

**Auditors' Report to the Members of
NIIT Institute of Finance Banking and Insurance Training Limited**

1. We have audited the attached Balance Sheet of NIIT Institute of Finance Banking and Insurance Training Limited (the "Company") as at March 31, 2011, 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:
 1. (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 2 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.
 2. (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 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.
 3. (a) 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. 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 Companies (Auditor's Report) Order, 2003, as amended by the Companies (Auditor's Report) (Amendment) Order, 2004 are not applicable for the year.

- (b) The Company has taken unsecured loans 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 loans aggregates to Rs. 260 lacs and Rs. 260 lacs respectively.
- (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.
4. In our opinion and according to the information and explanations given to us, having regard to the explanation that certain items purchased 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.
5. (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 transactions with holding company for rendering of services and for purchase of goods and services aggregating to Rs. 422.26 lacs (excluding recoveries towards common services from domestic subsidiaries Rs 167.15 lacs which are at cost) and Rs.31.65 lacs (excluding recoveries towards common services Rs 0.06 lacs which are at cost) with others for rendering of services and for purchase of goods and services, the management has informed us that these transactions dealt are of a special nature and therefore comparable prices are not available. In our opinion and according to the information and explanations given to us, there are no other transactions made in pursuance of such contracts or arrangements exceeding the value of Rupees five lacs in respect of any party during the year.
6. 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.
7. In our opinion, the Company has an internal audit system commensurate with its size and nature of its business.
8. 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.
9. (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 regular in depositing the undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income-tax, sales-tax, wealth tax, service tax, customs duty, excise duty, 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, wealth-tax, service-tax, customs duty, excise duty and cess which have not been deposited on account of any dispute.
10. As the Company is registered for a period less than five years, clause (x) of paragraph 4 of the Companies (Auditor's Report) Order, 2003, as amended by the Companies (Auditor's Report) (Amendment) Order, 2004, is not applicable for the year.

11. 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.
12. The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. The provisions of any special statute applicable to chit fund / nidhi / mutual benefit fund/ societies are not applicable to the Company.
14. In our opinion, the Company is not a dealer or trader in shares, securities, debentures and other investments.
15. 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.
16. The Company has not obtained any term loans.
17. 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.
18. 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.
19. The Company has not issued any debentures during the year.
20. The Company has not raised any money by public issues during the year.
21. 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. We draw your attention to –

Note 17 on Schedule 18 regarding the appropriateness of the going concern assumption basis used for preparation of these financial statements as the net worth of the Company is eroded as at the year end. The validity of the going concern assumption is based on the continued support from the Holding Company, NIIT Limited, for supporting the Company to meet its working capital requirements.

5. Further to our comments in paragraphs 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, 2011 and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2011 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, 2011;
 - (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.

For Price Waterhouse
Firm Registration Number: 301112E
Chartered Accountants

Place : New Delhi
Date : May 06, 2011

Usha Rajeev
Partner
Membership Number: F-087191

NIIT Institute of Finance Banking and Insurance Training Limited
Balance Sheet as at March 31, 2011

	Schedule No./ (Note Reference)	As At March 31, 2011 (Rs.)	As At March 31, 2010 (Rs.)
SOURCES OF FUNDS			
SHAREHOLDERS' FUNDS			
Share Capital	'1'	100,333,340	100,000,000
LOAN FUNDS			
Unsecured Loans	'2'	26,000,000	26,000,000
		126,333,340	126,000,000
APPLICATION OF FUNDS			
FIXED ASSETS			
Gross Block	'3'	106,800,637	97,632,945
Less: Depreciation		75,953,281	56,631,529
Net Block		30,847,356	41,001,416
CURRENT ASSETS, LOANS AND ADVANCES			
Inventories	'4'	1,461,012	1,335,983
Sundry Debtors	'5'	4,592,988	5,236,113
Cash and Bank Balances	'6'	17,430,239	9,091,821
Other Current Assets-Accrued Interest		5,206	-
Loans and Advances	'7'	25,569,835	33,003,482
		49,059,280	48,667,399
Less : CURRENT LIABILITIES AND PROVISIONS			
Current Liabilities	'8'	121,152,017	119,098,182
Provisions	'9'	2,567,673	2,546,885
		123,719,690	121,645,067
Net Current (Liabilities)		(74,660,410)	(72,977,668)
MISCELLANEOUS EXPENDITURE (To the extent not written off or adjusted)	'10'	-	90,802
PROFIT & LOSS ACCOUNT		170,146,394	157,885,450
		126,333,340	126,000,000
	'18'		

NOTES TO ACCOUNTS

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 and on behalf of Board

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

Sd/-
S. Venkatesh
Whole Time Director
DIN : 01084104

Sd/-
Vijay K Thadani
Director
DIN : 00042527

Sd/-
Usha Rajeev
Partner
Membership No.-F-087191
Place : New Delhi
Date : May 06, 2011

Sd/-
Gaurav Singhal
Company Secretary

NIIT Institute of Finance Banking and Insurance Training Limited
Profit and Loss Account for the year ended March 31, 2011

