

HOLE-IN-THE-WALL EDUCATION LIMITED

Balance Sheet as at 31st March 2012

PARTICULARS	Notes	As at 31st March 2012 Rs.	As at 31st March 2011 Rs.
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	3	66,000,070	66,000,070
Reserves and surplus	4	(104,536,634)	(96,344,229)
Non-current liabilities			
Long-term borrowings	5	29,700,000	1,000,000
Long-term provisions	9	15,000	15,000
Current liabilities			
Short-term borrowings	6	16,726,885	8,007,721
Trade Payables	7	16,902,920	12,329,891
Other current liabilities	8	15,146,113	47,233,719
Short-term provisions	9	680,000	758,001
TOTAL		40,634,354	39,000,173
ASSETS			
Non-current assets			
Fixed assets	10		
Tangible assets		269,676	359,595
Intangible assets		2,705,328	3,988,656
Intangible assets under development		8,384,621	7,343,512
Long-term loans and advances	13	1,212,575	2,321,567
Other non-current assets	16	430,892	361,979
Current assets			
Inventories	17	1,649,757	1,111,705
Cash and bank balances	18	1,266,487	1,651,098
Short-term loans and advances	13	2,445,241	1,697,370
Trade receivables	14	22,249,379	19,360,258
Other current assets	16	20,398	804,433
TOTAL		40,634,354	39,000,173

The accompanying notes 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 **Ghosh Khanna & Co**
Firm Registration No.: 003366N
Chartered Accountants

For and on behalf of the Board

Amit Mittal
Partner
Membership No. 508748
Place: New Delhi
Date: April 30, 2012

Rajendra S Pawar
Director
DIN – 00042516

P.Rajendran
Director
DIN - 00042527

Arti Chabria
Company Secretary

HOLE-IN-THE-WALL EDUCATION LIMITED

Statement of Profit & Loss for the year ended 31st March 2012

PARTICULARS	Notes	Year ended 31st March 2012 Rs.	Year ended 31st March 2011 Rs.
INCOME			
Revenue from Operations	20	29,905,427	27,716,310
Other Income	21	1,331,918	26,882
Total Revenue		31,237,345	27,743,192
EXPENDITURE			
(Increase) / Decrease in Inventory	17	(538,052)	3,101,376
Purchase of Traded Goods		9,654,113	3,753,469
Professional & Technical Outsourcing Expenses		5,219,125	7,776,611
Employee Benefits Expense	22	8,140,911	6,380,917
Other Expenses	23	10,119,599	9,765,166
Finance Costs	24	5,460,806	5,224,284
Depreciation and Amortization Expenses	10	1,373,248	857,899
Total Expenses		39,429,750	36,859,722
Profit before tax		(8,192,405)	(9,116,530)
Profit (Loss) for the year		(8,192,405)	(9,116,530)
Earnings per equity share (Face Value Rs. 10 each):			
(1) Basic	29	(15.78)	(16.71)
(2) Diluted		(15.78)	(16.71)

The accompanying notes referred to above form an integral part of the Statement of Profit and Loss.

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

For **Ghosh Khanna & Co**
Firm Registration No.: 003366N
Chartered Accountants

For and on behalf of the Board

Amit Mittal
Partner
Membership No. 508748
Place: New Delhi
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HOLE-IN-THE-WALL EDUCATION LIMITED
Cash Flow Statement for the year ended 31st March 2012

	Particulars	Year ended 31st March 2012 Rs.		Year ended 31st March 2011 Rs.	
A.	CASH FLOW FROM OPERATING ACTIVITIES:				
	Profit before Tax for the year		(8,192,405)		(9,116,530)
	Adjustments for:				
	Depreciation and Amortisation	1,373,248		857,899	
	Interest Expenses	5,460,806		5,252,661	
	Interest Income	(191,644)		(14,801)	
	Provision for Doubtful Debts	500,000		1,642,289	
	Liabilities / Provisions no longer required written back	(990,534)		(12,081)	
	Foreign Exchange Adjustments	(19,636)	6,132,240	1,289	7,727,256
	Operating profit before working capital changes		(2,060,165)		(1,389,274)
	Add / (Less): (Increase)/ Decrease in operating working capital:				
	Trade Receivables	(3,386,288)		(8,881,846)	
	Loans and Advances & Other Current Assets	5,163		(935,556)	
	Inventories	(538,052)		3,101,376	
	Current Liabilities and Provisions	8,614,759	4,695,582	13,295,151	6,579,125
	Cash generated from operations		2,635,417		5,189,851
	Taxes paid (including TDS)		1,108,992		(385,145)
	Net cash from Operating activities (A)		3,744,409		4,804,706
B.	CASH FLOW FROM INVESTING ACTIVITIES:				
	Purchase of Fixed Assets (including Capital Work-in-progress)		(1,041,110)		(1,428,156)
	Proceeds from sale of Fixed Assets		-		382,091
	Proceeds from sale of Mutual Funds		-		14,801
	Interest Received		222,645		
	Net cash used for Investing activities (B)		(818,465)		(1,031,264)
C.	CASH FLOW FROM FINANCING ACTIVITIES:				
	Long Term Borrowings repaid during the year		(6,500,000)		
	Receipt of Working Capital Short Term Loans		8,719,164		1,563,832
	Interest Paid		(5,460,806)		(5,252,661)
	Net cash from / (used in) Financing activities (C)		(3,241,642)		(3,688,829)
	Net Increase/(Decrease) in Cash & Cash equivalents (A) + (B) + (C)		(315,698)		84,613
	Cash and Cash equivalents as at the beginning of the year (Note 1)		2,013,077		1,928,464
	Cash and cash equivalents as at the end of the year (Note 1)		1,697,379		2,013,077
Notes:					
1	Cash and cash equivalents as on		31st March 2012		31st March 2011
	Balances with banks *		Rs. 1,697,379		Rs. 2,013,077
			1,697,379		2,013,077

