Date	Rs.
September 29, 2016	250,000,000
December 30, 2016	18,000,000
February 28, 2017	10,000,000
	278,000,000

The loans carry an interest rate of 12.15% p.a. payable annually. There is no outstanding balance as on March 31, 2017.



**MINDCHAMPION LEARNING SYSTEMS LIMITED**  
**(Formerly Known as Hole-in-the-Wall Education Limited)**  
**Notes to Financial Statements for the year ended March 31, 2017**

(Rs.)

**7 TRADE PAYABLES**

	As at	
	March 31, 2017	March 31, 2016
	Current	
- Due to Micro, Small and Medium Enterprises (Refer Note 7.1 below)	40,104	4,883
- Due to Others	274,500,612	268,385,307
	<b>274,540,716</b>	<b>268,390,190</b>

Note:

7.1 Parties covered under Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act) have been identified on the basis of information available with the Company. Disclosures as per Section 22 of the Micro, Small and Medium Enterprises Development (MSMED) Act, 2006 are as follows:

(Rs.)

Particulars	As at	
	March 31, 2017	March 31, 2016
a) The principal amount and the interest due thereon remaining unpaid to any supplier		
i) Principal amount	25,772	4,622
ii) Interest thereon	14,332	261
b) The amount of payment made to the supplier beyond the appointed day and the interest thereon, during an accounting year	-	-
i) Principal amount	190,393	-
ii) Interest thereon	-	-
c) The amount of interest due and payable for the year of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under this Act	-	-
d) The amount of interest accrued and remaining unpaid at the end of accounting year	14,332	261
e) Amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small investor	-	-

(Rs.)

**8 OTHER LIABILITIES**

	As at			
	March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016
	Long-Term		Current	
Security Deposits Payable	7,751,192	3,904,799	-	-
Deferred Revenue	252,239	305,791	10,568,175	15,717,301
Advances from Customers	6,780,774	20,341,561	50,685,294	63,955,823
Statutory Dues	-	-	30,110,474	32,283,799
Other Payables**	-	-	26,818,265	44,100,495
	<b>14,784,205</b>	<b>24,552,151</b>	<b>118,182,208</b>	<b>156,057,418</b>

\*\* include capital creditors and payable to employees.

**9 PROVISIONS**

(Rs.)

	As at			
	March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016
	Long-Term		Short-Term	
Provision for Employee Benefits (Refer Note 22)				
-Provision for Gratuity	-	-	5,236,856	2,385,967
-Provision for Compensated Absences	119,000	228,000	5,899,000	4,659,000
	<b>119,000</b>	<b>228,000</b>	<b>11,135,856</b>	<b>7,044,967</b>



Description of Assets	DEPRECIATION AND AMORTISATION					(Amount in Rs.)		
	Cost as on April 1, 2016	Additions during the year	Sales / Adj. during the year	Total as on March 31, 2017	As on April 1, 2016	For the year	Total as on March 31, 2017	NET BLOCK As on March 31, 2017
<u>i) Tangible</u>								
Plant & Equipment	210,865,351	17,618,723	17,913,020	210,571,054	160,419,792	48,766,910	191,442,759	19,128,295
Lease Hold Improvements	1,482,873	-	127	1,482,746	1,129,977	145,812	1,275,685	207,061
Office Equipments	33,645,736	-	128,611	33,517,125	33,618,162	24,118	33,513,682	3,443
Furniture & Fixtures	39,370,887	-	22,238,272	17,132,615	36,237,867	2,141,239	16,169,570	963,045
Sub Total (a)	285,364,847	17,618,723	40,280,030	262,703,540	231,405,798	51,078,079	242,401,696	20,301,844
<u>ii) Intangible</u>								
Content Platform								
- Acquired	20,269,335	-	-	20,269,335	20,269,152	-	20,269,152	183
- Internally generated (Refer Note 32)	288,086,774	21,443,748	5,793,886	303,736,636	211,479,859	17,952,486	223,638,459	80,098,177
- Leased	11,745,572	-	-	11,745,572	11,745,569	-	11,745,569	3
Software Acquired	28,528,297	933,843	933,853	28,528,287	23,473,201	4,464,414	27,003,773	1,524,514
Goodwill on Business Acquisition	60,842,781	-	-	60,842,781	60,842,781	-	60,842,781	-
Patents	8,500,001	-	-	8,500,001	8,500,000	-	8,500,000	1
Sub Total (b)	417,972,760	22,377,591	6,727,739	433,622,612	336,310,562	22,416,900	351,999,734	81,622,878
Total (a+b)	703,337,607	39,996,314	47,007,769	696,326,152	567,716,360	73,494,979	594,401,430	101,924,722



Notes to Financial Statements for the year ended March 31, 2017

124,070,446	7,913,703	28,134,346
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**MINDCHAMPION LEARNING SYSTEMS LIMITED**  
**(Formerly Known as Hole-in-the-Wall Education Limited)**  
**Notes to Financial Statements for the year ended March 31, 2017**

