

**AUDITORS' REPORT TO THE MEMBERS OF
HOLE-IN-THE-WALL EDUCATION LIMITED**

1. We have audited the attached Balance Sheet of Hole-in-the-Wall Education Limited (the "Company") as at March 31, 2010, and the related Profit and Loss Account and Cash Flow Statement for the year ended on that date annexed thereto, which we have signed under reference to this report. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003, as amended by the Companies (Auditor's Report) (Amendment) Order, 2004 (together the "Order") issued by the Central Government of India in terms of sub-section (4A) of Section 227 of 'The Companies Act, 1956' of India (the 'Act') 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 further report that:
 - 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 between the book records and the physical inventory have been noticed.
 - (c) In our opinion and according to the information and explanations given to us, a substantial part of fixed assets has not been disposed of by the Company during the year.
 - ii. (a) The inventory (excluding stocks with third parties) has been physically verified by the Management during the year. In respect of inventory lying with third parties, these have substantially been confirmed by them. 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 the 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 book records were not material.
- iii.
 - (a) As the Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the register maintained under Section 301 of the Act, clauses (iii)(b), (iii)(c) and (iii)(d) of paragraph 4 of the Order are not applicable for the year.
 - (b) The Company has taken unsecured loan, from a Company covered in the register maintained under Section 301 of the Act. The maximum amount involved during the year and the year-end balance of such loan is the same i.e., Rs. 362 lacs.
 - (c) In our opinion, the rate of interest and other terms and conditions of such loans are not prima facie prejudicial to the interest of the Company.
 - (d) In respect of the aforesaid loans, the Company is regular in repaying the principal amounts as stipulated and is also regular in payment of interest, where applicable.
- iv. In our opinion and according to the information and explanations given to us, having regard to the explanation that certain items purchased and sold are of special nature for which suitable alternative sources do not exist for obtaining comparative quotations, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of inventory, fixed assets and for the sale of goods and services. Further, on the basis of our examination of the books and records of the Company, and according to the information and explanations given to us, we have neither come across nor have been informed of any continuing failure to correct major weaknesses in the aforesaid internal control system.
- v.
 - (a) In our opinion and according to the information and explanations given to us, the particulars of contracts or arrangements referred to in Section 301 of the Act have been entered in the register required to be maintained under that section.
 - (b) In respect of certain transactions of the value of Rs. 70.94 lacs with the holding company, the management has informed us that the transactions dealt are of a specialized nature and therefore comparable prices are not available. In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements and exceeding the value of Rupees Five Lakhs in respect of any party during the year have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
- vi. The Company has not accepted any deposits from the public within the meaning of Sections 58A and 58AA of the Act and the rules framed there under.



- vii. The company is covered under the internal audit system of NIIT group, the holding Company, whereby internal audit has been carried out during the year and is commensurate with its size and nature of its business.
- viii. The Central Government of India has not prescribed the maintenance of cost records under clause (d) of sub-section (1) of Section 209 of the Act for any of the products of the Company.
- ix. (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 the undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax, cess and other material statutory dues as applicable with the appropriate authorities.

(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, service tax and cess which have not been deposited on account of any dispute.
- x. The Company has accumulated losses exceeding 50 percent of its net worth as at March 31, 2010 and it has incurred cash losses in the financial year ended on that date and the immediately preceding financial year. (Also refer para 4 below).
- xi. According to the records of the Company examined by us and the information and explanation given to us, the Company has not defaulted in repayment of dues to any financial institution or bank or debenture holders as at the balance sheet date.
- xii. The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- xiii. The provisions of any special statute applicable to chit fund / nidhi / mutual benefit fund/ societies are not applicable to the Company.
- xiv. In our opinion, the Company is not a dealer or trader in shares, securities, debentures and other investments.
- xv. In our opinion and according to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions during the year.
- xvi. The Company has not obtained any term loans.
- xvii. On the basis of an overall examination of the balance sheet of the Company, in our opinion and according to the information and explanations given to us, there are no funds raised on a short-term basis which have been used for long-term investment.



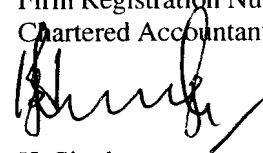
- xviii. The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Act during the year.
 - xix. The Company has not issued any debentures during the year.
 - xx. The Company has not raised any money by public issues during the year.
 - xxi. 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 fraud on or by the Company, noticed or reported during the year, nor have we been informed of such case by the Management.
4. Further to our comments in paragraph 3 above, we draw your attention to:
- 4.1 Note 5 on Schedule 16, regarding the appropriateness of the “going concern” basis used for the preparation of these financial statements, as the net-worth of the Company has eroded as at March 31, 2010. The validity of the “going concern” basis would depend upon the future projections, contracts entered into by the Company subsequent to the year end and continued financial support by the Holding Company, NIIT Limited.
 - 4.2 Note 18 on Schedule 16, regarding the capitalisation of expenses amounting to Rs. 109.79 lacs for developing the new products and the ability to generate Future Economic Benefits thereof.
5. Further to our comments in paragraph 3 and 4 above, we report that:
- (a) We have 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 appears from our examination of those books;
 - (c) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - (d) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Act;
 - (e) On the basis of written representations received from the directors, as on March 31, 2010 and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2010 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Act;



- (f) Without qualifying Note 4 above, in our opinion and to the best of our information and according to the explanations given to us, the said financial statements together with the notes thereon and attached thereto give, in the prescribed manner, the information required by the Act, and give a true and fair view in conformity with the accounting principles generally accepted in India:
- (i) in the case of the Balance Sheet, of the state of affairs of the company as at March 31, 2010;
 - (ii) in the case of the Profit and Loss Account, of the loss for the year ended on that date; and
 - (iii) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Place of the Signature: **NEW DELHI**
Date: May 5, 2010