	Schedule No./ (Note Reference)	Year Ended March 31 , 2011 (Rs.)	Year Ended March 31, 2010 (Rs.)
INCOME			
Revenue from Operations	'11'	293,650,166	128,260,583
Other Income	'12'	12,174	-
		293,662,340	128,260,583
EXPENDITURE			
Personnel	'13'	64,136,706	53,867,355
Development, Production and Execution	'14'	94,472,330	41,261,037
Administration and Others	'15'	57,424,418	59,574,115
Marketing	'16'	66,519,592	46,351,085
Interest and Finance Charges	'17'	3,756,723	2,557,551
Depreciation and Amortisation	'3'	19,613,515	23,913,927
		305,923,284	227,525,070
(Loss) before Tax		(12,260,944)	(99,264,487)
Tax Expense	'18 (13)'	-	2,786,848
- Deferred charge/ (credit)		-	4,661
Provision for fringe benefit tax relating to earlier period		(12,260,944)	(102,055,996)
(Loss) after Tax			
Balance brought forward from previous period		(157,885,450)	(55,829,454)
Balance Carried to Balance Sheet		(170,146,394)	(157,885,450)
APPROPRIATION			
		-	-
Balance Carried to Balance Sheet		(170,146,394)	(157,885,450)
		(170,146,394)	(157,885,450)
(Loss) per share -Basic & Diluted (Equity share of Rs. 10/- each)	'18(8)'	(1.23)	(16.27)

NOTES TO ACCOUNTS

'18'

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 and on behalf of Board

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

Sd/-
S. Venkatesh
Whole Time Director
DIN : 01084104

Sd/-
Vijay K Thadani
Director
DIN : 00042527

Sd/-
Usha Rajeev
Partner
Membership No.-F-087191
Place : New Delhi
Date : May 06, 2011

Sd/-
Gaurav Singhal
Company Secretary

NIIT Institute of Finance Banking and Insurance Training Limited
Cash Flow Statement
For the year ended March 31, 2011

Particulars	Year ended March 31, 2011	Year ended March 31, 2010
A. Cash Flow From Operating Activity		
(Loss) before Tax	(12,260,944)	(99,264,487)
Adjustment for :		
Depreciation and Amortisation	19,613,515	23,913,927
Profit on sale of Fixed Assets	(12,174)	-
(Profit)/ Loss on disposal of Fixed Assets	-	1,421,037
Foreign Exchange Adjustments	12,990	4,624
Miscellaneous Expenditure Written Off	90,802	90,802
Provision for Gratuity & Compensated Absences	20,788	(327,193)
Provision for doubtful debts	-	5,350,848
Interest Income	(84,376)	(109,447)
Interest Expense	3,060,824	2,261,073
Operating Profit/ (Loss) before Working Capital Changes	10,441,425	(66,658,816)
Add / (Less) : Increase / Decrease in Operating Working Capital		
Sundry Debtors	630,135	5,553,926
Inventories	(125,029)	418,628
Other Receivables	9,861	(4,847,355)
Trade & Other Payables	2,053,835	17,157,198
Cash Generated from Operations	13,010,227	(48,376,419)
Direct Tax Paid (including TDS)	7,418,580	(2,008,050)
Net cash from operating activities (used)	20,428,807	(50,384,469)
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of fixed assets (including internally generated assets)	(9,475,781)	(8,349,381)
Proceed from sale of fixed assets	28,500	122,188
Interest Income	84,376	109,447
Net cash from investing activities (used)	(9,362,905)	(8,117,746)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Receipt of Loan	-	12,500,000
Interest Expense	(3,060,824)	(2,261,073)
Fresh issue of equity shares	333,340	50,000,000
Net cash from financing activities (used)	(2,727,484)	60,238,927
Net Increase/(Decrease) in Cash & Cash Equivalents (A+B+C)	8,338,418	1,736,712
Cash and cash equivalents as at the beginning of the year	9,091,821	7,355,109
Cash and cash equivalents as at the end of the year	17,430,239	9,091,821
Cash and cash equivalents comprise of		
Cash and Cheques in hand	3,041,562	4,160,102
Balance with scheduled Banks	14,288,677	4,931,719
Fixed Deposits*	100,000	-
*[Fixed deposits include Rs. 100,000 (pledged with government authorities)]		
Cash and cash equivalents as at the end of the year	17,430,239	9,091,821

Notes :

- 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.
- The Schedule nos. 1 to 18 form an integral part of the Cash flow Statement.
- Previous year figures, to the extent feasible, have been regrouped/ recasted wherever necessary to conform to the current year's classification.

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

For and on behalf of Board

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

Sd/-
Usha Rajeev
Partner
Membership No.-F-087191
Place : New Delhi
Date : May 06, 2011

Sd/-
S. Venkatesh
Whole Time Director
DIN : 01084104

Sd/-
Vijay K Thadani
Director
DIN : 00042527

Sd/-
Gaurav Singhal
Company Secretary

NIIT Institute of Finance Banking and Insurance Training Limited

Schedules annexed to and forming part of the Balance Sheet as at March 31, 2011

Schedule No.	As at March 31, 2011 (Rs.)	As at March 31, 2010 (Rs.)
1. SHARE CAPITAL		
Authorised		
11,000,000 Equity Shares of Rs. 10/- each (Previous year 11,000,000 Equity Shares of Rs. 10/- each)	110,000,000	110,000,000
	110,000,000	110,000,000
Issued & Subscribed [Refer Note 15 on Schedule 18]		
10,033,334 Equity shares of Rs.10/- each (Previous year - 10,000,000 Equity Shares of Rs. 10/- each)	100,333,340	100,000,000
	100,333,340	100,000,000
Paid-up		
10,033,334 Equity shares of Rs.10/- each (Previous year - 10,000,000 Equity Shares of Rs. 10/- each) (Out of the above, 8,050,000 shares (Previous year 8,050,000) are held by NIIT Limited, the Holding Company)	100,333,340	100,000,000
	100,333,340	100,000,000
2. UNSECURED LOANS [Refer Note 4 on Schedule 18]		
Short Term Loan- others		
Loans from Holding Company (Due within one year Rs.16,000,000/- (Previous year Rs.16,000,000))	26,000,000	26,000,000
	26,000,000	26,000,000

NIIT Institute of Finance Banking and Insurance Training Limited

Schedules annexed to and forming part of the Balance Sheet as at March 31, 2011 [Contd.]