**11 TAXATION**

Detailed break-up of Deferred Tax Assets/ Liabilities is as follows:-  
[Refer Note 2.2 (xi)]

	<b>As at</b>	
	<b>March 31, 2017</b>	<b>March 31, 2016</b>
<b>Deferred Tax Assets:</b>		
Depreciation on fixed assets	69,476,838	77,791,963
Provision for doubtful debts and advances	43,015,088	38,521,565
Provision for non-moving inventories	653,065	745,980
Provision for Employee Benefits	10,803,416	9,174,418
Others (Carry Forward losses)	72,208,694	83,035,183
<b>Total (A)</b>	<b>196,157,101</b>	<b>209,269,109</b>
Timing differences not recognised (B)	196,157,101	209,269,109
<b>Net Deferred Tax Assets (A-B)</b>	<b>-</b>	<b>-</b>
(i) Deferred Tax Assets on timing differences are not recognised in absence of virtual certainty of sufficient future taxable income.		
(ii) Deferred tax assets and liabilities have been offset as they relate to the same governing taxation laws.		

**12 LOANS AND ADVANCES**

	<b>As at</b>			
	<b>March 31, 2017</b>	<b>March 31, 2016</b>	<b>March 31, 2017</b>	<b>March 31, 2016</b>
	<b>Long-Term</b>		<b>Short-Term</b>	
<b>i) Capital Advances</b>				
Unsecured, considered good	974,375	157,500	-	-
<b>(A)</b>	<b>974,375</b>	<b>157,500</b>	<b>-</b>	<b>-</b>
<b>ii) Security Deposits Receivable</b>				
Unsecured, considered good	1,227,674	953,992	1,018,378	1,025,078
<b>(B)</b>	<b>1,227,674</b>	<b>953,992</b>	<b>1,018,378</b>	<b>1,025,078</b>
<b>iii) Advances recoverable in cash or in kind</b>				
Unsecured, considered good (Refer Note 12.1 below)	35,000	14,082	65,379,077	100,653,186
Unsecured, considered doubtful	2,108,677	6,429,324	-	-
Less: Provision for doubtful advances	(2,108,677)	(6,429,324)	-	-
<b>(C)</b>	<b>35,000</b>	<b>14,082</b>	<b>65,379,077</b>	<b>100,653,186</b>
<b>iv) Other Advances</b>				
a) Advance payment of Fringe Benefit Tax	707,119	707,119	-	-
Less: Provision for Fringe Benefit Tax	(669,760)	(669,760)	-	-
	37,359	37,359	-	-
b) Advance Income Tax	83,619,220	56,951,860	-	-
Less: Provision for Income tax	(12,556,543)	-	-	-
	71,062,677	56,951,860	-	-
c) MAT Credit Entitlement				
- Opening Balance	-	-	-	-
- Addition during the Year	12,556,543	-	-	-
	12,556,543	-	-	-
<b>(D)</b>	<b>83,656,579</b>	<b>56,989,219</b>	<b>-</b>	<b>-</b>
<b>Total (A+B+C+D)</b>	<b>85,893,628</b>	<b>58,114,793</b>	<b>66,397,455</b>	<b>101,678,264</b>

**12.1** Short-term Loans and advances include balances with government authorities Rs. 3,933,094/- (previous year Rs. 1,176,878/-).



**MINDCHAMPION LEARNING SYSTEMS LIMITED**  
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**Notes to Financial Statements for the year ended March 31, 2017**

(Rs.)

**13 TRADE RECEIVABLES**  
(Unsecured)

	As at			
	March 31, 2017 Non Current	March 31, 2016	March 31, 2017 Current	March 31, 2016
a) Outstanding for a period exceeding six months from the date they are due for payment				
Considered good	-	-	111,857,074	253,212,352
Considered doubtful	129,961,533	101,371,042	-	-
Less: Provision for doubtful debts	(129,961,533)	(101,371,042)	-	-
(A)	-	-	111,857,074	253,212,352
b) Others				
Considered good	2,723,704	74,069,338	399,990,499	489,133,630
Considered doubtful	138,844	8,719,796	-	-
Less: Provision for doubtful debts	(138,844)	(8,719,796)	-	-
(B)	2,723,704	74,069,338	399,990,499	489,133,630
<b>TOTAL (A+B)</b>	<b>2,723,704</b>	<b>74,069,338</b>	<b>511,847,573</b>	<b>742,345,982</b>

**13.1 MOVEMENT OF PROVISION FOR DOUBTFUL DEBTS**

(Rs.)

	As at	
	March 31, 2017	March 31, 2016
Opening Provision	110,090,838	96,380,011
Add: Additional provision created	26,633,258	18,090,399
Less: Provision written back*	(6,623,719)	(4,379,573)
<b>Closing Provision</b>	<b>130,100,377</b>	<b>110,090,838</b>

\* Provision for doubtful debts written back amounting to Rs. 6,623,719 ( Previous year Rs. 4,379,573) considered as exceptional item (Refer Note 26).