For Price Waterhouse
Firm Registration Number: 301112E
Chartered Accountants



H. Singh
Partner
Membership No.- F-86994

Hole-in-the-Wall Education Limited

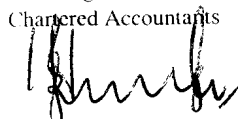
Balance Sheet as at March 31, 2010

	Schedule No. / (Note Reference)	As At March 31, 2010 (Rs.)	As At March 31, 2009 (Rs.)
SOURCES OF FUNDS			
SHAREHOLDERS' FUNDS			
Share Capital	1	66,000,070	66,000,070
Share Premium		<u>20,000,000</u>	<u>20,000,000</u>
		86,000,070	86,000,070
LOANS FUNDS			
Unsecured Loans	2	42,643,889	36,200,000
		<u>128,643,959</u>	<u>122,200,070</u>
APPLICATION OF FUNDS			
FIXED ASSETS			
Gross Block	3	19,944,307	16,987,696
Less: Depreciation		<u>16,629,558</u>	<u>15,916,081</u>
Net Block		3,314,749	1,071,615
Capital Work-in-Progress	16(18)	8,188,848	6,536,231
CURRENT ASSETS, LOANS AND ADVANCES			
Inventories	16[1(iv) & 12]	4,213,081	1,215,354
Sundry Debtors	4	12,122,113	11,333,088
Cash and Bank Balances	5	1,928,464	8,584,162
Other Current Assets	6	742,547	9,149,257
Loans and Advances	7	<u>2,760,122</u>	<u>4,170,514</u>
		<u>21,766,327</u>	<u>34,452,375</u>
Less : CURRENT LIABILITIES AND PROVISIONS			
Current Liabilities	8	11,040,423	16,233,380
Provisions	9	813,241	1,459,159
		<u>11,853,664</u>	<u>17,692,539</u>
Net Current Assets		9,912,663	16,759,836
PROFIT & LOSS ACCOUNT		107,227,699	97,832,388
		<u>128,643,959</u>	<u>122,200,070</u>
NOTES TO ACCOUNTS	16		

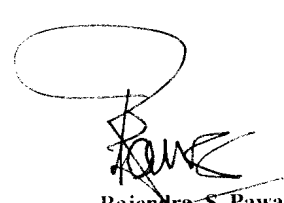
The Schedules referred to above form an integral part of the Balance Sheet

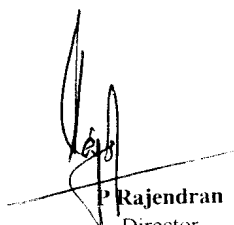
This is the Balance Sheet referred to in our report of even date


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



Harinderjit Singh
Partner
Membership No.-F-86994
Place : New Delhi
Date : May 5, 2010


Rajendra S Pawar
Director
DIN : 00042516


P Rajendran
Director
DIN : 00042531


Ekta Kathuria
Company Secretary

Hole-in-the-Wall Education Limited
Profit and Loss Account for the year ended March 31, 2010

	Schedule No./[Note Reference]	Year ended March 31, 2010 (Rs.)	Year ended March 31, 2009 (Rs.)
INCOME			
Revenue from Operations	10	29,837,346	34,321,482
Other Income	11	498,363	1,834,180
		30,335,709	36,155,662
EXPENDITURE			
Cost of Goods Sold and Execution	12	14,363,302	15,925,070
Personnel	13	7,543,709	7,080,884
Administration and Others	14	12,855,241	10,461,200
Interest and Finance Charges	15	4,251,067	2,655,972
Depreciation and Amortisation	3	713,477	359,912
		39,726,796	36,483,038
(Loss) before tax		(9,391,087)	(327,376)
Tax expense - Fringe Benefit Tax		4,224	232,291
(Loss) after tax		(9,395,311)	(559,667)
Add: (Loss) Brought forward from previous year		(97,832,388)	(97,272,721)
(Loss) Transferred to Balance Sheet		(107,227,699)	(97,832,388)
(Loss) per share	16 [1(xi) & 13]	(16.99)	(8.15)

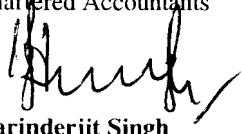
NOTES TO ACCOUNTS

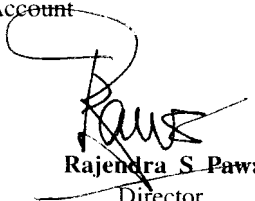
16


The Schedules referred to above form an integral part of the Profit and Loss Account


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

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


Harinderjit Singh
Partner
Membership No.-F-86994
Place : New Delhi
Date : May 5, 2010


Rajendra S. Pawar
Director
DIN : 00042516


P. Rajendran
Director
DIN : 00042531


Ekta Kathuria
Company Secretary

Hole-in-the-Wall Education Limited
CASH FLOW STATEMENT
FOR THE YEAR ENDED March 31, 2010

	Year Ended March 31, 2010 Rs.	Year Ended March 31, 2009 Rs.
A. Cash flow from operating activities:		
Net (Loss) before Tax	(9,391,087)	(327,376)
Adjustments for:		
Depreciation and Amortisation	713,477	359,912
Provision for Compensated Absences written back	(637,934)	(336,605)
Provision for Doubtful Debts	4,733,100	499,000
Interest on Fixed Deposits	(158,422)	(438,540)
Foreign Exchange Adjustments	(19,932)	-
Interest Expense	4,356,553	2,936,971
Liability no longer required Written Back	(330,888)	(1,834,180)
Operating (profit) before working capital changes	(735,133)	859,182
Adjustments for changes in working capital :		
- (INCREASE)/DECREASE in Sundry Debtors	(5,522,125)	(4,215,487)
- (INCREASE)/DECREASE in Inventory	(2,997,727)	(1,215,354)
- (INCREASE)/DECREASE in Other Receivables	9,987,297	(10,764,720)
- INCREASE/(DECREASE) in Trade and Other Payables	(4,842,137)	6,773,589
Cash generated from operations	(4,109,825)	(8,562,790)
- Taxes (Paid)	(265,769)	(876,953)
Net cash used in operating activities	(4,375,594)	(9,439,743)
B. Cash flow from Investing activities:		
Purchase of fixed assets(including Capital Work in Progress)	(4,609,228)	(3,962,477)
Interest on Fixed Deposits and others	241,788	584,390
Net cash used in investing activities	(4,367,440)	(3,378,087)
C. Cash flow from financing activities:		
Receipt of Loan	6,443,889	29,200,000
Payment of loan	-	(13,300,000)
Interest Paid	(4,356,553)	(2,936,971)
Net cash from financing activities	2,087,336	12,963,029
Net Increase/Decrease in Cash & Cash Equivalents (A+B+C)	(6,655,698)	145,199
Cash and cash equivalents as at the beginning of the year (Refer Note 1 below)	8,584,162	8,438,963
Cash and cash equivalents as at the end of the year (Refer Note 1 below)	1,928,464	8,584,162

Notes :

1 Cash and cash equivalents comprise of

Cash in hand		
Balances with Banks in		
- Current Account	1,355,769	3,859,748
- Fixed Deposit Account	572,695	4,724,414
(Fixed Deposit includes Rs.572,695 (Previous Year - Rs 4,724,414) pledged as margin money)		

1,928,464

8,584,162

2 The above Cash flow statement has been prepared under the indirect method as set out in Accounting Standard - 3 "Cash Flow Statements", as notified under Section 211(3C) of the Companies Act, 1956.

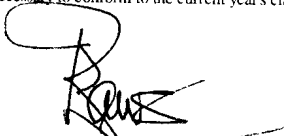
3 Previous year figures, to the extent feasible, have been regrouped/recast wherever necessary to conform to the current year's classification.