3. Fixed Assets

[Refer Notes 1 (i), (ii) & 12 on Schedule 18]

(Amount in Rs.)

Description of Assets	GROSS BLOCK				DEPRECIATION AND AMORTISATION				NET BLOCK	
	Cost As on 01.04.2010	Additions during the year	Sales / Adj. during the year	Total as on 31.03.2011	As on 01.04.2010	For the year	Sales / Adj. during the year	Total as on 31.03.2011	As on 31.03.2011	As on 31.03.2010
<u>Tangible</u>										
Plant & Machinery	33,614,222	303,683	9,984	33,907,921	18,829,933	5,532,779	9,984	24,352,728	9,555,193	14,784,289
Furniture & Fixtures	6,403,447	99,216	298,105	6,204,558	4,165,660	643,226	281,779	4,527,107	1,677,451	2,237,787
Lease hold Improvements	17,882,865	689,810	-	18,572,675	14,447,100	2,205,861	-	16,652,961	1,919,714	3,435,765
Sub Total (a)	57,900,534	1,092,709	308,089	58,685,154	37,442,693	8,381,866	291,763	45,532,796	13,152,358	20,457,841
<u>Intangible</u>										
Software - Acquired	8,727,681	-	-	8,727,681	5,058,379	2,311,371	-	7,369,750	1,357,931	3,669,302
Content - Internally Generated	31,004,730	8,383,072	-	39,387,802	14,130,457	8,920,278	-	23,050,735	16,337,067	16,874,273
Sub Total (b)	39,732,411	8,383,072	-	48,115,483	19,188,836	11,231,649	-	30,420,485	17,694,998	20,543,575
Total (a+b)	97,632,945	9,475,781	308,089	106,800,637	56,631,529	19,613,515	291,763	75,953,281	30,847,356	41,001,416
Previous Year	90,565,402	11,218,075	4,150,532	97,632,945	35,324,909	23,913,927	2,607,307	56,631,529	41,001,416	

NIIT Institute of Finance Banking and Insurance Training Limited

Schedules annexed to and forming part of the Balance Sheet as at March 31, 2011 (Contd.)

Schedule No.	As at March 31, 2011 (Rs.)	As at March 31, 2010 (Rs.)
4. INVENTORIES [Refer Notes 1(v) and 7 on Schedule 18]		
Education and Training Material	1,461,012	1,335,983
	<u>1,461,012</u>	<u>1,335,983</u>
5. SUNDRY DEBTORS [Unsecured] [Refer Note 16 on Schedule 18]		
Outstanding for over six months		
- Considered Good	1,611,786	2,184,510
- Considered Doubtful	12,350,848	12,350,848
Other Debts - Considered Good	2,981,202	3,051,603
	<u>16,943,836</u>	<u>17,586,961</u>
Less : Provision for doubtful debts	<u>12,350,848</u>	<u>12,350,848</u>
	4,592,988	5,236,113
	<u>4,592,988</u>	<u>5,236,113</u>
6. CASH AND BANK BALANCES		
Cash and Cheques in Hand	3,041,562	4,160,102
Balances with Scheduled Banks in :		
- Current Accounts	14,288,677	4,931,719
- Fixed Deposit Account	100,000	-
(Pledged Rs. 100,000 with government authorities.)	<u>17,430,239</u>	<u>9,091,821</u>
7. LOANS AND ADVANCES [Unsecured, considered good] [Refer Note 1 (viii) on Schedule 18]		
Advances recoverable in cash or in kind or for value to be received *	7,994,189	8,375,756
Security Deposits	10,530,680	10,164,180
Advance payment of Current Tax	5,263,481	14,293,245
Less : Provision for Current Tax	<u>-</u>	<u>1,750,000</u>
	5,263,481	12,543,245
Advance payment of Fringe Benefit Tax	2,320,278	2,320,278
Less :Provision for Fringe Benefit Tax	<u>2,149,977</u>	<u>2,149,977</u>
	170,301	170,301
MAT Credit Entitlements	1,611,184	1,750,000
	<u>25,569,835</u>	<u>33,003,482</u>
* Due from Whole time Director Nil (Nil)		
Maximum amount outstanding during the year Rs. 71,156 (Previous year Rs.129,851)		

NIIT Institute of Finance Banking and Insurance Training Limited

Schedules annexed to and forming part of the Balance Sheet as at March 31, 2011 (Contd.)

Schedule No.	As at March 31, 2011 (Rs.)	As at March 31, 2010 (Rs.)
8. CURRENT LIABILITIES [Refer Notes 9 and 11 on Schedule 18]		
Sundry Creditors		
- total outstanding dues of micro enterprise and small enterprises	-	-
- total outstanding dues of creditors other than micro enterprise and small enterprises	113,500,928	105,698,776
Advances from Customers	974,637	4,924,249
Deferred Revenue	469,435	4,096,207
Security Deposits	925,000	1,000,000
Other Liabilities	5,282,017	3,378,950
	<u>121,152,017</u>	<u>119,098,182</u>
9. PROVISIONS [Refer Notes 1(vi) and 3 on Schedule 18]		
Provision for Compensated Absences	2,001,000	1,899,720
Provision for Gratuity	566,673	647,165
	<u>2,567,673</u>	<u>2,546,885</u>
10. MISCELLANEOUS EXPENDITURE [Refer Note 1(ix) on Schedule 18]		
Preliminary expenses		
Balance as per Last Balance Sheet	90,802	181,604
Less: Written off during the year	<u>90,802</u>	<u>90,802</u>
	<u>-</u>	<u>90,802</u>

NIIT Institute of Finance Banking and Insurance Training Limited

Schedules annexed to and forming part of the Profit and Loss Account for the year ended March 31, 2011