- 2 The above Cash flow statement has been prepared under the indirect method as set out in Accounting Standard 3 as notified under Section 211(3C) 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. This is the Cash Flow Statement referred to in our report of even date.

For **Ghosh Khanna & Co**
Firm Registration No.: 003366N
Chartered Accountants

For and on behalf of the Board

Amit Mittal
Partner
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HOLE-IN-THE-WALL EDUCATION LIMITED

Notes to Financial Statement for the financial year ended March 31, 2012

1 SIGNIFICANT ACCOUNTING POLICIES

1.1 BASIS OF PREPARATION OF ACCOUNTS

These financial statements are prepared on an accrual basis, under historical cost convention and in compliance in all material aspects with 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.

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Schedule VI to the Companies Act, 1956. Based on the nature of products and the time between the acquisition of assets for processing and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current – non current classification of assets and liabilities.

2.2 The significant accounting policies adopted by the Company are detailed below:

i) Tangible Fixed Assets and Depreciation

Fixed Assets are stated at acquisition cost.

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

Computers, related accessories (included in Plant and Machinery)	2-5 years
Office Equipment and Electronic Equipments	8 years
Air Conditioners	10 years
Furniture, Fixtures & Electric Fittings	7-10 years
Leasehold Improvements	3 years or lease period, whichever is less
All other assets	Rates prescribed under Schedule XIV to the Companies Act, 1956

ii) Intangible Fixed Assets and Amortisation

Intangible Asset acquired & are stated at acquisition cost.

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

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

-Acquired and Internally Generated (Computer Software, Educational Content and	3-5 years
-Patents	3-5 years

Intangible assets are technically evaluated each year for their useful economic life and the unamortised depreciable amount of the asset is charged to Statement of Profit and Loss as depreciation / amortisation over their revised remaining useful life.

iii) Impairment of Assets

All assets other than inventories, investments and deferred tax asset, are reviewed for impairment, wherever events or changes in circumstances indicate that the carrying amount may not be recoverable. Assets whose carrying value exceeds their recoverable amount are written down to the recoverable amount.

HOLE-IN-THE-WALL EDUCATION LIMITED

Notes to Financial Statement for the financial year ended March 31, 2012

iv) Inventory Valuation – Traded Goods

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

v) Revenue Recognition

The Company recognizes revenue on an accrual basis. Revenue in respect of sale of goods are recognized on dispatch / delivery of the goods to the customer, Revenue from services is recognized over the period of services or as per the tenure of the agreement as the case may be.

Interest income is recognized on accrual basis.

vi) Employee Benefits

Gratuity

NIIT 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 Company with Life Insurance Corporation of India is additionally provided for.

Actuarial losses/ gains are charged/ credited to the Statement of Profit and Loss in the year in which such losses/ gains arise.

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 Statement of Profit and Loss.

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 Statement of Profit and Loss. 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 Statement of Profit & Loss. 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 to a government administered pension fund on behalf of its employees. The Company’s contribution towards Employee Pension Scheme is charged to Statement of Profit and Loss.

vii) Foreign Currency Transactions

Transactions in foreign currency are booked at standard rates determined periodically which approximates the actual rates, and all monetary assets and liabilities in foreign currency is restated at the end of accounting period. Gain/Loss arising out of fluctuations on realisation/payment or restatement is charged/ credited to the Statement of Profit and Loss.

viii) 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.

HOLE-IN-THE-WALL EDUCATION LIMITED

Notes to Financial Statement for the financial year ended March 31, 2012

ix) Borrowing Cost

Borrowing costs are recognised in the Statement of Profit and Loss for the period in which they are incurred except where the cost is incurred during the construction of an asset that takes a substantial period to get ready for its intended use, in which case, it is capitalised.

x) 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.

xi) 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.

xii) Earnings Per Share

The earnings considered in ascertaining the Company's Earnings per share ('EPS') comprises the Net Profit after Tax. The number of shares used in computing the Basic EPS is the weighted average number of shares outstanding during the year. The Diluted EPS is calculated on the same basis as Basic EPS, after adjusting for the effects of potential Dilutive Equity Shares, if any.