4 The Schedule nos. 1 to 16 form an integral part of the Cash Flow Statement

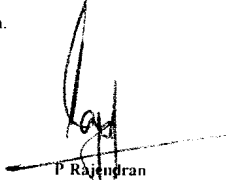
This is the Cash Flow Statement referred to in our report of even date.

For Price Waterhouse
Firm Registration No. : 301/12 E
Chartered Accountants

Harinderjit Singh
Partner
Membership No.-F-86994
Place : New Delhi
Date : May 5, 2010


Rajendra S Pawar
Director
DIN : 00042516


Ekta Kathuria
Company Secretary


P Rajendran
Director
DIN : 00042531

Hole-in-the-Wall Education Limited
Schedules annexed to and forming part of the Balance Sheet
as at March 31, 2010

Schedule No.	As at March 31, 2010 (Rs.)	As at March 31, 2009 (Rs.)
1. SHARE CAPITAL [Refer Note 2 and 15 on Schedule 16]		
Authorised		
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	100,000,000	100,000,000
	<u>300,000,000</u>	<u>300,000,000</u>
Issued & Subscribed		
1,000,007 Equity Shares of Rs. 10/- each	10,000,070	10,000,070
3,400,000 13.75% Non Convertible Cumulative Redeemable Preference shares of Rs. 10/- each (held by Holding Company, NIIT Ltd.)	34,000,000	34,000,000
2,200,000 13.25% Non Convertible Cumulative Redeemable Preference shares of Rs. 10/- each (held by Holding Company, NIIT Ltd.)	22,000,000	22,000,000
	<u>66,000,070</u>	<u>66,000,070</u>
Paid-up		
1,000,007 Equity Shares of Rs. 10/- each (Includes 1,000,000 (previous year 900,000) Equity Shares of Rs 10/- each held by the holding company, NIIT Limited, out of which 850,000 Equity Shares of Rs 10/- each have been issued for consideration other than cash)	10,000,070	10,000,070
3,400,000 13.75% Non Convertible Cumulative Redeemable Preference shares of Rs. 10/- each	34,000,000	34,000,000
2,200,000 13.25% Non Convertible Cumulative Redeemable Preference shares of Rs. 10/- each	22,000,000	22,000,000
	<u>66,000,070</u>	<u>66,000,070</u>
2 UNSECURED LOANS [Refer Note 22 on Schedule 16]		
Working Capital Loan from bank	6,443,889	-
Loans from Holding Company (Due within one year Rs7,000,000) (Previous year Rs.Nil)	36,200,000	36,200,000
	<u>42,643,889</u>	<u>36,200,000</u>

Hole-in-the-Wall Education Limited
Schedules annexed to and forming part of the Balance Sheet as at March 31, 2010

Schedule 3

FIXED ASSETS

[Refer Note 1 (i) & (ii) and 18 on Schedule 16]

(Amount in Rs.)

Description of Assets	GROSS BLOCK				DEPRECIATION / AMORTISATION				NET BLOCK	
	As on April 1, 2009	Additions during the Year	Sale/Adjustment during the Year	Total as on March 31, 2010	As on April 1, 2009	For the Year	Sale/Adjustment during the year	Total as on March 31, 2010	As on March 31, 2010	As on March 31, 2009
<u>Tangible</u>										
Plant and Machinery	6,515,539	166,548	-	6,682,087	5,501,298	355,738	-	5,857,036	825,051	1,014,241
Furniture and Fixtures	1,915,772	-	-	1,915,772	1,858,398	-	-	1,858,398	57,374	57,374
TOTAL (A)	8,431,311	166,548	-	8,597,859	7,359,696	355,738	-	7,715,434	882,425	1,071,615
<u>Intangible</u>										
Patents	8,500,000	-	-	8,500,000	8,500,000	-	-	8,500,000	-	-
Software	56,385	-	-	56,385	56,385	-	-	56,385	-	-
- Acquired	-	2,790,063	-	2,790,063	-	357,739	-	357,739	2,432,324	-
- Internally Generated	-	-	-	-	-	-	-	-	-	-
TOTAL (B)	8,556,385	2,790,063	-	11,346,448	8,556,385	357,739	-	8,914,124	2,432,324	-
GRAND TOTAL (A+B)	16,987,696	2,956,611	-	19,944,307	15,916,081	713,477	-	16,629,558	3,314,749	1,071,615
PREVIOUS YEAR	16,876,316	111,380	-	16,987,696	15,556,169	359,912	-	15,916,081	1,071,615	-
							Capital Work-in-Progress		8,188,848	6,536,231



Hole-in-the-Wall Education Limited
Schedules annexed to and forming part of the Balance Sheet
as at March 31, 2010

Schedule No.	As at March 31, 2010 (Rs.)	As at March 31, 2009 (Rs.)
4 SUNDRY DEBTORS [Refer Note 21 on Schedule 16]		
(Unsecured)		
Outstanding for over six months	3,700.907	6,449.633
Considered Good	5,232.100	499.000
Considered Doubtful		
Other Debts-Considered Good	8,421.206	4,883.455
	17,354.213	11,832.088
Less: Provision For Doubtful Debts	5,232.100	499.000
	<u>12,122.113</u>	<u>11,333.088</u>
5 CASH AND BANK BALANCES		
Balances with Scheduled Banks in :		
- Current Account	1,355.769	3,859.748
- Fixed Deposit Account	572.695	4,724.414
(Fixed Deposit includes Rs 572.695 (Previous Year - Rs 4,724.414) pledged as margin money)		
	<u>1,928.464</u>	<u>8,584.162</u>
6 OTHER CURRENT ASSETS (Unsecured, considered good)		
Unbilled Revenue	676.659	9,000.003
Interest Receivable	65.888	149.254
	<u>742.547</u>	<u>9,149.257</u>
7 LOANS AND ADVANCES (Unsecured, considered good) [Refer Notes 1(vi), (viii) and 4 on Schedule 16]		
Advances recoverable in cash or in kind or for value to be received	823.700	2,487.653
Security Deposits	30.000	30.000
Advance payment of Income Tax (incl. Tax deducted at source)	1,869.063	1,652.861
Advance payment of Fringe Benefit Tax	707.119	
Less:- Provision for Fringe Benefit Tax	669.760	37.359
	<u>2,760.122</u>	<u>4,170.514</u>

Hole-in-the-Wall Education Limited
Schedules annexed to and forming part of the Balance Sheet
as at March 31, 2010