**14 OTHER ASSETS**

(Rs.)

	As at			
	March 31, 2017 Non-Current	March 31, 2016	March 31, 2017 Current	March 31, 2016
Non Current Bank Balances (Refer Note 16)	326,615	292,629	-	-
Unbilled Revenue	1,076,071	4,201,807	28,951,023	60,262,459
Interest Receivable	-	-	27,151	24,538
	<b>1,402,686</b>	<b>4,494,436</b>	<b>28,978,174</b>	<b>60,286,997</b>

**15 INVENTORIES (Valued at lower of Cost or Net Realisable Value)**

(Rs.)

	As at	
	March 31, 2017	March 31, 2016
As at the end of the year		
Traded Goods		
a) Courseware and Training Material*	13,333,230	15,458,270
b) Software/Hardware	1,289,820	1,679,173
	<b>14,623,050</b>	<b>17,137,443</b>
As at the beginning of the year		
Traded Goods		
a) Courseware and Training Material	15,458,270	11,361,942
b) Software/Hardware	1,679,173	1,927,216
	<b>17,137,443</b>	<b>13,289,158</b>
<b>Change in Inventory</b>	<b>2,514,393</b>	<b>(3,848,285)</b>

\* Net of provision for non-moving inventories of Rs. 1,975,213/- (Previous year Rs. 2,256,444/- ).



**MINDCHAMPION LEARNING SYSTEMS LIMITED**  
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**Notes to Financial Statements for the year ended March 31, 2017**

	(Rs.)	
16 CASH AND BANK BALANCES	As at	
	March 31, 2017	March 31, 2016
	Current	
<b>Cash and Cash Equivalents:</b>		
Balance with Banks		
-Current Accounts	152,067,591	64,189,255
Cheques, Drafts on hand	2,527,128	3,702,556
<b>Sub Total (A)</b>	<b>154,594,719</b>	<b>67,891,811</b>
<b>Other Bank Balances:</b>		
Bank Deposits*		
With original maturity of more than 3 months and upto 12 months	358,109	358,109
With original maturity of more than 12 months*	326,615	292,629
* Pledged as Margin money		
<b>Sub Total (B)</b>	<b>684,724</b>	<b>650,738</b>
<b>Total (A+B)</b>	<b>155,279,443</b>	<b>68,542,549</b>
<b>Amount disclosed under "Other Non Current Assets" (Note 14) (C)</b>	<b>(326,615)</b>	<b>(292,629)</b>
<b>Total (A+B+C)</b>	<b>154,952,828</b>	<b>68,249,920</b>

**17 CONTINGENT LIABILITIES**

**1. Other money for which the Company is contingently liable**

Guarantees issued to bankers outstanding at the end of the year amounting to Rs. 12,165,163 (Previous year Rs. 33,614,302).

**18 CAPITAL AND OTHER COMMITMENTS**

(a) Estimated amount of contracts remaining to be executed on capital account (net of advances) not provided for Rs. 1,387,238/- (Previous year Rs. 100,512).

(b) The Company has certain contracts with State Governments and schools under which the Company is required to transfer ownership of the fixed assets and equipments under leasing arrangement at the written down value which is expected to be nominal at the end of the term of the respective contracts.





**MINDCHAMPION LEARNING SYSTEMS LIMITED**  
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Notes to Financial Statements for the year ended March 31, 2017

**19 REVENUE FROM OPERATIONS**

**Sale of Products :**

-Courseware and Training Material

-Hardware & Accessories

**Sale of Services**

**Total**

(Rs.)	
Year ended	
March 31, 2017	March 31, 2016
152,304,492	121,761,086
97,133,550	49,219,354
732,047,479	893,480,177
<b>981,485,521</b>	<b>1,064,460,617</b>

**20 OTHER INCOME**

Interest Income

Provision / Other Liabilities Written Back

Profit on Sale of Fixed Assets

Gain on Foreign Currency Translation and Transaction (net)

Other Non-Operating Income

**Total**

(Rs.)	
Year ended	
March 31, 2017	March 31, 2016
287,179	38,160
-	1,211,468
88,435	304,586
18,801	91,278
839,142	303,513
<b>1,233,557</b>	<b>1,949,005</b>

**21 EMPLOYEE BENEFITS EXPENSE**

Salaries and Benefits

Contribution to Provident and other Funds

Staff Welfare

**Total**

(Rs.)	
Year ended	
March 31, 2017	March 31, 2016
394,689,143	428,191,587
16,550,477	14,475,554
5,003,129	4,164,578
<b>416,242,749</b>	<b>446,831,719</b>



**MINDCHAMPION LEARNING SYSTEMS LIMITED**  
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**Notes to the Financial Statements for the year ended March 31, 2017**

**22 EMPLOYEE BENEFITS**

**A) Defined Contribution Plans**

The Company makes contribution towards Superannuation Fund and Pension Scheme to the defined contribution plans for eligible employees. The Company has charged the following costs in the Statement of Profit and Loss under "Employee Benefits Expense" in Note 20:-