HOLE-IN-THE-WALL EDUCATION LIMITED
Notes to Financial Statement for the financial year ended March 31, 2012

3	SHARE CAPITAL	As at 31st March 2012 Rs.	As at 31st March 2011 Rs.
	Authorised 20,000,000 Equity Shares of Rs. 10/- each (Previous year 20,000,000 Equity Shares of Rs. 10/- each) 10,000,000 Redeemable Preference Shares of Rs.10/- each (Previous year 10,000,000 Redeemable Preference Shares of Rs.10/- each)	200,000,000 100,000,000	200,000,000 100,000,000
		300,000,000	300,000,000
	Issued 1,000,007 Equity Shares of Rs. 10/- each (Previous year - 1,000,007 Equity Shares of Rs. 10/- each) 3,400,000 13.75% Non-convertible Cumulative Redeemable Preference Shares of Rs 10/- each 2,200,000 13.25% Non-convertible Cumulative Redeemable Preference Shares of Rs 10/- each	10,000,070 34,000,000 22,000,000	10,000,070 34,000,000 22,000,000
		66,000,070	66,000,070
	Subscribed and fully paid 1,000,007 Equity Shares of Rs. 10/- each (Previous year - 1,000,007 Equity Shares of Rs. 10/- each) 3,400,000 13.75% Non-convertible Cumulative Redeemable Preference Shares of Rs 10/- each 2,200,000 13.25% Non-convertible Cumulative Redeemable Preference Shares of Rs 10/- each	10,000,070 34,000,000 22,000,000	10,000,070 34,000,000 22,000,000
		66,000,070	66,000,070

3.1	Reconciliation of the number of shares outstanding	31st March 2012		31st March 2011	
		No. of shares	Value Rs.	No. of shares	Value Rs.
	Equity Shares Shares outstanding at the beginning of the year Shares Issued during the year Shares bought back during the year Shares outstanding at the end of the year	1,000,007 - - 1,000,007	10,000,070 - - 10,000,070	1,000,007 - - 1,000,007	10,000,070 - - 10,000,070
	Preference Shares Shares outstanding at the beginning of the year Shares Issued during the year Shares bought back during the year Shares outstanding at the end of the year	5,600,000 - - 5,600,000	56,000,000 - - 56,000,000	5,600,000 - - 5,600,000	56,000,000 - - 56,000,000

3.2	Shares in respect of each class in the company held by	Name of the company	Class of shares Equity/ Preference	As at 31st March 2012 No. of shares	As at 31st March 2011 No. of shares
	Holding company	NIIT Limited	Equity	1,000,000	1,000,000
	Holding company	NIIT Limited	Preference	5,600,000	5,600,000

3.3	Shares held by each shareholder holding more than 5% shares	31st March 2012		31st March 2011	
		% of holding	No. of shares	% of holding	No. of shares
	Equity Shares				
	NIIT Limited	100%	1,000,000	100%	1,000,000
	Preference shares				
	NIIT Limited	100%	5,600,000	100%	5,600,000

HOLE-IN-THE-WALL EDUCATION LIMITED

Notes to Financial Statement for the financial year ended March 31 , 2012

3.4 Note on rights, preferences and restrictions attaching to each class of shares including restrictions on the distribution of dividends and the repayments of capital.

Rights, preferences and restrictions attached to shares:-

EQUITY SHARES

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

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. 3,400,000 nos. of 13.75% NCCRPS of Rs.10 each.
2. 2,200,000 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, 2011 and May 27, 2012 respectively in four yearly equal installments had been extended till March 17, 2015 and May 27, 2016 as per the schedule 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, 2011	March 17, 2015
2	850,000	March 17, 2012	March 17, 2016
3	850,000	March 17, 2013	March 17, 2017
4	850,000	March 17, 2014	March 17, 2018
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, 2012	May 27, 2016
2	550,000	May 27, 2013	May 27, 2017
3	550,000	May 27, 2014	May 27, 2018
4	550,000	May 27, 2015	May 27, 2019
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.