Schedule No.	As at March 31, 2010 (Rs.)	As at March 31, 2009 (Rs.)
8	CURRENT LIABILITIES	
	[Refer Note 19 on Schedule 16]	
	Sundry Creditors	
	- total outstanding dues of micro enterprises and small enterprises	-
	- total outstanding dues of creditors other than micro enterprises and small enterprises	6,607,093
	Advances from Customers	8,236,945
	Deferred Revenue	395,000
	Other Liabilities	994,342
	11,040,423	16,233,380
9	PROVISIONS	
	[Refer Note 1 (vi), (viii), (x) and 4 on Schedule 16]	
	Provision for Compensated Absences	1,451,175
	Provision for Fringe Benefit Tax	664,418
	Less: Advance payment of Fringe Benefit Tax	7,984
	813,241	1,459,159



Hole-in-the-Wall Education Limited
Schedules annexed to and forming part of the Profit and Loss Account
for the year ended March 31,2010

Schedule No.	Year ended March 31, 2010 (Rs.)	Year ended March 31, 2009 (Rs.)
10 REVENUE FROM OPERATIONS [Refer Notes 1(iii), 10 and 11 on Schedule 16]		
Income from Sale of Kiosks	8,930,327	16,490,878
Services	20,907,019	17,830,604
	<u>29,837,346</u>	<u>34,321,482</u>
11 OTHER INCOME		
Gain on foreign exchange fluctuations (Net)	167,475	-
Liability no longer required Written Back	330,888	1,834,180
	<u>498,363</u>	<u>1,834,180</u>



Hole-in-the-Wall Education Limited
Schedules annexed to and forming part of the Profit and Loss Account
for the year ended March 31,2010

Schedule No.		Year ended March 31, 2010 (Rs.)	Year ended March 31, 2009 (Rs.)
12	COST OF GOODS SOLD AND EXECUTION [Refer Notes 9 and 12 on Schedule 16]		
	Cost of goods sold	6,314,868	13,655,131
	Professional Charges	7,557,965	1,863,730
	Dispatch and Shipping Charges	490,469	406,209
		14,363,302	15,925,070
13	PERSONNEL [Refer Notes 1(vi), 4, 8 and 18 on Schedule 16]		
	Salaries and Benefits [Includes contribution towards Provident and Other Funds Rs 360,175(Previous Year Rs.420,632)]	7,198,137	6,713,314
	Welfare and other expenses	345,572	367,570
		7,543,709	7,080,884
14	ADMINISTRATION AND OTHERS [Refer Notes 6, 18, 20 and 21 on Schedule 16]		
	Rent	1,076,786	2,034,271
	Electricity and Water	231,378	261,604
	Legal expenses	248,854	209,819
	Professional Services	1,380,715	2,555,797
	Auditors' Remuneration	375,740	229,052
	Communication	775,096	306,395
	Travelling and Conveyance	3,251,230	2,575,371
	Repairs and Maintenance		
	- Plant and Machinery	97,392	60,582
	- Building	1,037	40,654
	- Others	135,875	116,020
	Insurance	46,974	34,254
	Business Promotion	262,143	482,190
	Security & Admin Charges	125,031	367,369
	Sundry Expenses	113,890	135,151
	Provision for doubtful debts	4,733,100	499,000
	Loss on foreign exchange fluctuations (Net)	-	553,671
		12,855,241	10,461,200
15	INTEREST AND FINANCE CHARGES [Refer Note 7 on Schedule 16]		
	Interest Expense	4,356,553	2,936,971
	Bank and Financial charges	120,149	157,541
		4,476,702	3,094,512
	Less: Interest Received		
	On Fixed Deposits (Gross)	158,422	438,540
	Others	67,213	

HOLE-IN-THE-WALL EDUCATION LIMITED
SCHEDULE 16: Notes to Accounts for the year ended March 31, 2010

1. STATEMENT ON SIGNIFICANT ACCOUNTING POLICIES

These financial statements are prepared on an accrual basis, under historical cost convention and in compliance in all material aspects with all the applicable accounting principles in India, the applicable accounting standards notified u/s 211(3C) of the Companies Act, 1956 and the relevant provisions of the Companies Act, 1956. The significant accounting policies adopted by the Company are detailed below:

(i) Fixed Assets, Depreciation and Amortisation

Fixed Assets are stated at acquisition cost.

Expenses incurred on internal development of products or prototypes are capitalized as software, once their technical feasibility is established in accordance with the requirement of Accounting Standard 26, "Intangible Assets" as notified under section 211(3C) of the Companies Act, 1956. Expenses incurred during the research phase till the establishment of commercial feasibility are charged to the profit and loss account.

Depreciation and amortization is provided on a pro-rata basis on a straight-line method over the estimated useful lives of the assets determined as follows: -

Computers, related accessories (included in Plant and Machinery)	3-5 years
Furniture and fixtures & Electric Fittings	7 years
Office Equipment and Electronic Equipments	8 years
Air Conditioners	10 years
Leasehold Improvements	3 years or lease period, whichever is less.
Intangibles	3-5 years
All other assets	Rates prescribed under schedule XIV to the Companies Act, 1956

Intangible assets are technically evaluated each year for their useful economic life and the unamortized depreciable amount of the asset is charged to the profit and loss account as depreciation / amortization over their remaining useful life.

(ii) 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.

(iii) Revenue Recognition

The Company recognizes revenue on an accrual basis. In respect of goods and services, the revenue is recognized on dispatch of goods/delivery of the concerned services.



HOLE-IN-THE-WALL EDUCATION LIMITED
SCHEDULE 16: Notes to Accounts for the year ended March 31, 2010

(iv) Inventory Valuation

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

(v) Leases

Lease rental in respect of operating lease arrangements are charged to expense on a straight line basis as per the terms of the related agreements.

(vi) 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 at the end of the year and any shortfall in the fund size maintained by the trust set up by the Holding Company with Life Insurance Corporation of India is additionally provided for.

Actuarial gains, if any, are recognized in the profit and loss account and disclosed as an asset in the Balance Sheet.

Compensated Absences :

Liability in respect of compensated absences is provided both for encashable leave and those expected to be availed. The Company has defined benefit plans for compensated absences for employees, the liability for which is determined on the basis of an actuarial valuation at the end of the year any gain or loss arising out of such valuation is recognized in the profit and loss account as income or expense as the case may be.

Superannuation :

The Company makes defined contribution to the Trust established for the purpose by NIIT Limited (holding company). The superannuation fund is maintained with Life Insurance Corporation of India. Contribution made during the year is charged to P&L A/c. The Company has no further obligation beyond its monthly contributions.

Provident Fund :

The Company makes contribution to "NIIT LIMITED EMPLOYEES' PROVIDENT FUND TRUST" in respect of all its employees. The Company's contribution towards Provident Fund is charged to Profit & Loss Account. As the obligation to fund the deficit, if any, lies with the holding company, the same has been accounted for as a defined contribution plan.