Particulars	Year ended	
	March 31, 2017	March 31, 2016
	(Rs.)	(Rs.)
- Employers' Contribution to Superannuation Fund	880,151	987,243
- Employers' Contribution to Employees Pension Scheme	7,334,930	8,927,534
- Employers' Contribution to Employees National Pension System	372,540	229,085

Contribution towards Superannuation Fund to the defined contribution plans includes following cost for Key Managerial Personnel:

Particulars	Year ended	
	March 31, 2017	March 31, 2016
	(Rs.)	(Rs.)
- Employers' Contribution to Superannuation Fund	150,000	121,303
- Employers' Contribution to Employees Pension Scheme	15,000	20,483

**B) Defined Benefit Plans**

**I. Provident Fund**

The Company makes contribution to the "NIIT LIMITED EMPLOYEES' PROVIDENT FUND TRUST" ("the Trust"), which is a defined benefit plan to the extent of interest shortfall, if any. The Company contributed Rs. 4,255,967/- (Previous year Rs.5,131,289/-) including Rs. 98,328/- (Previous year Rs. 135,901/-) in respect of Key Managerial personnel during the year to the Trust.

The Company has an obligation to make good the shortfall, if any, between the return from the investments of the Trust and the notified interest rate. The Company's obligation in this regard is actuarially determined and provided for if the circumstances indicate that the Trust may not be able to generate adequate returns to cover the interest rates notified by the Government.

The guidance on implementing AS 15 Employee Benefits (revised 2005), issued by Accounting Standards Board (ASB) of The Institute of Chartered Accountants of India, states that benefits involving employer established provident fund trust, which require interest shortfall to be compensated by the employer is required to be considered as Defined Benefits Plans. The actuary has provided a valuation and based on the below mentioned assumptions, determined that there is no short fall as at the year end.

The details of fund and plan assets of the Trust are as follows (limited to the extent provided by the actuary): (Rs.)

**(i) Change in Defined Benefit Obligation**

Particulars	As at	As at
	March 31, 2017	March 31, 2016
Present value defined benefit obligation as at the beginning of the year	656,110	542,280
Current service cost	74,100	78,280
Interest Cost	50,850	42,030
Actuarial (gain)/ loss on obligations	(140,070)	(6,480)
<b>Present Value Defined Benefit Obligations at the end of the year</b>	<b>640,990</b>	<b>656,110</b>

**(ii) Change in Fair Value of Assets**

Particulars	As at	As at
	March 31, 2017	March 31, 2016
Fair value of plan assets as at the beginning of the year	11,928,930	8,206,010
Actuarial (loss)/ gain on plan assets	624,410	3,722,920
<b>Fair value of Plan Assets as at the end of the year</b>	<b>12,553,340</b>	<b>11,928,930</b>

**(iii) Estimated Net Asset/ Liability recognised in the Balance Sheet**

Particulars	As at	As at
	March 31, 2017	March 31, 2016
Present value of defined benefit obligation	640,990	656,110
Fair Value of plan assets	12,553,340	11,928,930
Surplus (not recognised)	11,912,350	11,272,820
<b>Net Asset/ (Liability) recognised in the Balance Sheet</b>	<b>-</b>	<b>-</b>

**(iv) Assumptions used in accounting for provident Fund:-**

	Year Ended	Year Ended
	March 31, 2017	March 31, 2016
Discount Rate (Per Annum)	7.00%	7.75%
Expected return on Plan Assets	8.60%	8.60%
Expected guaranteed interest rate	8.60%	8.60%



## II Compensated Absences

Particulars	As at	
	March 31, 2017	March 31, 2016
<b>i) Change in Present value of Obligation:-</b>		
Present value of obligation as at the beginning of the year	4,887,000	8,803,000
Current service cost*	1,430,000	2,495,730
Past Service cost	-	(1,973,000)
Interest Cost	366,000	681,380
Benefits Paid	(335,000)	(22,000)
Actuarial (gain)/ loss on Obligations	(330,000)	(5,098,110)
<b>Present value of obligation as at the end of the year</b>	<b>6,018,000</b>	<b>4,887,000</b>
<b>Classification</b>		
Short-Term	5,905,000	4,659,000
Long-Term	113,000	228,000
<b>Total</b>	<b>6,018,000</b>	<b>4,887,000</b>

(Rs.)