HOLE-IN-THE-WALL EDUCATION LIMITED**Notes to Financial Statement for the financial year ended March 31, 2012**

4	RESERVES AND SURPLUS	As at 31st March 2012 Rs.	As at 31st March 2011 Rs.
	Share Premium		
	As per Last Balance Sheet	20,000,000	20,000,000
	Add: Additions during the year	-	-
	Closing Balance	<u>-</u> 20,000,000	<u>-</u> 20,000,000
	Profit & Loss Account		
	Balance Brought Forward from Previous year	(116,344,229)	(107,227,699)
	Add : Current Year Profit / (Loss) attributable to Share Holders	<u>(8,192,405)</u>	<u>(9,116,530)</u>
		(124,536,634)	(116,344,229)
	Closing Balance at year end	(104,536,634)	(96,344,229)

HOLE-IN-THE-WALL EDUCATION LIMITED
Notes to Financial Statement for the financial year ended March 31, 2012

5	LONG TERM BORROWINGS	Non Current Portion		Current Maturities	
		As at 31st March 2012 Rs.	As at 31st March 2011 Rs.	As at 31st March 2012 Rs.	As at 31st March 2011 Rs.
A)	UNSECURED				
i)	Loans from Related Parties (NIIT Limited) (Refer note 5.1)	29,700,000	1,000,000	-	35,200,000
	Sub Total (A)	29,700,000	1,000,000	-	35,200,000
	Amount disclosed under the head "Other Current Liabilities" (Refer Note 8)			-	(35,200,000)
	Total	29,700,000	1,000,000	-	-

5.1 The terms of repayment of loans from NIIT Limited aggregating to Rs. 29,700,000 (Previous year- 7,000,000), which were due during the year, have been extended and are repayable in the financial year 2014-15.

6	SHORT TERM BORROWINGS	As at 31st March 2012 Rs.	As at 31st March 2011 Rs.
A)	UNSECURED		
i)	Short Term Loan from Banks		
a.	Cash Credit (Refer note 6.1)	16,726,885	8,007,721
	Total (A)	16,726,885	8,007,721

6.1 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. 16,726,885.

7	Trade Payables	Non Current		Current	
		As at 31st March 2012 Rs.	As at 31st March 2011 Rs.	As at 31st March 2012 Rs.	As at 31st March 2011 Rs.
	- Due to Others	-	-	16,902,920	12,329,891
		-	-	16,902,920	12,329,891

8	Other Liabilities	Long Term Liabilities		Current Liabilities	
		As at 31st March 2012 Rs.	As at 31st March 2011 Rs.	As at 31st March 2012 Rs.	As at 31st March 2011 Rs.
	Current Maturities of Long Term Borrowings (Refer Note 5)	-	-	-	35,200,000
	Deferred Revenue	-	-	2,622,177	1,588,164
	Advances from Customers	-	-	11,796,482	8,331,505
	Other Payables	-	-	727,454	2,114,050
		-	-	15,146,113	47,233,719

9	Provisions	LONG-TERM		SHORT-TERM	
		As at 31st March 2012 Rs.	As at 31st March 2011 Rs.	As at 31st March 2012 Rs.	As at 31st March 2011 Rs.
	Provision for employee benefits :				
	Provision for Compensated Absences	15,000	15,000	680,000	758,001
		15,000	15,000	680,000	758,001

HOLE-IN-THE-WALL EDUCATION LIMITED

Notes to Financial Statement for the financial year ended March 31, 2012

10 Fixed Assets

(Amount in Rs.)

Description of Assets	GROSS BLOCK				DEPRECIATION AND AMORTISATION				NET BLOCK	
	Cost As on 01.04.2011	Additions during the year	Sales / Adj. during the year	Total as on 31.03.2012	As on 01.04.2011	For the year	Sales / Adj. during the year	Total as on 31.03.2012	As on 31.03.2012	As on 31.03.2011
i) Tangible										
Plant & Equipment										
-Owned	2,382,567	-	-	2,382,567	2,025,746	89,919	-	2,115,665	266,902	356,821
Furniture & Fixtures										
-Owned	55,500	-	-	55,500	52,726			52,726	2,774	2,774
Sub Total (a)	2,438,067	-	-	2,438,067	2,078,472	89,919	-	2,168,391	269,676	359,595
ii) Intangible										
Intellectual Property Rights										
- Acquired	56,385	-	-	56,385	56,385			56,385	-	-
- Internally generated	4,966,011	-	-	4,966,011	977,354	1,283,329	-	2,260,683	2,705,328	3,988,657
Patents	8,500,000			8,500,000	8,500,000			8,500,000	-	-
Sub Total (b)	13,522,396	-	-	13,522,396	9,533,739	1,283,329	-	10,817,068	2,705,328	3,988,656
Total (a+b)	15,960,463	-	-	15,960,463	11,612,211	1,373,248	-	12,985,459	2,975,004	4,348,251
Previous Year	19,944,307	2,273,493	6,257,337	15,960,463	16,629,558	857,899	5,875,246	11,612,211	4,348,252	3,314,749
(iii) Intangible assets under development									8,384,621	7,343,512