Pension Fund :

The Company makes defined contribution in respect of certain employees, to a Government administered pension fund. The Company's contribution towards Employee Pension Scheme is charged to Profit & Loss Account.



HOLE-IN-THE-WALL EDUCATION LIMITED
SCHEDULE 16: Notes to Accounts for the year ended March 31, 2010

(vii) Foreign Currency Transactions

Transactions in foreign currency are booked at rates determined periodically which approximates the actual rates, and all monetary assets and liabilities in foreign currency are restated at the end of accounting year. Gains/Losses arising out of fluctuations on realization / payment or restatement are charged / credited to the profit and loss account.

(viii) Taxation

Tax expense, comprising of both current tax and deferred tax is included in determining the net results for the year. Deferred Tax reflects the effect of timing differences between the assets and liabilities recognized for financial reporting purposes and the amounts that are recognized for current tax purposes. As a matter of prudence deferred tax assets are recognised and carried forward only to the extent, there is reasonable/ virtual certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. Current Tax is determined based on the provisions of Income Tax Act, 1961.

(ix) Borrowing Cost

Borrowing costs are recognized in the Profit and Loss Account 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, it is capitalised.

(x) 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.

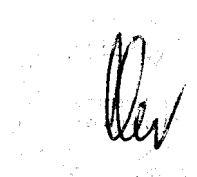
(xi) Earnings Per Share

The earnings considered in ascertaining the Company's Earning 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

2. During the year, NIIT Limited, the Holding company, purchased 100,000 equity shares from International Finance Corporation, Washington DC, USA thereby increasing its shareholding in the Company to 99.99% (previous year 89.99%).

3. CONTINGENT LIABILITIES :

Dividend on Non Convertible Cumulative Redeemable Preference Shares not provided in the absence of adequacy of profits Rs.49,972,698(Previous Year – Rs. 42,382,698)



HOLE-IN-THE-WALL EDUCATION LIMITED
SCHEDULE 16: Notes to Accounts for the year ended March 31, 2010

4. EMPLOYEE BENEFIT PLANS

A) Defined Contribution Plans

The Company makes contribution towards Provident Fund, Pension Fund and Superannuation Fund, a defined contribution retirement benefit plan, for eligible employees.

During the year the Company has recognized the following amounts in the Profit and Loss account:-

S.No.	Nature of Contribution	For the year ended March 31, 2010 (Rs.)	For the year ended March 31, 2009 (Rs.)
1.	Employers Contribution to Provident Fund	164,815	214,848
2.	Employers Contribution to Superannuation Fund	111,072	116,218
3.	Employers Contribution to Pension Fund	84,288	89,566

Employers' contribution to provident and other funds in respect of Key Managerial Personnel is Rs. 109,200 (previous year Rs. 109,200).

B) Defined Benefit Plans


1. Compensated Absences

S.No.	Particulars	As at March 31, 2010 (Rs.)	As at March 31, 2009 (Rs.)
i.	Change in Present value of Obligation :		
	Present Value of obligation at the beginning of the year	1,451,175	1,787,780
	Benefits Paid	(15,800)	-
	Service Cost	64,286	-
	Interest Cost	115,460	-
	Past Service Cost	(345,670)	-
	Actuarial (gain)/ loss on Obligation	(456,210)	(336,605)
	Present value of obligation at the end of the year	813,241	1,451,175
	Amount (credited) to the Profit and Loss Account	(637,934)	(336,605)
ii.	Assumptions used:		
	Discount Rate (per annum)	8.00%	8.00%
	Future Salary Increase	10% p.a. for first 5 Years and 7% p.a. thereafter	

HOLE-IN-THE-WALL EDUCATION LIMITED
SCHEDULE 16: Notes to Accounts for the year ended March 31, 2010

2. Gratuity :

S.No.	Particulars	As at March 31, 2010 (Rs.)	As at March 31, 2009 (Rs.)
i.	Change in benefit obligation:-		
	Present Value of Obligation at the beginning of the year	845,437	742,254
	Interest cost	67,640	59,380
	Current service cost	104,110	96,137
	Benefits Paid	-	-
	Actuarial (gain)/ loss on Obligations	(124,100)	(52,334)
	Present value obligation as at the end of the year	893,087	845,437
ii.	Change in Plan Assets:-		
	Fair value of Plan Assets at the beginning of the year	1,143,223	9,21,348
	Expected return on Plan Assets	109,300	86,146
	Contributions	51,590	133,870
	Benefits Paid	(1,310)	-
	Actuarial gain/ (loss) on Plan Assets	-	1,859
	Fair value of Plan Assets at the end of the year	1,302,803	1,143,223
iii.	Amount of Assets recognized at the year end *		
	Fair value of Plan Assets	1,302,803	1,143,223
	Present value of obligation	893,087	845,437
		409,716	297,786
	* Grouped under Loans and Advances		
iv.	Net Gratuity Cost recognized in Profit and Loss Account:-		
	Current service cost	104,110	96,137
	Interest Cost	67,640	59,380
	Expected Return on Plans Assets	(109,300)	(86,146)
	Net Actuarial (gain)/ loss recognized during the year	(124,100)	(54,193)
	Benefits Paid	1,310	-
	Expense / (Credit) recognized in profit and loss Account	<u>(60,340)</u>	<u>15,178</u>
	Actual Return on Plan Assets	(107,983)	(88,005)
v.	Assumptions used:-		
	Discount Rate (per annum)	8%	8%
	Future Salary Increase	5%	5%
	Expected Rate of Return on Plan Assets	9.40%	9.35%



HOLE-IN-THE-WALL EDUCATION LIMITED
SCHEDULE 16: Notes to Accounts for the year ended March 31, 2010

Investment details of plan assets:

The Company has contributed to the Gratuity fund of the holding company, maintained with the Life Insurance Corporation of India. The details of investment maintained by Life Insurance Corporation 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 and historical result of the return on plan assets.

C) The Company has accounted for unclaimed employee related reimbursements in respect of earlier years, aggregating to Rs. 587,181 based on maximum possible liability payable by the Company in this respect.

5. The Net Worth of Hole-in-the-Wall Education Limited ('HIWEL') is eroded as at March 31, 2010. HIWEL had completed its first phase of operations and commencement of commercial operations during 2005-06.

Financial Year 2009-10 was an exceptional year due to the down turn in the global economy and the Company has not performed as per the expected growth anticipated and projected at the beginning of the year. During the year, the Company has entered into fresh contracts and MOUs for project implementations, some of which are under implementation and others are ready to be initiated. In addition, there are certain projects that are in pipeline expected to materialize by the end of second and third quarters of the financial year 2010-11.