## ii) Assumptions used in accounting for Compensated Absences:-

Discount Rate (per annum)	7.00%	7.75%
Future Salary Increase	10.00%	8.00%

Estimates of future salary increase (cost to the Company) considered in actuarial valuation, takes into account inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

## III. Gratuity Fund

Particulars	As at	
	March 31, 2017	March 31, 2016
<b>i) Change in Present value of Obligation:-</b>		
Present value of obligation as at the beginning of the year	7,106,038	10,336,000
Interest cost	447,000	679,018
Current service cost	1,240,000	1,680,900
Addition on account of transfer of employees from holding company	(166,000)	209,700
Benefits paid	(2,683,000)	(3,150,000)
Actuarial (gain)/ loss on obligations	2,322,000	(2,649,580)
<b>Present value of obligation as at the end of the year</b>	<b>8,266,038</b>	<b>7,106,038</b>
<b>ii) Change in Plan Assets:-</b>		
Fair value of Plan Assets as at the beginning of the year	4,720,071	6,369,072
Expected return on Plan Assets	346,000	466,609
Contributions*	856,000	781,000
Acquisitions Adjustments	(166,000)	209,700
Benefits Paid	(2,683,000)	(3,150,000)
Actuarial (loss) / gain on Plan Assets	(43,889)	43,690
<b>Fair value of Plan Assets as at the end of the year</b>	<b>3,029,182</b>	<b>4,720,071</b>

\*Actuary's estimates of contributions for the next financial year is Rs. 6,689,000/- (Previous year Rs. 3,626,000/-).



Particulars	As at				
	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014	March 31, 2013
<b>iii) Amount of Asset/ (obligation) recognised in the Balance Sheet:-</b>					
Fair value of Plan Assets as at the end of the year	3,029,182	4,720,071	6,369,072	547,203	1,529,950
Present value of obligation as at the end of the year	8,266,038	7,106,038	10,336,000	236,510	496,000
<b>Asset/ (obligation) recognised in Balance Sheet</b>	<b>(5,236,856)</b>	<b>(2,385,967)</b>	<b>(3,966,928)</b>	<b>310,693</b>	<b>1,033,950</b>

(Rs.)

	Year ended	
	March 31, 2017	March 31, 2016
<b>iv) Net Gratuity Cost recognised in Statement of Profit and Loss:-</b>		
Current service cost	1,240,000	1,680,900
Interest cost	447,000	679,018
Expected return on Plan Assets	(346,000)	(466,609)
Net Actuarial (gain)/ loss recognised during the year	2,365,889	(2,693,270)
<b>Expense/(Credit) recognised in the Statement of Profit and Loss*</b>	<b>3,706,889</b>	<b>(799,961)</b>
Actual return on plan assets	301,745	510,188

\*Included Rs. 186,949 (Previous years Rs. 238,888) towards contribution for Key Managerial Personnel.

\*The above cost is included under "Employee Benefits Expense" in Note 21.

v) Assumptions used in accounting for gratuity plan:-	Year ended	
	March 31, 2017	March 31, 2016
Discount Rate (Per annum)	7.00%	7.75%
Future Salary Increase	6.00%	6.00%
Expected Rate of return on plan assets	8.45%	9.10%
Estimates of future salary increase considered in actuarial valuation, take account inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.		

**vi) Investment details of Plan Assets:-**

The plan assets are maintained with Life Insurance Corporation of India Gratuity Scheme. The details of investment maintained by Life Insurance Corporation of India are not available with the Company and have not been disclosed.

The expected return on plan assets is determined considering several applicable factors mainly the composition of plan assets held, assessed risk of asset management, historical result of the return on plan assets.



**MINDCHAMPION LEARNING SYSTEMS LIMITED**  
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**Notes to the Financial Statements for the year ended March 31, 2017**

23 FINANCE COSTS	(Rs.)	
	Year ended	
	March 31, 2017	March 31, 2016
Interest Expense	24,251,235	27,450,324
Other Borrowing Costs	1,275,963	-
	<u>25,527,198</u>	<u>27,450,324</u>

24 OTHER EXPENSES	(Rs.)	
	Year ended	
	March 31, 2017	March 31, 2016
Equipment Hiring	97,685,085	164,087,866
Freight and Cartage (net)	9,352,482	9,511,528
Rent	12,083,347	15,501,230
Rates and Taxes	388,804	56,692
Power & Fuel	2,506,253	4,416,920
Communication (net)	4,354,159	4,980,582
Legal and Professional (net)	9,306,144	13,071,033
Management Cost Recovery by Holding Company	27,808,374	32,149,135
Traveling and Conveyance	26,266,253	24,590,758
Provision for Doubtful Debts	30,353,556	18,360,400
Less:-Provision for Doubtful Debts Written back	<u>3,720,298</u>	<u>270,001</u>
	26,633,258	18,090,399
Repairs and Maintenance		
- Plant and Machinery (net)	411,107	954,121
- Buildings	168,541	342,921
- Others	3,443,189	3,965,993
Consumables	24,264,806	26,149,750
Security and Administration Services	1,122,643	2,150,005
Bank Charges	666,022	1,456,724
Marketing & Advertising Expenses (net)	11,797,191	15,808,849
Sundry Expenses (net)	1,558,424	1,669,743
	<u>259,816,082</u>	<u>338,954,249</u>



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**Notes to the Financial Statements for the year ended March 31, 2017**

		(Rs.)	
		Year ended	
25	PAYMENT TO AUDITORS	March 31, 2017	March 31, 2016
	<b>Statutory Auditors</b>		
	- Audit Fee	590,000	590,000
	- Reimbursement of expenses (including service tax)	142,780	139,594
		<u>732,780</u>	<u>729,594</u>