HOLE-IN-THE-WALL EDUCATION LIMITED

Notes to Financial Statement for the financial year ended March 31 , 2012

11 Capitalization of Internally Intangibles

The company is internally developing software tools, platforms and content , development of these would result in enhanced productivity and offer more technology based learning products / solutions to the customers in future. Based on orders in hand and expected business, the Company believes that there is no impairment to the intangibles even though there is a loss during the year. The costs incurred towards the development are as follows:

Description	For the year 2011-12 (Rs.)	For the year 2010-11 (Rs.)
Opening balance at the beginning of the year	7,343,511	8,188,848
Add: Costs incurred during the year (as per details provided below)	1,041,110	1,330,611
Less: Capitalization during the year	-	(2,175,948)
Closing Balance at the end of the year	8,384,621	7,343,511

Details of Costs incurred during the year:

Particulars	For the year 2011-12 (Rs.)	For the year 2010-11 (Rs.)
Salary & Employee Benefits	735,110	1,330,611
Professional & Technical Outsourcing Expenses	306,000	-
Total	1,041,110	1,330,611

12 Deferred Tax Asset has not been recognized as a matter of prudence.

HOLE-IN-THE-WALL EDUCATION LIMITED
Notes to Financial Statement for the financial year ended March 31 , 2012

13	Loans and Advances	Long Term		Short Term	
		As at 31st March 2012 Rs.	As at 31st March 2011 Rs.	As at 31st March 2012 Rs.	As at 31st March 2011 Rs.
i)	Security Deposits Receivable				
	Unsecured, considered good	30,000	30,000	31,000	31,000
	Less: Provision for doubtful security deposits	-	-		
	(A)	30,000	30,000	31,000	31,000
ii)	Advances recoverable in cash or in kind				
	Unsecured, considered good	-	-	2,414,241	1,666,370
	(B)	-	-	2,414,241	1,666,370
iii)	Other Advances				
a)	Advance payment of Fringe Benefit Tax	707,119	707,119	-	-
	Less: Provision for Fringe Benefit Tax	(669,760)	(669,760)	-	-
		37,359	37,359	-	-
b)	Advance Tax	1,145,216	2,254,208	-	-
		1,145,216	2,254,208	-	-
	(C)	1,182,575	2,291,567	-	-
	Total (A+B+C)	1,212,575	2,321,567	2,445,241	1,697,370

14	Trade Receivables	Non Current		Current	
		As at 31st March 2012 Rs.	As at 31st March 2011 Rs.	As at 31st March 2012 Rs.	As at 31st March 2011 Rs.
a)	Trade receivables outstanding for a period exceeding six months from the date they are due for payment				
	Unsecured, considered good	-	-	12,374,103	7,102,874
	Unsecured, considered doubtful	6,909,679	6,874,389	-	-
	Less: Provision for doubtful debts (Refer note 15)	(6,909,679)	(6,874,389)	-	-
		-	-	12,374,103	7,102,874
b)	Other Trade Receivables				
	Unsecured, considered good	-	-	9,875,276	12,257,384
		-	-	9,875,276	12,257,384
		-	-	22,249,379	19,360,258

15	Provision for Doubtful Debts	Non Current		Current	
		As at 31st March 2012 Rs.	As at 31st March 2011 Rs.	As at 31st March 2012 Rs.	As at 31st March 2011 Rs.
	Opening Provision	6,874,389	5,232,100	-	-
	Add: Additional Provision Created	500,000	1,642,289	-	-
	Add: Balances transferred from an associate company	464,710	-	-	-
	Less: Provision written back	6,909,679	6,874,389	-	-
	Closing Provision				

16	OTHER ASSETS	Non Current		Current	
		As at 31st March 2012 Rs.	As at 31st March 2011 Rs.	As at 31st March 2012 Rs.	As at 31st March 2011 Rs.
	Non Current Bank Balances (Refer Note 16.1)	430,892	361,979	-	-
	Unbilled revenue	-	-	-	753,034
	Interest Receivable	-	-	20,398	51,399
		430,892	361,979	20,398	804,433

16.1 Fixed Deposits includes Rs. 4,30,892/- (Previous Year - Rs. 3,61,979/-) pledged as margin money.

HOLE-IN-THE-WALL EDUCATION LIMITED
Notes to Financial Statement for the financial year ended March 31 , 2012

17	Inventories	As at 31st March 2012 Rs.		As at 31st March 2011 Rs.
	As at the end of the year			
	Traded Goods			
	a) Software/ Hardware	1,649,757		1,111,705
		1,649,757		1,111,705
	As at the beginning of the year			
	Traded Goods			
	a) Software/ Hardware	1,111,705		4,213,081
		1,111,705		4,213,081
	(Increase) / Decrease in Inventory	(538,052)		3,101,376

18	Cash and Bank Balances	Non Current		Current	
		As at 31st March 2012 Rs.	As at 31st March 2011 Rs.	As at 31st March 2012 Rs.	As at 31st March 2011 Rs.
	Cash and cash equivalents:				
	Balance with banks			1,266,487	1,651,098
	Current Accounts			1,266,487	1,651,098
	Other bank balances:				
	Bank deposits:				
	With original maturity of more than 12 months	430,892	361,979		
	[Includes Rs. 4,30,892 (Previous year Rs. 3,61,979) pledged as margin money]				
		430,892	361,979	-	-
		430,892	361,979	1,266,487	1,651,098
	Amount disclosed under non-current assets (Note16.1)	(430,892)	(361,979)		
		-	-	1,266,487	1,651,098

19 Contingent Liabilities

Dividend on Non Convertible Cumulative Redeemable Preference Shares not provided in the absence of adequacy of profits Rs.65,152,698/- (Previous Year – Rs. 57,562,698/-).