In the near future, HIWEL also plans to expand its focus to Trusts, Foundations and Corporates. It has also initiated tie-ups and associations with foreign agencies for international projects with low turn around time. Sales and Marketing efforts would be channelized in these directions during the year 2010-11. The Company has also completed the development of a new product named as "Next Generation Learning Stations" in August 2009 which has received positive and encouraging response from the prospective customers. This product is expected to enhance Company's revenues significantly in 2010-11.

Based on these contracts and the business projections available with HIWEL and the future outlook of the Company along with letter of support from NIIT Limited, the accounts have been prepared on a going concern basis keeping in view of these contracts and plans which would enable HIWEL to generate sufficient funds to carry out its operations. In view of this, HIWEL is expected to generate profit in the coming years, henceforth improving its net worth position.

6. Payment to auditors (including service tax)

Particulars	Year ended March 31, 2010 (Rs.)	Year ended March 31, 2009 (Rs.)
Audit Fees	140,000	140,000
Tax Audit Fees	60,000	60,000
Others	125,000	-
Reimbursement of Expenses (Including Service Tax)	50,740	29,052

7. Interest received is gross of tax deducted at source of Rs. 17,289 (Previous Year Rs. 86,425).



HOLE-IN-THE-WALL EDUCATION LIMITED
SCHEDULE 16: Notes to Accounts for the year ended March 31, 2010

8. MANAGERIAL REMUNERATION :

During the financial year, an amount of Rs1,468,422 (Previous Year Rs.1,531,456) has been paid as remuneration, with in the limits of Schedule XIII (Para B of Part II) of the Companies Act, 1956 to the "Manager" of the Company appointed under Section 269 of The Companies Act, 1956. Details of remuneration paid to the "Manager" as under:

Particulars	Year ended March 31, 2010 (Rs.)	Year ended March 31, 2009 (Rs.)
Salary, perquisites and allowances	1,094,166	1,243,375
Contribution to provident fund and other funds	109,200	109,200
Performance Linked Bonus	265,056	178,881
Total	1,468,422	1,531,456

9 Expenditure in foreign currency:-

Particulars	Year ended March 31, 2010 (Rs.)	Year ended March 31, 2009 (Rs.)
Production, development and Bought out packages/product	844,535	1,842,058
Travel	128,077	267,760
Seminar & Conference	-	69,010
Total	972,612	2,178,828

10 Earnings in foreign currency:-

Particulars	Year ended March 31, 2010 (Rs.)	Year ended March 31, 2009 (Rs.)
Revenue from Operations	67,455	455,267
Total	67,455	455,267

11 The details relating to revenue from operations are as under :

A. Traded Items :

Particulars	Year ended March 31, 2010		Year ended March 31, 2009	
	Nos.*	(Rs.)	Nos.*	(Rs.)
Sales *	121	8,930,327	178	17,360,878

* The sale contracts of the Company are for setting up kiosks which requires inputs of all the material mentioned below (Note 12). These sale contracts have a total consolidated sale value of the kiosks and related software and the sale value of individual material items is not determinable.



HOLE-IN-THE-WALL EDUCATION LIMITED
SCHEDULE 16: Notes to Accounts for the year ended March 31, 2010

12 Details relating to principal traded items are as under:

Particulars		Opening Stock		Purchases		Consumption		Closing Stock	
		2009-10	2008-09	2009-10	2008-09	2009-10	2008-09	2009-10	2008-09
Special Pointing Devices	Qty. (Nos.)	105	-	250	375	150	270	205	105
	Value (Rs.)	184,002	-	417,820	659,490	254,291	475,488	347,531	184,002
Special Window	Qty. (Nos.)	104	-	50	275	79	171	75	104
	Value (Rs.)	696,524	-	371,399	2,010,310	547,831	1,313,786	520,092	696,524
Auto Power System	Qty. (Nos.)	137	-	50	255	100	118	87	137
	Value (Rs.)	334,828	-	137,000	716,040	252,314	381,212	219,514	334,828
Standalone Kiosk	Qty. (Nos.)	-	-	200	-	60	-	140	-
	Value (Rs.)	-	-	3,470,445	-	1,041,133	-	2,429,312	-
UPS	Qty. (Nos.)	-	-	160	146	125	146	35	-
	Value (Rs.)	-	-	399,864	712,816	312,394	712,816	87,470	-
Computer	Qty. (Nos.)	-	-	166	269	131	269	35	-
	Value (Rs.)	-	-	2,889,168	6,017,513	2,280,006	6,017,513	609,162	-

13 Earnings per Share

Particulars	Year ended March 31, 2010 (Rs.)	Year ended March 31, 2009 (Rs.)
Profit / (Loss) as per Profit & Loss Account - (A)	(9,395,311)	(559,667)
Dividend on Non Convertible Cumulative Redeemable Preference Shares not considered in books - (B)	(7,590,000)	(7,590,000)
Profit / (Loss) attributable to Equity Shareholders - (C=A+B)	(16,985,311)	(8,149,667)
Weighted Average number of Equity shares outstanding during the year - (D)	1,000,007	1,000,007
Nominal Value of Equity Shares (Rs.)	10/-	10/-
Basic/Diluted (loss) per share (Rs) (C/D)	(16.99)	(8.15)

There are no potential dilutive shares as at the year-end. Accordingly, basic and diluted earnings per share are the same.

HOLE-IN-THE-WALL EDUCATION LIMITED
SCHEDULE 16: Notes to Accounts for the year ended March 31, 2010

14 RELATED PARTY TRANSACTIONS AS PER ACCOUNTING STANDARD 18:

A. Related party relationship where control exists

Holding Company - NIIT Limited

B. Fellow Subsidiaries

1. NIIT Online Learning Ltd
2. Scantech Evaluation Services Ltd
3. NIIT Multimedia Limited
4. NIIT Institute of Finance Banking and Insurance Training Ltd
5. NIIT Institute of Process Excellence Limited
6. Evolv Services Limited
7. NIIT Ltd, UK
8. NIIT Antilles NV, Netherlands Antilles
9. NIIT Middle East LLC, Bahrain (Liquidated in May 2009)
10. NIIT Malaysia Sdn. Bhd, Malaysia
11. NIIT GC Ltd (formerly NIIT TVE Ltd, Mauritius)
12. NIIT China (Shanghai) Limited, Shanghai
13. NIIT Wu Xi Service Outsourcing Training School
14. Chongqing NIIT Education Consulting Limited, China
15. Wu Xi NIIT Information Technology Consulting Limited (w.e.f. June 2009)
16. Changzhou NIIT Information Technology Consulting Limited (w.e.f. September 2009)
17. Imperia China (Shanghai) Limited (Till May 28, 2009)
18. PCEC NIIT Institute of Information Technology, Shanghai- (Under Liquidation)
19. NIIT (USA) Inc, USA
20. NIIT Ventures Inc, USA
21. Element K Corporation, USA
22. Element K India Private Limited, India
23. Element K (UK) Limited, United Kingdom
24. Element K, Canada
25. PT NIIT Indonesia, Indonesia (Under liquidation)

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

Key Managerial Personnel :

Mr. Purnendu Hota - Manager

Parties in which Key Managerial Personnel are interested :

NIIT Institute of Information Technology



HOLE-IN-THE-WALL EDUCATION LIMITED
SCHEDULE 16: Notes to Accounts for the year ended March 31, 2010

D. Details of significant transactions with the Related Parties carried out on an arms length basis:

(Amount in Rs.)