		(Rs.)	
		Year ended	
26	EXCEPTIONAL ITEMS (Income)/ Expenditure	March 31, 2017	March 31, 2016
	Provision for Doubtful Debts/(Written back)	(6,623,719)	(4,379,572)
	Provision for Bonus	-	1,695,346
		<u>(6,623,719)</u>	<u>(2,684,226)</u>

- (i) During the current year, the Company has written back Rs. 6,623,719 (Previous year 4,379,572) on account of collections received from customers against which provision were created in earlier years under the same head.
- (ii) During the previous year, the Company had created additional provision for bonus related to the period April 1, 2014 to March 31, 2015 pursuant to retrospective amendment to "The Payment of Bonus Act, 1965" notified on January 1, 2016.



**MINDCHAMPION LEARNING SYSTEMS LIMITED**  
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**Notes to the Financial Statements for the year ended March 31, 2017.**

**27 CIF VALUE OF IMPORTS**

Particulars	Year ended	
	March 31, 2017	March 31, 2016
Purchase of Traded Goods	2,511,149	2,365,142

**28 EXPENDITURE IN FOREIGN CURRENCY**

Particulars	Year ended	
	March 31, 2017	March 31, 2016
Others	284,230	195,381

**29 EARNINGS IN FOREIGN CURRENCY**

Particulars	Year ended	
	March 31, 2017	March 31, 2016
Export of Services & Products	2,307,364	199,039

**30 EARNINGS PER SHARE**

Particulars	Year ended	
	March 31, 2017	March 31, 2016
Net Profit/ (Loss) As per Profit and loss account	53,326,807	(16,854,700)
Profit/(Loss) attributable to Equity Shareholders (Rs. INR) - (A)	53,326,807	(16,854,700)
Weighted average number of Equity Shares outstanding during the year (Nos.)- (B)	19,064,072	19,064,072
Nominal Value of Equity Shares (Rs.)	10/-	10/-
Basic Earning / (loss) per Share (Rs.) (A/B)	2.80	(0.88)
Add:-Effect of Potential Dilutive Share (being Optionally Convertible Debentures)	90,000,000	76,684,932
Weighted average Shares outstanding considered for determining Diluted Earnings/(loss) per Share (Nos.) (C)	109,064,072	95,749,004
Profit/(loss) after considering increased earnings of Dilutive shares (D)	57,826,807	(11,855,844)
Diluted Earnings/(loss) per Share (Rs.) (D/C)	0.53	(0.88)



**MINDCHAMPION LEARNING SYSTEMS LIMITED**  
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**Notes to the Financial Statements for the year ended March 31, 2017**

**31 RELATED PARTY TRANSACTIONS AS PER ACCOUNTING STANDARD 18:**

**A. Related party relationship where control exists:**

Holding Company - NIIT Limited

**B. Fellow Subsidiaries**

- 1 NIIT Yuva Jyoti Limited
- 2 NIIT Institute of Process Excellence Limited
- 3 NIIT Institute of Finance Banking and Insurance Training Limited
- 4 NIIT Limited, UK
- 5 NIIT Antilles NV, Netherlands Antilles
- 6 NIIT Malaysia Sdn. Bhd, Malaysia
- 7 NIIT GC Limited (formerly NIIT TVE Ltd, Mauritius), Mauritius
- 8 NIIT China (Shanghai) Limited, Shanghai, China
- 9 NIIT Wu Xi Service Outsourcing Training School, China
- 10 Chongqing NIIT Education Consulting Limited, China
- 11 Wu Xi NIIT Information Technology Consulting Limited, China
- 12 Changzhou NIIT Information Technology Consulting Limited, China
- 13 Su Zhou NIIT Information Technology Consulting Limited, China
- 14 NIIT (USA) Inc, USA
- 15 PT NIIT Indonesia, Indonesia (Under Liquidation)
- 16 NIIT West Africa Limited, Nigeria
- 17 Qingdao NIIT Information Technology Co., Limited, China
- 18 Chongqing An Dao Education Consulting Limited, China
- 19 Zhangjiagang NIIT Information Services Limited, China
- 20 Chengmai NIIT information technology Co., Limited, China
- 21 NIIT (Ireland) Limited, Ireland
- 22 Dafeng NIIT Information Technology Co. Limited, China
- 23 Guizhou NIIT Information Technology consulting Co., Limited, China
- 24 NIIT (Guizhou) Education Technology Co., Limited, China
- 25 NIIT Learning Solutions (Canada) Limited, Canada

**C. Other related parties with whom the Company has transacted:**

**Key Managerial Personnel**

- 1 Mr. Umesh Kumar Gola - Chief Financial Officer (w.e.f. July 6, 2015)
- 2 Mr. Gavin Debreo - Chief Executive Officer (w.e.f. November 11, 2015)
- 3 Mr. Purnendu Hota - Manager (Till July 6, 2015)
- 4 Ms. Tulika Sinha - Manager (From July 6, 2015 to November 11, 2015)

**Parties in which the Key Managerial Personnel of the Holding Company are interested**

- 1 NIIT Foundation (formerly known as NIIT Education Society)
- 2 NIIT University





**MINDCHAMPION LEARNING SYSTEMS LIMITED**  
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Notes to the Financial Statements for the year ended March 31, 2017

**(D) Details of significant transactions with the Related Parties carried out in ordinary course of business:-**

(Amount in Rs.)