Schedule No.	Year ended March 31, 2011 (Rs.)	Year ended March 31, 2010 (Rs.)
11. REVENUE FROM OPERATIONS [Refer Notes 1(iii) and 7 on Schedule 18]		
Revenue	293,650,166	128,260,583
	<u>293,650,166</u>	<u>128,260,583</u>
12. OTHER INCOME [Refer Notes 1(iii) on Schedule 18]		
Profit on sale of - Fixed Assets	12,174	-
	<u>12,174</u>	<u>-</u>
13. PERSONNEL [Refer Notes 1(vi), 3, 6 and 12 on Schedule 18]		
Salaries and Benefits [Includes contribution towards Provident and Other Funds Rs. 2,665,105/- (Previous year Rs. 2,432,219/-)]	61,873,293	52,210,599
Welfare and Other Expenses	2,263,413	1,656,756
	<u>64,136,706</u>	<u>53,867,355</u>
14. DEVELOPMENT, PRODUCTION AND EXECUTION [Refer Notes 7 and 12 on Schedule 18]		
Courseware and Manuals	5,980,169	4,375,573
Course Execution Charges	1,952,713	1,210,908
Professional Charges	31,052,344	17,574,403
Equipment / Infrastructure Hiring	46,667,758	15,914,079
Royalty	7,007,800	1,166,800
Others	1,811,546	1,019,274
	<u>94,472,330</u>	<u>41,261,037</u>

NIIT Institute of Finance Banking and Insurance Training Limited

Schedules annexed to and forming part of the Profit and Loss Account for the year ended March 31, 2011

Schedule No.	Year ended March 31, 2011 (Rs.)	Year ended March 31, 2010 (Rs.)
15 ADMINISTRATION AND OTHERS [Refer Notes 1 (ix), 5, 10, 12 and 16 on Schedule 18]		
Rent (Net)	23,731,907	24,112,575
Rates and Taxes	824,188	531,132
Electricity and Water	6,455,538	5,406,731
Communication	1,793,291	2,093,945
Legal and Professional	1,811,542	1,667,846
Travelling and Conveyance	7,165,930	5,711,237
Insurance Premium	97,162	131,661
Repairs and Maintenance		
- Plant and Machinery	794,198	716,154
- Buildings	104,276	156,195
- Others	3,218,801	1,810,236
Provision for doubtful debts	-	5,350,848
Management Cost Recovery by Holding Company	9,148,181	5,613,518
Loss on sale of fixed assets	-	1,421,037
Loss on exchange fluctuation	12,990	4,624
Customer Refunds	-	2,919,979
Sundry Expenses	2,175,612	1,835,595
Preliminary Expenses Written off	90,802	90,802
	<u>57,424,418</u>	<u>59,574,115</u>
16 MARKETING		
Advertisement and Publicity	66,347,169	45,638,615
Others	172,423	712,470
	<u>66,519,592</u>	<u>46,351,085</u>
17 INTEREST AND FINANCE CHARGES		
Bank Charges	780,275	405,925
Interest Expense		
- Term Loan	3,060,000	1,859,996
- Others	824	401,077
	<u>3,060,824</u>	<u>2,261,073</u>
Less : Interest Income		
- Deposit*	5,206	25,995
- Others	79,170	83,452
	<u>84,376</u>	<u>109,447</u>
	<u>2,976,448</u>	<u>2,151,626</u>
	<u>3,756,723</u>	<u>2,557,551</u>

* [(Tax Deducted at Source Nil (Previous year Rs. 2,601))]

NIIT INSTITUTE OF FINANCE BANKING AND INSURANCE TRAINING LIMITED
SCHEDULE 18: Notes to Accounts for the year ended 31st March, 2011

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 under section 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 courseware 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 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 is 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, printers and related accessories (Included under Plant and Machinery)	2-5 years
Leasehold Improvements	3 years or lease period, whichever is lower
Software, Contents and Patents	3 – 5 years
Furniture Fixtures & Electric Fittings	7 years
Electronic & Office Equipments	8 years
Air Conditioners	10 years
Assets under employee benefits scheme except vehicles	3 years
All other assets	Rates prescribed under schedule XIV to the Companies Act, 1956

Further, educational content, computer system and software are technically evaluated each year for their useful economic life and the unamortized depreciable amount of the asset is charged to profit and loss account as depreciation / amortization over their revised 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 revenue in respect of courseware component of fee is recognized on delivery of the material to the customer whereas the revenue from the tuition activity is recognized over the period of the course commencing from the start of the batch. Revenue in respect of short term programmes is recognized on commencement of the respective programme. Revenue in respect of services is recognized on rendering services as per the terms of the respective contracts.

Interest income is recognized on accrual basis.

NIIT INSTITUTE OF FINANCE BANKING AND INSURANCE TRAINING LIMITED
SCHEDULE 18: Notes to Accounts for the year ended 31st March, 2011

(iv) Investments

Short-term investments are carried at cost or market value, whichever is lower.

(v) Inventory Valuation – Finished Goods

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

(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.

In respect of employees on deputation from other companies, the contribution for the period is recovered by their respective companies and debited to profit and loss account and accounted for as defined contribution plan.

Superannuation

The Company makes defined contribution to a Trust established for the purpose by Holding Company. Contributions made during the period are charged to profit and loss account. The Company has no further obligation beyond its contributions.

Provident

The Company makes defined contribution to “NIIT LIMITED EMPLOYEES' PROVIDENT FUND TRUST” in respect of employees deputed from the Holding Company (NIIT Limited). However, contribution in respect of employees directly employed by the Company is made to the Regional Provident Fund Commissioner. The Company’s contribution towards Provident Fund is charged to profit and loss account.