HOLE-IN-THE-WALL EDUCATION LIMITED**Notes to Financial Statement for the financial year ended March 31 , 2012**

20	Revenue from Operations	Year ended 31st March 2012 Rs.	Year ended 31st March 2011 Rs.
	Sale of Kiosks	8,391,500	11,327,394
	Sale of Services	21,513,927	16,388,916
		29,905,427	27,716,310

21	Other Income	Year ended 31st March 2012 Rs.	Year ended 31st March 2011 Rs.
	Interest Income	191,644	14,801
	Provision / Other Liabilities written back	990,534	12,081
	Gain on foreign currency translation and transaction (net)	149,740	-
		1,331,918	26,882

HOLE-IN-THE-WALL EDUCATION LIMITED

Notes to Financial Statement for the financial year ended March 31, 2012

22	Employee Benefits Expenses	Year ended 31st March 2012 Rs.	Year ended 31st March 2011 Rs.
	Salaries and Benefits	7,778,773	6,179,067
	Contribution to Provident and Other Funds	112,318	58,519
	Welfare and Other expenses	249,820	143,331
		8,140,911	6,380,917

22.1 Employee Benefits

(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 Statement of Profit and Loss:

Nature of Contribution	For the year ended 31 st March 2012 (Rs.)	For the year ended 31 st March 2011 (Rs.)
Employers Contribution to Provident Fund	161,058	147,674
Employers Contribution to Superannuation Fund	126,954	115,801
Employers Contribution to Pension Fund	80,545	76,683

Employers' contribution to provident and other funds in respect of Key Managerial Personnel is Rs. 13,116/- (Previous year Rs. 115,800).

(B) Benefit Plans

i) Compensated Absences

Particulars	As at March 31, 2012 (Rs.)	As at March 31, 2011 (Rs.)
Change in Present value of Obligation :		
Present Value of obligation at the beginning of the year	773,001	813,241
Benefits Paid	(86631)	(74,540)
Service Cost	98,720	69,430
Interest Cost	58,370	62,080
Past Service Cost	-	-
Actuarial (gain)/ loss on Obligation	(148,460)	(97,210)
Present value of obligation at the end of the year	695,000	773,001
Amount debited/ (credited) to Salaries & benefits in Statement of Profit and Loss	8,630	34,303
Assumptions used in accounting for compensated absences :		
Discount Rate (per annum)	8.60%	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

HOLE-IN-THE-WALL EDUCATION LIMITED
Notes to Financial Statement for the financial year ended March 31, 2012
(ii) Gratuity(Defined benefit plan):

Particulars	As at March 31, 2012 (Rs.)	As at March 31, 2011 (Rs.)
Change in benefit obligation:-		
Present Value of Obligation at the beginning of the year	735,000	893,090
Interest cost	58,800	71,450
Current service cost	84,140	94,040
Aquisitions	(172,340)	-
Actuarial (gain)/ loss on Obligations	(258,600)	(323,580)
Present value obligation as at the end of the year	447,000	735,000
Change in Plan Assets:-		
Fair value of Plan Assets at the beginning of the year	1,495,470	1,302,800
Expected return on Plan Assets	132,470	125,710
Contributions	-	69,120
Acquisition adjustment	(172,340)	-
Actuarial gain/ (loss) on Plan Assets	8,109	(2160)
Fair value of Plan Assets at the end of the year	1,463,709	1,495,470

Amount of Assets recognized at the year end *	As at March 31, 2012 (Rs.)	As at March 31, 2011 (Rs.)	As at March 31, 2010 (Rs.)	As at March 31, 2009 (Rs.)
Fair value of Plan Assets	1,463,700	1,495,470	1,302,800	1,143,223
Present value of obligation	447,000	735,000	893,090	845,437
Net Asset as at year end	1,016,700	760,470	409,710	297,786
* Grouped under Loans and Advances				

Net Gratuity Cost/(Credit) recognized in the statement of Profit and Loss (under Salaries & benefits):-	As at March 31, 2012 (Rs.)	As at March 31, 2011 (Rs.)
Current service cost	84,140	94,040
Interest Cost	58,800	71,450
Expected Return on Plans Assets	(132,470)	(125,710)
Net Actuarial (gain)/ loss recognized during the year	(266,709)	(321,420)
Expense / (Credit) recognized in the statement of profit and	(256,239)	(281,640)

Assumptions used:-	As at March 31, 2012 (Rs.)	As at March 31, 2011 (Rs.)
Discount Rate (per annum)	8.60%	8%
Future Salary Increase	5%	5%
Expected Rate of Return on Plan Assets	9.40%	9.40%

Actuary's best estimate of contribution for the next year is Rs. 70,000.