Nature of Transactions	Holding Company	Fellow Subsidiaries	Parties in which Key Managerial Personnel of Holding Company are interested	Key Managerial Personnel	Total
Sale of Goods- Revenue {Refer note (a) below}	-	2,108,989	2,212,218	-	4,321,207
	(870,823)	(135,210)	(5,467,276)	-	(6,473,309)
Sale of services- Revenue {Refer note (b) below}	-	-	798,342	-	798,342
	(61,140)	-	(1,598,268)	-	(1,659,408)
Recovery of Expenses From {Refer note (c) below}	491,528	400,317	-	-	891,845
	(1,689,986)	(84,364)	-	-	(1,774,350)
Purchase of Goods {Refer note (d) below}	-	41,089	-	-	41,089
	-	-	-	-	-
Management Cost Recovery- Other Expenses	25,360,396	-	-	-	25,360,396
	(28,219,732)	-	-	-	(28,219,732)
Corporate Guarantee Charges- Other Expenses	1,275,962	-	-	-	1,275,962
	-	-	-	-	-
Recovery of Employee Benefits expenses by	390,895	-	-	-	390,895
	(419,411)	-	-	-	(419,411)
Recovery of Expenses By	17,280,559	-	-	-	17,280,559
	(23,486,096)	-	-	-	(23,486,096)
Recovery of Professional & Technical Outsourcing Expenses by	4,581	-	-	-	4,581
	(9,480)	-	-	-	(9,480)
Remuneration to Key Managerial Personnel {Refer note (e) below}	-	-	-	10,968,697	10,968,697
	-	-	-	(7,788,007)	(7,788,007)
Interest Expense- Finance Cost	22,356,948	-	-	-	22,356,948
	(26,434,218)	-	-	-	(26,434,218)
Loan Taken	78,000,000	-	-	-	78,000,000
	(278,000,000)	-	-	-	(278,000,000)
Loan Repaid	385,700,000	-	-	-	385,700,000
	(25,000,000)	-	-	-	(25,000,000)

**Details of outstanding balances with related parties:**

Particulars	Payables As at 31.03.2017 (Rs.) (Refer note f below)	Payables As at 31.03.2016 (Rs.) (Refer note f below)	Receivables As at 31.03.2017 (Rs.) (Refer note g below)	Receivables As at 31.03.2016 (Rs.) (Refer note g below)	Loan Payable As at 31.03.2017 (Rs.)	Loan Payable As at 31.03.2016 (Rs.)
Holding Company	10,170,983	2,184,503	1,059,190	1,747,330	-	307,700,000
Fellow Subsidiaries	43,246	-	-	217,353	-	-
Key Managerial Personnel	228,658	192,666	-	1,801	-	-
Parties in which Key Managerial Personnel of the Holding Company are interested	-	-	2,249,807	991,426	-	-

**Notes:-**

Previous year figures are given in parenthesis

(a) Sale of Goods- Revenue Fellow Subsidiaries

-NIT Antilles NV Rs. 2,108,989/- (Previous year Rs. 135,210)

Parties in which Key Managerial Personnel of Holding Company are interested

-NIT Foundation Rs. 2,212,218/- (Previous year Rs. 5,467,276)

(b) Sale of Services- Revenue

Parties in which Key Managerial Personnel of Holding Company are interested

-NIT Foundation Rs. 798,342/- (Previous year Rs. 1,079,406/-)

-NIT University Rs. Nil /- (Previous year Rs. 518,862/-)

(c) Includes Recovery of expenses from :

-NIT Antilles NV Rs. 400,317/- (Previous year Rs. 84,364)

(d) Includes Purchase of Goods

-NIT Yuva Jyoti Limited Rs. 41,089/- (Previous year Rs. Nil)

(e) Includes Remuneration Paid to:

-Purnendu Kumar Hota Rs. Nil/(Previous year Rs. 658,777)

-Tulika Sinha Rs. Nil (Previous year Rs. 2,241,081)

-Umesh Kumar Gola Rs. 3,518,889 (Previous year Rs. 2,336,640)

-Gavin Dabreo Rs. 7,449,808 (Previous year Rs. 2,551,509)

(f) Payables include:

Key Managerial Personnel

-Umesh Kumar Gola Rs. 130,188 (Previous year Rs. Nil)

-Gavin Dabreo Rs. 98,470 (Previous year Rs. Nil)

(g) Receivables from include:

-NIT Foundation Rs. 2,249,807/- (Previous year Rs. 991,426/-)

-NIT Antilles NV Rs. Nil /- (Previous year Rs. 217,353)

-Umesh Kumar Gola Rs. Nil (Previous year Rs. 1,801/-)

(h) The Company has unavailed credit facilities of Rs. Nil (Previous year Rs. 30,000,000/-) working capital limits of the Holding company.