Nature of Transactions	Holding Company (Rs.)	Parties in which Key Managerial Personnel of Holding Company are interested (Rs.)	Key Managerial Personnel (Rs.)
Loans Taken (Also, refer Note 22 below)	Nil (29,200,000)	Nil (Nil)	Nil (Nil)
Repayment of Loans taken	Nil (13,300,000)	Nil (Nil)	Nil (Nil)
Interest Paid	4,343,996 (2,935,874)	Nil (Nil)	Nil (Nil)
Services Received	Nil (Nil)	Nil (202,349)	Nil (Nil)
Sale of Goods	Nil (Nil)	Nil (3,370,510)	Nil (Nil)
Rendering of services	Nil (Nil)	4,644,906 (4,271,004)	Nil (Nil)
Management Charges paid	919,012 (1,067,245)	Nil (Nil)	Nil (Nil)
Reimbursement of expenses paid	1,831,217 (3,535,813)	Nil (683,269)	Nil (Nil)
Remuneration to Key Managerial Personnel (Refer note 8 above)	Nil (Nil)	Nil (Nil)	1,468,422 (1,531,456)

E. Details of outstanding balances with related parties:

Particulars	Payables As at 31.03.2010 (Rs.)	Payables As at 31.03.2009 (Rs.)	Receivables As at 31.03.2010 (Rs.)	Receivables As at 31.03.2009 (Rs.)	Loan Payable As at 31.03.2010 (Rs.)	Loan Payable As at 31.03.2009 (Rs.)
Holding Company (Also, refer Note 22 below)	3,431,280	956,211	Nil	Nil	36,200,000	36,200,000
Key Managerial Personnel	3,319	7,905	Nil	Nil	Nil	Nil
Parties in which Key Managerial Personnel of the Holding Company are interested	Nil	Nil	620,300	1,298,700	Nil	Nil

HOLE-IN-THE-WALL EDUCATION LIMITED
SCHEDULE 16: Notes to Accounts for the year ended March 31, 2010

D. Details of significant transactions with the Related Parties carried out on an arms length basis:

(Amount in Rs.)

Nature of Transactions	Holding Company (Rs.)	Parties in which Key Managerial Personnel of Holding Company are interested (Rs.)	Key Managerial Personnel (Rs.)
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Repayment of Loans taken	Nil (13,300,000)	Nil (Nil)	Nil (Nil)
Interest Paid	4,343,996 (2,935,874)	Nil (Nil)	Nil (Nil)
Services Received	Nil (Nil)	Nil (202,349)	Nil (Nil)
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Rendering of services	Nil (Nil)	4,644,906 (4,271,004)	Nil (Nil)
Management Charges paid	919,012 (1,067,245)	Nil (Nil)	Nil (Nil)
Reimbursement of expenses paid	1,831,217 (3,535,813)	Nil (683,269)	Nil (Nil)
Remuneration to Key Managerial Personnel (Refer note 8 above)	Nil (Nil)	Nil (Nil)	1,468,422 (1,531,456)

E. Details of outstanding balances with related parties:

Particulars	Payables As at 31.03.2010 (Rs.)	Payables As at 31.03.2009 (Rs.)	Receivables As at 31.03.2010 (Rs.)	Receivables As at 31.03.2009 (Rs.)	Loan Payable As at 31.03.2010 (Rs.)	Loan Payab As a 31.03.2 (Rs.)
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Key Managerial Personnel	3,319	7,905	Nil	Nil	Nil	Nil
Parties in which Key Managerial Personnel of the Holding Company are interested	Nil	Nil	620,300	1,298,700	Nil	Nil

HOLE-IN-THE-WALL EDUCATION LIMITED
SCHEDULE 16: Notes to Accounts for the year ended March 31, 2010

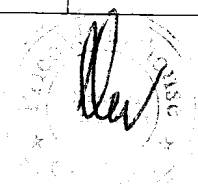
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(Amount in Rs.)

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Loans Taken (Also, refer Note 22 below)	Nil (29,200,000)	Nil (Nil)	Nil (Nil)
Repayment of Loans taken	Nil (13,300,000)	Nil (Nil)	Nil (Nil)
Interest Paid	4,343,996 (2,935,874)	Nil (Nil)	Nil (Nil)
Services Received	Nil (Nil)	Nil (202,349)	Nil (Nil)
Sale of Goods	Nil (Nil)	Nil (3,370,510)	Nil (Nil)
Rendering of services	Nil (Nil)	4,644,906 (4,271,004)	Nil (Nil)
Management Charges paid	919,012 (1,067,245)	Nil (Nil)	Nil (Nil)
Reimbursement of expenses paid	1,831,217 (3,535,813)	Nil (683,269)	Nil (Nil)
Remuneration to Key Managerial Personnel (Refer note 8 above)	Nil (Nil)	Nil (Nil)	1,468,422 (1,531,456)

E. Details of outstanding balances with related parties:

Particulars	Payables As at 31.03.2010 (Rs.)	Payables As at 31.03.2009 (Rs.)	Receivables As at 31.03.2010 (Rs.)	Receivables As at 31.03.2009 (Rs.)	Loan Payable As at 31.03.2010 (Rs.)	Loan Payable As at 31.03.2009 (Rs.)
Holding Company (Also, refer Note 22 below)	3,431,280	956,211	Nil	Nil	36,200,000	36,200,000
Key Managerial Personnel	3,319	7,905	Nil	Nil	Nil	Nil
Parties in which Key Managerial Personnel of the Holding Company are interested	Nil	Nil	620,300	1,298,700	Nil	Nil



HOLE-IN-THE-WALL EDUCATION LIMITED
SCHEDULE 16: Notes to Accounts for the year ended March 31, 2010

15 PREFERENCE SHARES :

During 2006-07, the following entire Non Convertible Cumulative Redeemable Preference Shares (NCCRPS) have been purchased by NIIT Limited (Holding Company) from International Finance Corporation (IFC):

1. 34 lacs nos. of 13.75% NCCRPS of Rs.10 each.
2. 22 lacs nos. of 13.25% NCCRPS of Rs.10 each.