Pension fund

The Company makes defined contribution to a government administered pension fund on behalf of its employees. The Company’s contribution towards Employee Pension Scheme is charged to profit and loss account.

(vii) Leases

The Company has taken premises on lease. 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.

NIIT INSTITUTE OF FINANCE BANKING AND INSURANCE TRAINING LIMITED
SCHEDULE 18: Notes to Accounts for the year ended 31st March, 2011

(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. Minimum Alternate Tax (MAT) paid in excess of normal income tax is recognized as asset (MAT Credit entitlement) only to the extent, there is reasonable certainty that company shall be liable to pay tax as per the normal provisions of the Act in future. MAT Credit is utilized in the year when normal income tax is higher than the Minimum Alternate Tax (MAT).

(ix) Miscellaneous Expenditure

Preliminary expenses are written off over a period of five years commencing from the year of incorporation.

(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) 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, in which case, it is capitalised.

(xii) Employees Stock Option Plan (ESOP)

The stock options granted under “IFBI Employee Stock Option Plan 2008” are accounted for under intrinsic value method. The intrinsic value of the option being excess of fair value of the underlying share immediately prior to date of grant over its exercise price is recognized as deferred employee compensation with a credit to employee stock option outstanding account. The deferred employee compensation is charged to Profit and Loss Account on straight line basis over the vesting period of the option. The options that lapse are reversed by a credit to employee compensation expense, equal to the amortised portion of value of lapsed portion and credit to deferred employee compensation expense equal to the unamortized portion. The balance in employee stock option outstanding account, net of any un-amortised deferred employee compensation, is shown separately as part of shareholder’s funds.

NIIT INSTITUTE OF FINANCE BANKING AND INSURANCE TRAINING LIMITED
SCHEDULE 18: Notes to Accounts for the year ended 31st March, 2011

2. CONTINGENT LIABILITIES

1. Claim against the Company not acknowledged as debts Rs. 281,420/- (Previous year Rs.468,500).
2. Bank Guarantee issued on behalf of the Company Rs. 400,000/- (Previous year Nil).

3. EMPLOYEE BENEFITS

A) Defined Contribution Plans

Company makes contribution towards Provident Fund and Superannuation Fund to a defined contribution retirement benefit plans for eligible employees.

During the year the Company has recognized the following amounts in the profit and loss account:-

Particulars	Year ended March 31, 2011 (Rs.)	Year ended March 31, 2010 (Rs.)
Employers Contribution to Provident Fund	1,280,276	1,205,909
Employers Contribution to Superannuation Fund	354,627	294,239
Employers Contribution to Pension Fund	559,811	565,021
Total	2,194,714	2,065,169

The above include the following contributions in respect of employees on deputation from Holding company being recovered by such company:

Particulars	Year ended March 31, 2011 (Rs.)	Year ended March 31, 2010 (Rs.)
Employers Contribution to Provident Fund	362,731	318,612
Employers Contribution to Superannuation Fund	354,627	294,239
Employers Contribution to Pension Fund	56,031	55,932
Total	773,389	668,783

The contributions, made to the respective Trusts by the sponsoring employer, the holding company, for the respective plans, are recovered from the Company and therefore have been accounted for as defined contribution plan.

Contribution toward Provident Fund, Superannuation Fund and Pension Scheme to the defined contribution plans includes following cost for Key Managerial Personnel:

Particulars	Year ended March 31, 2011 (Rs.)	Year ended March 31, 2010 (Rs.)
Employers Contribution to Provident Fund	135,708	115,908
Employers Contribution to Superannuation Fund	99,996	99,996
Employers Contribution to Pension Fund	6,492	6,492
Total	242,196	222,396

NIIT INSTITUTE OF FINANCE BANKING AND INSURANCE TRAINING LIMITED
SCHEDULE 18: Notes to Accounts for the year ended 31st March, 2011

B) Defined Benefit Plans

1. Compensated Absences

S.No.	Particulars	As at March 31, 2011 (Rs.)	As at March 31, 2010 (Rs.)
i.	Change in Present value of Obligation :		
	Present Value of obligation at the beginning of the year	1,899,720	2,358,878
	Benefits Paid	-	-
	Current service cost	649,360	737,540
	Interest Cost	151,980	188,710
	Plan Amendment	-	(801,068)
	Actuarial (gain)/ loss on obligation	(700,060)	(584,340)
	Present value of obligation at the end of the year	200,1000	1,899,720
	Cost recovered by/ (from) holding company for employees on deputation	168,910	(711,769)
	Amount debited/ (Credited) to the Profit and Loss Account	270,190	(1,170,927)
ii.	Assumptions used in accounting for Compensated Absences :		
	Discount Rate (per annum)	8.00%	8.00%
	Future Salary Increase	10% p.a. for first 5 Years and 7% p.a. thereafter	10% p.a. for first 5 Years and 7% p.a. thereafter

2. Gratuity Fund :

In accordance with accounting standard 15(revised 2005), an actuarial valuation was carried out in respect of contribution to Gratuity Fund.