(i) The Company has availed corporate guarantee issued by Holding company of Rs. 45,000,000/- (Previous year Rs. Nil) for working capital limits.

(j) The Holding company has committed operational and financial supports to the Company.



**MINDCHAMPION LEARNING SYSTEMS LIMITED**  
(Formerly Known as Hole-in-the-Wall Education Limited)

**Notes to the Financial Statements for the year ended March 31, 2017**

- 32 The Company internally develops software tools, platforms and content/courseware. The management estimates that this would result in enhanced productivity and offer more technology based learning products/ solutions to the customers in future. The Company is confident of its ability to generate future economic benefits out of the abovementioned assets. The costs incurred during the year towards the development are as follows:

Description	Year ended	
	March 31, 2017	March 31, 2016
Opening Capital Work-in-Progress	-	-
<b>Add:-Expenditure during the year</b>		
Salary and other Employee Benefits	1,710,453	1,153,238
Professional & Technical Outsourcing Expense	20,504,398	998,233
Rent	480,668	381,243
Other Expenses	118,895	3,383
Less:-Intangible Capitalised during the year	(21,443,748)	(2,536,097)
<b>Closing Balance at the end of the year</b>	<b>1,370,666</b>	<b>-</b>

**33 SEGMENT INFORMATION**

The Company is in the business of setting up kiosks for computer education and training. Further Pursuant to the Scheme of Arrangement between the NIIT Limited and Hiwel Limited, the School Learning Business (SLS) of NIIT Limited has been demerged/transferred to Hiwel Limited w.e.f. 1st April 2014. The SLS is into providing Education and other related Services to Government Schools under Public Private Partnership Model and also provides Products and Services to Private Schools across India. These are reviewed by the management as a single segment in accordance with AS 17 Segment Reporting. Since the revenue in other geographical location is not more than threshold limit as prescribed under AS 17, therefore secondary segment information not applicable.

**34 LEASES**

The Company has entered into leases for office premises and employee accommodations which are cancellable at the option of the Company by giving the requisite notice.

Aggregate payments during the year under operating leases are as shown hereunder:

Particulars	Year Ended	
	As at	
	March 31, 2017	March 31, 2016
In Respect of Premises *	11,578,666	14,312,378
In Respect of Equipments **	97,600,319	163,864,839
In respect of Vehicles	985,349	1,570,095

\* Includes payment in respect of premises for office and employee accommodation

\*\*Includes payment in respect of computers, printers and other equipments

**35 Derivative Instruments**

The Company has the following Unhedged foreign currency exposure as at March 31, 2017:

Particulars	Currency	As at March 31, 2017		As at March 31, 2016	
		Amount in respective currency	Amount (Rs.)	Amount in respective currency	Amount (Rs.)
Trade Payables	EUR	94	6,265	94	7,051
Trade Receivables	USD	-	-	3,285	217,353
	SAR	13,398	198,375	-	-

- 36 The net worth of the Company stood significantly eroded as at March 31, 2017. However as Board of the Directors of the Company are confident that based on the future business projections of School business, the future outlook of the Company looks bright and is expected to witness improved performance in following years. Further, the holding company NIIT Limited has committed operational and financial supports to the Company. Accordingly Company's Financial Statements have been prepared on an going concern basis.

- 37 Disclosure related to Specified Bank Notes (SBN) as defined under the notification of the Government of India, in the Ministry of Finance, Department of Economics Affairs no. S.O. 3407 (E) dated November 8, 2016

The Company did not have any holding or dealing in SBN's during the period from November 8, 2016 to December 30, 2016.



**MINDCHAMPION LEARNING SYSTEMS LIMITED**  
**(Formerly Known as Hole-in-the-Wall Education Limited)**

**Notes to the Financial Statements for the year ended March 31, 2017**

- 38 Previous year figures have been regrouped/ reclassified to conform the current year classification.  
Signatures to Notes '1' to '38' of these Financial Statements.

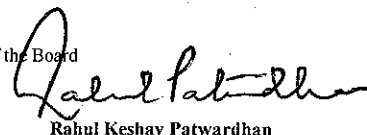
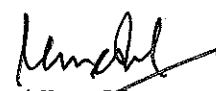
For Price Waterhouse & Co Bangalore LLP  
Firm Registration No: 007567S/S-200012  
Chartered Accountants



**Anupam Dhawan**  
Partner  
Membership No. 087191

Place: Gurugram  
Date: May 10, 2017

For and on behalf of the Board

  
**P. Rajendran**  
Director  
DIN - 00042531  
**Rahul Keshav Patwardhan**  
Director  
DIN - 01832386  
**Umesh Kumar Gola**  
Chief Financial Officer  
**Neha Gandhi**  
Company Secretary