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.

HOLE-IN-THE-WALL EDUCATION LIMITED**Notes to Financial Statement for the financial year ended March 31 , 2012**

23	Other Expenses	Year ended 31st March 2012 Rs.	Year ended 31st March 2011 Rs.
	Equipment Hiring	764	349
	Freight and Cartage	579,498	353,471
	Rent (net of recoveries)	3,098,940	1,479,305
	Power & Fuel	433,487	296,359
	Communication	206,572	196,314
	Legal and Professional (Refer note 23.1 below)	1,055,784	1,136,432
	Management Cost Recovery by Holding Company	1,192,518	1,041,671
	Traveling and Conveyance	2,101,796	2,280,959
	Provision for Doubtful Debts	500,000	1,642,289
	Insurance	16,392	51,254
	Repairs and Maintenance		
	- Plant and Machinery	78,531	39,758
	- Buildings	1,011	3,210
	- Others	264,303	266,608
	Loss on Sale of Fixed Assets (Net)	-	382,091
	Loss on foreign currency translation and transaction (net)	-	1,289
	Security and Administration Services	340,612	267,172
	Bank Charges	43,884	28,377
	Advertisement and Publicity	11,656	23,625
	Other Marketing Expenses	38,587	55,101
	Sundry Expenses	155,264	219,532
		10,119,599	9,765,166

23.1	Payment to Auditors	Year ended 31st March 2012 Rs.	Year ended 31st March 2011 Rs.
	Audit fee	60,000	140,000
	Tax Audit fees	30,000	60,000
	Others including Service Tax	20,300	13,489
	(Refer note 23, Audit Expenses is included in Legal & Professional)		
		110,300	213,489

24	Finance costs	Year ended 31st March 2012 Rs.	Year ended 31st March 2011 Rs.
	Interest Expense	5,460,806	5,224,284
		5,460,806	5,224,284

HOLE-IN-THE-WALL EDUCATION LIMITED

Notes to Financial Statement for the financial year ended March 31 , 2012

- 25** The net worth of the Company stood eroded as at beginning of the year. The Company had entered into various contracts for project implementations during the current financial year, but the majority of the contracts shall be executed in future.

Based on projected financial performance and cash flows , the net worth position of the company is expected to improve in the future years. In view of the above and taking into consideration the letter of support from the Holding Company (NIIT Ltd.) , the financial statements have been prepared on going concern basis.

- 26** During the Financial Year 2010-11, the company was awarded a contract amounting to USD 195,000 from The Regents of the University of California. This sub contract was awarded under the authority issued by John D. & Catherine T. MacArthur Foundation. The contract specifies the deliverable in form of an Intellectual Property Right viz. Activity Based e Learning (ABeL) which is currently under development by the company. The contract also provides for the option with the Company retaining this right and paying royalty. However, the ultimate outcome of retention of the Intellectual Property therein would be determined on completion of such development. The amount received has been disclosed as advance from customers as at the year end. The cost of development is presently accounted under Intangibles assets under development. (Refer Note 11)

27 Expenditure in foreign currency:-

Particulars	Year ended 31 st March, 2012 (Rs.)	Year ended 31 st March, 2011 (Rs.)
Production, development and Bought out packages/product	1,694,986	-
Travel	741,309	76,339
Total	2,436,295	76,339

28 Earnings in foreign currency:-

Particulars	Year ended 31 st March, 2012 (Rs.)	Year ended 31 st March, 2011 (Rs.)
Revenue from Operations	2,504,257	74,425
Total	2,504,257	74,425

HOLE-IN-THE-WALL EDUCATION LIMITED

Notes to Financial Statement for the financial year ended March 31, 2012

29 Earnings per Share

Particulars	Year ended 31 st March, 2012 (Rs.)	Year ended 31 st March, 2011 (Rs.)
Profit / (Loss) as per Profit & Loss Account - (A)	(8,192,405)	(9,116,530)
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)	(15,782,405)	(16,706,530)
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)	(15.78)	(16.71)