S.No.	Particulars	As at March 31, 2011 (Rs.)	As at March 31, 2010 (Rs.)
i.	Change in benefit obligation:-		
	Present Value of Obligation at the beginning of the Year	961,203	683,058
	Interest cost	76,900	54,645
	Current service cost	280,387	392,284
	Benefits Paid	-	-
	Actuarial (gain)/ loss on Obligations	(195,490)	(168,784)
	Present value of obligation as at the End of the Year	1,123,000	961,203
ii.	Change in Plan Assets:-		
	Fair value of Plan Assets at the beginning of the year	314,038	167,858
	Expected return on Plan Assets	39,367	21,700
	Contributions	209,482	128,424
	Benefits Paid	-	-
	Actuarial gain/ (loss) on Plan Assets	(6,560)	(3,944)
	Fair value of Plan Assets at the end of the year	556,327	314,038

NIIT INSTITUTE OF FINANCE BANKING AND INSURANCE TRAINING LIMITED
SCHEDULE 18: Notes to Accounts for the year ended 31st March, 2011

S.No.	Particulars	As at March 31, 2011 (Rs.)	As at March 31, 2010 (Rs.)	As at March 31, 2009 (Rs.)	As at March 31, 2008 (Rs.)
iii.	Amount of Liability recognized at the year end				
	Fair value of Plan Assets	556,327	314,038	167,858	40,146
	Present value of obligation	1,123,000	961,203	683,058	129,526
	Net Liability as at year end	566,673	647,165	515,200	89,380

S.No.	Particulars	As at March 31, 2011 (Rs.)	As at March 31, 2010 (Rs.)
iv.	Net Gratuity Cost recognized in Profit and Loss Account:-		
	Current service cost	280,387	392,284
	Interest Cost	76,900	54,645
	Expected return on Plan Assets	(39,367)	(21,700)
	Net Actuarial (gain)/ loss recognized during the period	(188,930)	(164,840)
	Cost recovered by holding company for employees on deputation	341,401	106,661
	Expense recognized in profit and loss Account*	470,391	367,050
	Actual return of plan assets	32,810	17,756
	*Includes Rs.151,440 (Previous year Rs. 46,892) towards contribution for Key Managerial Personnel.		
v.	Assumptions used in accounting for gratuity liability:-		
	Discount Rate (per annum)	8%	8%
	Future Salary Increase	5%	5%
	Expected Rate of Return on Plan Assets	9.40%	9.40%

Investment details of plan assets:

During the year, the Company has contributed to the Gratuity fund of the holding company, maintained by 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, historical result of the return on plan assets.

Actuary's best estimate of contribution for the next year is Rs. 200,000.

- C) During the previous year the Company has accounted for unclaimed employee related reimbursements in respect of earlier years, aggregating to Rs. 1,777,554 based on maximum possible liability payable by the Company in this respect, no such expenses accounted during the current year.
4. (a) During the previous year, the Company had availed fund based and non-based limits from a bank which were covered within the working capital limits of the holding company, NIIT Limited. During the current year, the Company has not utilised such facility.

NIIT INSTITUTE OF FINANCE BANKING AND INSURANCE TRAINING LIMITED
SCHEDULE 18: Notes to Accounts for the year ended 31st March, 2011

(b) The terms of repayments of loans from NIIT Limited aggregating to Rs. 16,000,000 (Previous year Rs. 13,500,000), which were due during the year, have been extended and are repayable in the ensuing financial year.

5. PAYMENT TO AUDITORS

Particulars	Year ended 31 st March, 2011 (Rs.)	Year ended March 31, 2010 (Rs.)
Statutory Audit Fees	750,000	750,000
Tax Audit Fee	90,000	90,000
Reimbursement of Expenses (including service tax)	132,847	98,251
TOTAL	972,847	938,251

6. MANAGERIAL REMUNERATION

An amount of Rs. 6,167,931/- (Previous year Rs. 3,950,927/-) has been paid as remuneration to the Whole-time Director of the Company for the period April 01, 2010 to March 31, 2011. Since the remuneration paid exceeds the limits prescribed under Schedule XIII of the Companies Act, 1956, necessary approval from the Central Government has been obtained.

Details of remuneration paid to the Whole-time Director:

Particulars	Year ended 31 st March, 2011 (Rs.)	Year ended March 31, 2010 (Rs.)
Salary, perquisites and allowances	4,936,716	3,315,290
Contribution to provident fund and other funds	393,636	269,288
Performance Linked Bonus	837,579	366,349
Total	6,167,931	3,950,927

7. DETAIL RELATING TO OPENING STOCK, PURCHASE, REVENUE AND CLOSING STOCK

Education and Training Material

Particulars	Year ended 31 st March, 2011 (Rs.)		Year ended 31 st March, 2010 (Rs.)	
	Quantity (Nos)	Value (Rs.)	Quantity (Nos)	Value (Rs.)
Opening Stock	9,742	1,335,983	11,183	1,754,611
Purchased	35,501	6,105,198	25,130	3,956,945
Consumed for course execution	36,119	5,980,169	26,571	4,375,573
Closing Stock	9,124	1,461,012	9,742	1,335,983

- a) Income from Tuition fee and training fee Rs. 162,862,058/- (Previous year Rs. 62,436,394/-).
- b) Income from Consultancy Services rendered Rs. 3,946,772/- (Previous year Rs. 3,693,440/-).
- c) Income from Courseware fee Rs. 126,841,336/- (Previous year Rs. 62,130,749/-).

NIIT INSTITUTE OF FINANCE BANKING AND INSURANCE TRAINING LIMITED
SCHEDULE 18: Notes to Accounts for the year ended 31st March, 2011

8. EARNINGS PER SHARE

Particulars	Year ended 31st March, 2011 (Rs.)	Year ended 31st March, 2010 (Rs.)
(Loss) attributable to Equity Shareholders (Rs.) – (A)	(12,260,944)	(102,055,996)
Weighted Average number of Equity shares Outstanding during the year - (B)	10,000,365	6,273,973
Nominal Value of Equity Shares (Rs.)	10/-	10/-
Basic and Diluted (Loss) per share (Rs) (A/B)	(1.23)	(16.27)
EARNING PER SHARE {had fair value method been employed for accounting of employee stock options} (Refer Note 15)		
	Year ended 31st March, 2011 (Rs.)	Year ended 31st March, 2010 (Rs.)
(Loss) attributable to Equity Shareholders (Rs.) – (C)	(12,296,910)	(102,144,118)
Basic and Diluted (Loss) per share (Rs) (C/B)	(1.23)	(16.28)

As the exercise price of employee stock option is higher than the fair value of the shares, the stock options are not considered as dilutive instruments. Hence, basic and diluted earnings per share are same.