These two classes of preference shares were issued on March 17, 2003 and May 27, 2004 respectively and were due for redemption on March 17, 2007 and May 27, 2008 respectively in four yearly equal installments. In 2006-07, pursuant to the provision of Section 106 of the Companies Act, 1956, there was a variation in the rights attached to the above preference shares by extension of their redemption period. The due dates of redemption of these shares have been extended by four years from their respective due dates of redemption as per the schedules given below:

Sr. No.	No. of 13.75% NCCRPS	Due date of Redemption	Revised date of redemption (on or before)
1	850,000	March 17, 2007	March 17, 2011
2	850,000	March 17, 2008	March 17, 2012
3	850,000	March 17, 2009	March 17, 2013
4	850,000	March 17, 2010	March 17, 2014
Total	3,400,000		

Sr. No.	No. of 13.25% NCCRPS	Due date of Redemption	Revised date of redemption (on or before)
1	550,000	May 27, 2008	May 27, 2012
2	550,000	May 27, 2009	May 27, 2013
3	550,000	May 27, 2010	May 27, 2014
4	550,000	May 27, 2011	May 27, 2015
Total	2,200,000		

These shares will be redeemable at a price equal to the par value i.e Rs. 10 provided that any arrears of any unpaid dividend thereon will be paid at the time of redemption.

- 16 Deferred Tax Asset has not been recognized as a matter of prudence.
- 17 The Company is in the business of setting up kiosks for computer education and training. Being a single business segment company, no segment information is being provided. The dominant source of risk and returns of the enterprise is considered to be the business in which it operates.
- 18 The company is internally developing software tools, platforms and content. The management is of the view that the development of these would result in enhanced productivity and offer more technology based learning products / solutions to the customers in future. The costs incurred towards the development are as follows:

HOLE-IN-THE-WALL EDUCATION LIMITED
SCHEDULE 16: Notes to Accounts for the year ended March 31, 2010

Description	For the year 2009-10 Amt. (Rs.)	For the year 2008-09 Amt. (Rs.)
Opening balance at the beginning of the year	6,536,231	2,685,134
Add: Costs incurred during the year (as per details provided below)	4,442,680	3,851,097
Less: Capitalization during the year	(2,790,063)	-
Closing Balance at the end of the year	8,188,848	6,536,231

Details of Costs incurred during the year:

Particulars	For the Year 2009-10 (Rs.)	For the Year 2008-09 (Rs.)
Salary & Employee Benefits	1,158,492	2,928,805
Professional Charges	2,594,382	129,118
Rent	226,757	361,977
Electricity & Water	53,951	62,296
Other Expenses	409,098	368,901
Total	4,442,680	3,851,097

- 19 Based on information available with the Company, there is no vendor covered under the Micro, Small and Medium Enterprises Development Act, 2006. Hence, there are no applicable disclosures under the Act.

20 LEASES :

The Company has entered into leases for office premises and employee accommodations which are cancelable 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 March 31, 2010 (Rs.)	Year ended March 31, 2009 (Rs.)
In respect of Premises and Vehicles	1,076,786	2,034,271

21 MOVEMENT OF PROVISION FOR DOUBTFUL DEBTS

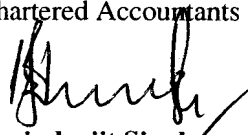
Particulars	Year ended March 31, 2010 (Rs.)	Year ended March 31, 2009 (Rs.)
Opening Provision	499,000	-
Add : Additional Provision created	4,733,100	499,000
Less : Provision written off	-	-
Closing Provision	5,232,100	499,000

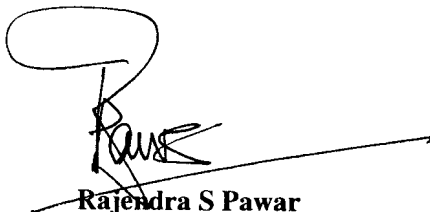
HOLE-IN-THE-WALL EDUCATION LIMITED
SCHEDULE 16: Notes to Accounts for the year ended March 31, 2010


- 22 During the year, the Company has availed fund based limits from a bank which are covered within the working capital limits of the holding company, NIIT Limited. The amount outstanding under such facility as at the year end is Rs. 6,443,889.
- 23 The previous year figures have been regrouped and reclassified to conform to the current year classification.

Signatures to the Schedule 'I' to '16' above.

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


Harinderjit Singh
Partner
Membership No. F-86994


Rajendra S Pawar
Director
DIN: 00042516


P Rajendran
Director
DIN: 0042531


Ekta Kathuria
Company Secretary

Place : New Delhi
Date : May 5, 2010

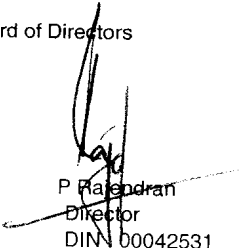
Hole-in-the-Wall Education Limited

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I. REGISTRATION DETAILS:		
Registration No:		111674
State Code:		55
Balance Sheet Date:		31st March 2010
II. CAPITAL RAISED DURING THE YEAR		
(Amount in Rs Thousand)		
Public Issue:		NIL
Rights Issue:		NIL
Bonus Issue:		NIL
Private Placement:		NIL
Others		NIL
III. POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS		
(Amount in Rs Thousand)		
Total Liabilities:	Rs	128,644
Total Assets:	Rs	128,644
Sources of Funds		
Paid up Capital:	Rs	66,000
Stock Option Outstanding	Rs	-
Reserves & Surplus:	Rs	20,000
Secured Loans:	Rs	
Unsecured Loans:	Rs	42,644
Application of Funds		
Net Fixed Assets:	Rs	11,504
Investments:	Rs	NIL
Net Current Assets:	Rs	9,913
Miscellaneous Expenditure:	Rs	NIL
Accumulated Losses:	Rs	107,228
IV. PERFORMANCE OF COMPANY		
(Amount in Rs Thousand)		
Turnover:	Rs	30,336
Total Expenditure:	Rs	39,727
Profit/(Loss) before Tax:	Rs	(9,391)
Profit/(Loss) after Tax:	Rs	(9,395)
Earning per share in Rs:		(16.99)
Dividend Rate %		NIL
V. GENERIC NAMES OF THREE PRINCIPAL PRODUCTS/SERVICES OF COMPANY		
Item Code No:		N.A.
(ITC Code)		
Product Description:		Web Based Educational Research
Item Code No:		N.A.
(ITC Code)		
Product Description:		Web Based Educational Research

For and on behalf of the Board of Directors


 Rajendra S Pawar
 Director
 DIN : 00042516


 P Rajendran
 Director
 DIN : 00042531