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

30 RELATED PARTY TRANSACTIONS AS PER ACCOUNTING STANDARD 18:

(i) Related party relationship where control exists

Holding Company - NIIT Limited

(ii) Fellow Subsidiaries

1. NIIT Online Learning Ltd
2. Scantech Evaluation Services Ltd
3. NEO Multimedia Limited (formerly known as NIIT Multimedia Limited) (Till 31.03.2011)
4. NIIT Yuva Jyoti Limited (w.e.f. May 25, 2011)
5. NIIT Institute of Finance Banking and Insurance Training Ltd
6. NIIT Institute of Process Excellence Limited
7. Evolv Services Limited
8. NIIT Ltd, UK
9. NIIT Antilles NV, Netherlands Antilles
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
16. Changzhou NIIT Information Technology Consulting Limited
17. Su Zhou NIIT Information Technology Consulting Limited
18. PCEC NIIT Institute of Information Technology, Shanghai- (Liquidated in April 2010)
19. NIIT (USA) Inc, USA
20. NIIT Ventures Inc, USA
21. Element K Corporation, USA (ceased to be subsidiary company w.e.f 14.10.2011)
22. Element K India Private Limited, India (ceased to be subsidiary company w.e.f 14.10.2011)
23. Element K (UK) Limited, United Kingdom (ceased to be subsidiary company w.e.f 14.10.2011)
24. Element K, Canada (ceased to be subsidiary company w.e.f 14.10.2011)
25. PT NIIT Indonesia, Indonesia (Under liquidation)
26. NIIT West Africa Limited, Nigeria

(iii) Other related parties with whom the Company has transacted :

Key Managerial Personnel :

Mr. Dinesh Mehta - Manager

Parties in which Key Managerial Personnel are interested :

NIIT Institute of Information Technology

HOLE-IN-THE-WALL EDUCATION LIMITED**Notes to Financial Statement for the financial year ended March 31, 2012**

(iv) Details of significant transactions with the Related Parties carried out on an arms length basis:

(Amount in Rs.)

Nature of Transactions	Holding Company	Parties in which Key Managerial Personnel of Holding Company are interested	Key Managerial Personnel
	(Rs.)	(Rs.)	(Rs.)
Interest Paid	3,598,691 (4,343,996)	Nil (Nil)	Nil (Nil)
Sale of Goods	2,460,000 (3,600,000)	(Nil) (Nil)	Nil (Nil)
Purchase of Goods	Nil (Nil)	698,879 (Nil)	Nil (Nil)
Rendering of services	3,000,000 (2,875,000)	(Nil) (79,157)	Nil (Nil)
Management Charges paid	1,192,518 (944,397)	Nil (Nil)	Nil (Nil)
Rent Paid	127,650 (70,000)	Nil (Nil)	Nil (Nil)
Reimbursement of expenses paid	4,336,303 (2,368,069)	Nil (Nil)	Nil (Nil)
Remuneration to Key Managerial Personnel	Nil (Nil)	Nil (Nil)	695,721 (1,592,616)

Details of outstanding balances with related parties:

Particulars	Payables As at 31.03.2012 (Rs.)	Payables As at 31.03.2011 (Rs.)	Receivables As at 31.03.2012 (Rs.)	Receivables As at 31.03.2011 (Rs.)	Loan Payable As at 31.03.2012 (Rs.)	Loan Payable As at 31.03.2011 (Rs.)
Holding Company	12,009,561	6,722,975	3,057,974	6,456,362	29,700,000	36,200,000
Key Managerial Personnel	3,462	20,934	Nil	Nil	Nil	Nil
Parties in which Key Managerial Personnel of the Holding Company are interested	Nil	Nil	Nil	707,610	Nil	Nil

Also, refer Note 6.1 in respect of sub-limit availed by the company from the working capital limit of the Holding Company

HOLE-IN-THE-WALL EDUCATION LIMITED

Notes to Financial Statement for the financial year ended March 31, 2012

- 31** The Company is in the business of setting up kiosks for computer education and training which is being reviewed 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.
- 32** Based on information available with the Company, there is no vendor covered under the Micro, Small and Medium Enterprises Development Act, 2006.
- 33 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 31 st March, 2012 (Rs.)	Year ended 31 st March, 2011 (Rs.)
In respect of Premises	3,098,940	1,479,305

- 34** The financial statements for the year ended March 31, 2011 had been prepared as per the then applicable, pre-revised Schedule VI to the Companies Act, 1956. Consequent to the notification of Revised Schedule VI under the Companies Act, 1956, the financial statements for the year ended March 31, 2012 are prepared as per Revised Schedule VI. Accordingly, the previous year figures have also been reclassified to conform to this year's classification. The adoption of Revised Schedule VI for previous year figures does not impact recognition and measurement principles followed for preparation of financial statements.

For **Ghosh Khanna & Co**
Firm Registration No.: 003366N
Chartered Accountants

For and on behalf of the Board

Amit Mittal
Partner
Membership No. 508748
Place: New Delhi
Date: April 30, 2012

Rajendra S Pawar
Director
DIN – 00042516

P.Rajendran
Director
DIN - 00042527

Arti Chabria
Company Secretary