9. RELATED PARTY TRANSACTIONS AS PER ACCOUNTING STANDARD 18:

A. Related party relationship where control exists

Holding Company - NIIT Limited

B. Fellow Subsidiaries

Nos	Name of Company
1	NIIT Online Learning Limited
2	Hole-in-the-Wall Education Limited
3	Scantech Evaluation Services Limited
4	NEO Multimedia Limited (formerly known as NIIT Multimedia Limited) (Till 30.03.2011)
5	NIIT Institute of Process Excellence Limited
6	Evolv Services Limited
7	NIIT Ltd, UK
8	NIIT Antilles NV, Netherlands Antilles
9	NIIT Malaysia Sdn. Bhd, Malaysia
10	NIIT GC Ltd (formerly NIIT TVE Ltd, Mauritius)
11	NIIT China (Shanghai) Limited, Shanghai
12	NIIT Wu Xi Service Outsourcing Training School
13	Chongqing NIIT Education Consulting Limited, China
14	Wu Xi NIIT Information Technology Consulting Limited.
15	Changzhou NIIT Information Technology Consulting Limited
16	Su Zhou NIIT Information Technology Consulting Limited
17	PCEC NIIT Institute of Information Technology, Shanghai- (Liquidated in April 2010)
18	NIIT (USA) Inc, USA
19	NIIT Ventures Inc, USA
20	Element K Corporation, USA
21	Element K India Private Limited, India

NIIT INSTITUTE OF FINANCE BANKING AND INSURANCE TRAINING LIMITED
SCHEDULE 18: Notes to Accounts for the year ended 31st March, 2011

22	Element K (UK) Limited, United Kingdom
23	Element K, Canada
24	PT NIIT Indonesia, Indonesia (Under liquidation)

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

Key Management Personnel:

Mr. S. Venkatesh – Whole-time Director

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

Nature of Transactions	Holding Company (Rs.)	Fellow Subsidiaries (Rs.)	Key Managerial Personnel (Rs.)	Total (Rs.)
Equity Issued	Nil (40,500,000)	Nil (Nil)	Nil (Nil)	Nil (40,500,000)
Loans Taken (Refer Note 4 above)	Nil (12,500,000)	Nil (Nil)	Nil (Nil)	Nil (12,500,000)
Interest Expense	3,060,000 (1,859,996)	Nil (Nil)	Nil (Nil)	3,060,000 (1,859,996)
Services Received (Refer Note a below)	12,331,393 (10,987,989)	228,000 (1,333,101)	Nil (Nil)	12,559,393 (12,321,090)
Services Rendered	10,355,184 (6,264,520)	Nil (Nil)	Nil (Nil)	10,355,184 (6,264,520)
Management Charges	9,148,181 (6,806,312)	Nil (Nil)	Nil (Nil)	9,148,181 (6,806,312)
Recovery of Expenses by (Refer Note b below)	19,599,318 (20,603,923)	6,156 (770)	Nil (Nil)	19,605,474 (20,604,693)
Recovery of Expenses from (Refer Note c below)	2,339,619 (5,264,060)	2,936,760 (4,502,220)	Nil (Nil)	5,276,379 (9,766,280)
Remuneration (Refer Note 6 above)	Nil (Nil)	Nil (Nil)	6,167,931 (3,950,927)	6,167,931 (3,950,927)

Note :

a. Includes services received from Evolv Services Limited Rs. 228,000 (Previous year Rs. 1,333,101).

b. Includes recovery of expenses by Evolv Services Limited Rs. 6,156 (Previous year Rs. 770).

c. Includes recovery of expenses from:

- NIIT Institute of Process Excellence Limited Rs. 2,514,540 (Previous year Rs. 4,080,000).

- Evolv Services Limited Rs. 422,220 (Previous year Rs. 422,220).

E. Details of outstanding balances with related parties:

(Amount in Rs.)

Particulars	Payables As at 31.03.2011	Receivable As at 31.03.2011	Payables As at 31.03.2010	Receivable As at 31.03.2010
Holding Company	102,587,893	Nil	97,829,272	Nil
Key Managerial Personnel	Nil	Nil	18,380	Nil
Fellow Subsidiary	Nil	Nil	293,827	Nil

NIIT INSTITUTE OF FINANCE BANKING AND INSURANCE TRAINING LIMITED
SCHEDULE 18: Notes to Accounts for the year ended 31st March, 2011

10. LEASES :

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

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

Particulars	Year ended 31st March, 2011 (Rs.)	Year ended 31st March, 2010 (Rs.)
In respect of Premises*	23,731,907	24,112,575

*The Company has recovered Rs. 1,325,400 (Previous year Rs.2,072,400) for sharing of premises.

- 11.** Based on information available with the Company, there is no vendor covered under the Micro, Small and Medium Enterprises Development Act, 2006.
- 12.** During the year, the Company had further developed of courseware content for its post-graduate diploma program and other training programs. The management estimates that the new content added is for the changing industry needs and demands and will enhance the marketability and revenue generating capacity of the company. The Company is confident of ability to generate future economic benefits from the above mentioned assets. The costs incurred during the year towards the development is as follows :

Description	Year ended 31st March, 2011 (Rs.)	Year ended 31st March, 2010 (Rs.)
Opening Balance of Capital work-in-progress	-	2,868,694
Add: Capital expenditure incurred during the year		
- Salary and other employee benefits	4,211,793	4,812,945
- Professional Services	3,605,914	2,638,461
- Travel	520,571	448,745
- Other expenses	44,794	13,040
Total	8,383,072	10,781,885
Less : Assets Capitalised during the year	8,383,072	10,781,885
Closing Balance of Capital work-in-progress	-	-

13. TAXATION

Deferred tax assets have not been recognized as a matter of prudence.

- 14.** The Company is in the business of imparting education and training in the fields of finance, banking and insurance which is viewed by the management as a single segment in accordance with AS 17 'Segment Reporting' as notified under section 211(3C) of the Companies Act, 1956. The Company operates in a single geography, India, thus the secondary segment reporting is not applicable.

15. EMPLOYEES STOCK OPTION SCHEME

During the previous year the Company had established IFBI Employee Stock Option Plan 2008 "(ESOP 2008)" and the same was approved at the General Meeting of the Company held on April 28, 2008. The plan was set up so as to offer and grant, for the benefit of employees (excluding promoters) of the Company, options of the Company in aggregate up to 500,000 options under ESOP 2008, in one or more tranches, and on such terms and conditions as may be fixed or determined by the Board in accordance with the provisions of law or guidelines issued by the relevant authorities in this regard. As per the plan, each option is exercisable for one equity share of face value of Rs 10 each, fully paid up, on payment to the Company, for such shares, at a price to be determined in accordance with ESOP 2008.

NIIT INSTITUTE OF FINANCE BANKING AND INSURANCE TRAINING LIMITED
SCHEDULE 18: Notes to Accounts for the year ended 31st March, 2011

The Company granted following options :

Particulars	Grant I			Grant I		
	2010-11			2009-10		
	Vest 1	Vest 2	Vest 3	Vest 1	Vest 2	Vest 3
Date of Grant	28-Apr-08	28-Apr-08	28-Apr-08	28-Apr-08	28-Apr-08	28-Apr-08
Date of Vesting	28-Apr-09	28-Apr-10	28-Apr-11	28-Apr-09	28-Apr-10	28-Apr-11
Live options at the beginning of the year (Nos.)	37,500	37,500	37,500	37,500	37,500	37,500
Granted during the year (Nos.)	-	-	-	-	-	-
Forfeited/ lapsed till vesting period (Nos.)	-	-	-	-	-	-
Options Vested (Nos)	37,500	37,500	-	37,500	-	-
Forfeited/ lapsed post vesting (Nos)	-	-	-	-	-	-
Options exercised (Nos)	16,667	16,667	-	-	-	-
Outstanding/ exercisable at the end of the year (Nos)	20,833	20,833	37,500	37,500	37,500	37,500
Exercise Price (Rs.)	10.00	10.00	10.00	10.00	10.00	10.00
Remaining Contractual Life (Days)	1,124	1,489	1,854	1,489	1,854	2,219
Fair value of a share based on Discounted Cash Flow Method (5%) and Net Asset Value (95%)	9.68	9.68	9.68	9.68	9.68	9.68
Fair value of the option based on Black and Scholes Model (Rs.)	2.59	2.59	2.59	2.59	2.59	2.59
Intrinsic Value of the options granted (Rs.)	-	-	-	-	-	-

Other information regarding employee share based payment is as below:

(Amount Rs.)

Particulars	Grant I			Grant I		
	2010-11			2009-10		
	Vest 1	Vest 2	Vest 3	Vest 1	Vest 2	Vest 3
Additional expense had the Company recorded the ESOP Expense based on fair value of the options	-	3,592	32,374	7,185	48,563	32,374

The inputs used by an independent valuer, for determination of fair value as per the Black & Scholes model are as follows:

- The Fair Market Value per equity share has been assumed as Rs. 9.68
- Exercise price of Rs.10 per option has been considered.
- Since the Company is unlisted, the volatility has been considered to be zero.
- Each vest has been considered as a separate grant with equal weights assigned to each vesting as per the vesting schedule. Considering the minimum life as the vesting period and maximum life being the period till which the options can be exercised (i.e vesting period plus exercise period), the expected life has been calculated as an average of minimum and maximum life.
- Risk free interest rate has been assumed at 7.99% based on Zero-coupon yield curve as on April 28, 2008.

NIIT INSTITUTE OF FINANCE BANKING AND INSURANCE TRAINING LIMITED
SCHEDULE 18: Notes to Accounts for the year ended 31st March, 2011

16. MOVEMENT OF PROVISION FOR DOUBTFUL DEBTS

Particulars	Year ended 31st March, 2011 (Rs.)	Year ended 31st March, 2010 (Rs.)
Opening Provision	12,350,848	7,000,000
Add : Additional Provision created	-	5,350,848
Closing Provision	12,350,848	12,350,848

17. The Net Worth of the Company stood eroded as at beginning of the year. The Company reported a net loss before tax of Rs. 12,260,944/- for the year ended March 31, 2011. At the same time the Company witnessed an increase in student registrations and consequently increase in revenue from operations along with improvement in cash flows during the year. Based on its financial performance, the net worth position of the Company is expected to improve. In view of the above and taking into consideration the letter of support from the holding company (NIIT Limited), the financial statements have been prepared on a going concern basis.

18. The previous year figures have been regrouped and reclassified to conform to the current year classification.

Signatures to the Schedules `1' to `18' above.

For and on behalf of Board

For Price Waterhouse

Firm Registration No. : 301112 E
Chartered Accountants

Sd/-

S. Venkatesh

Whole Time Director
DIN : 01084104

Sd/-

Vijay K Thadani

Director
DIN : 00042527

Sd/-

Usha Rajeev

Partner

Membership No.-F- 087191

Place : New Delhi

Date : May 06, 2011

Sd/-

Gaurav Singhal

Company Secretary