

HOLE-IN-THE-WALL EDUCATION LIMITED

Balance Sheet as at March 31, 2013

PARTICULARS	Notes	As at March 31, 2013 Rs.	As at March 31, 2012 Rs.
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	2	66,000,070	66,000,070
Reserves and surplus	3	(110,768,447)	(104,536,635)
Non-current liabilities			
Long-term borrowings	4	29,700,000	29,700,000
Long-term provisions	8	14,000	15,000
Current liabilities			
Short-term borrowings	5	17,655,009	16,726,885
Trade Payables	6	24,885,842	16,902,920
Other current liabilities	7	3,465,692	15,146,113
Short-term provisions	8	630,000	680,000
TOTAL		31,582,166	40,634,353
ASSETS			
Non-current assets			
Fixed assets	9		
Tangible assets		153,185	269,675
Intangible assets		1,421,999	2,705,328
Intangible assets under development	10	4,509,046	8,384,621
Long-term loans and advances	12	1,903,065	1,212,575
Other non-current assets	14	430,892	430,892
Current assets			
Inventories	15	1,345,888	1,649,757
Cash and bank balances	16	259,415	1,266,487
Short-term loans and advances	12	3,491,595	2,445,241
Trade receivables	13	18,007,507	22,249,379
Other current assets	14	59,574	20,398
TOTAL		31,582,166	40,634,353

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: Gurgaon
Date: May 15, 2013

Rajendra S Pawar
Director
DIN – 00042516

P.Rajendran
Director
DIN - 00042531

Arti Chabria
Company Secretary

HOLE-IN-THE-WALL EDUCATION LIMITED

Statement of Profit & Loss for the year ended March 31, 2013

PARTICULARS	Notes	Year ended March 31, 2013 Rs.	Year ended March 31, 2012 Rs.
INCOME			
Revenue from Operations	18	30,649,918	29,905,427
Other Income	19	245,216	1,331,918
Total Revenue		30,895,134	31,237,345
EXPENDITURE			
(Increase) / Decrease in Inventory	15	303,869	(538,052)
Purchase of Traded Goods		2,557,514	9,654,113
Professional & Technical Outsourcing Expenses		6,755,844	5,211,430
Employee Benefits Expense	20	9,025,184	8,140,911
Other Expenses	21	10,944,867	10,127,295
Finance Costs	22	6,174,733	5,460,806
Depreciation and Amortization Expenses	9	1,364,935	1,373,248
Total Expenses		37,126,946	39,429,751
Profit (Loss) for the year		(6,231,812)	(8,192,406)
Earnings per equity share (Face Value Rs. 10 each):			
(1) Basic	26	(13.82)	(15.78)
(2) Diluted		(13.82)	(15.78)

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
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HOLE-IN-THE-WALL EDUCATION LIMITED
Cash Flow Statement for the year ended March 31, 2013

	Particulars	Year ended March 31, 2013 Rs.		Year ended March 31, 2012 Rs.	
A.	CASH FLOW FROM OPERATING ACTIVITIES:				
	Profit before Tax for the year		(6,231,812)		(8,192,405)
	Adjustments for:				
	Depreciation and Amortisation	1,364,935		1,373,248	
	CWIP converted into Stock In Trade and consumed	3,875,575		-	
	Interest Expenses	6,174,733		5,460,806	
	Interest Income	(69,692)		(191,644)	
	(Profit)/ Loss on Fixed Assets sold	12,469		-	
	Provision for Doubtful Debts	670,417		500,000	
	Liabilities / Provisions no longer required written back	(78,218)		(990,534)	
	Foreign Exchange Adjustments	18,198	11,968,417	(19,636)	6,132,240
	Operating profit before working capital changes		5,736,605		(2,060,165)
	Add / (Less): (Increase)/ Decrease in operating working capital:				
	Increase/(Decrease) Trade Payables	4,557,851		40,780,366	
	Increase/(Decrease) Other Current Liabilities	(11,731,421)		(32,165,607)	
	(Decrease)/Increase Current Trade Receivables	3,570,043		(3,386,288)	
	(Decrease)/Increase Inventories	303,869		(538,052)	
	(Decrease)/Increase Short Term Loans and Advances	(1,046,354)		(747,871)	
	(Decrease)/Increase Long Term Loans and Advances	(143,459)		-	
	(Decrease)/Increase Other Current Assets	-		753,034	
	(Decrease)/Increase Other Non-current Assets	-	(4,489,471)	-	4,695,582
	Cash generated from operations		1,247,134		2,635,417
	Taxes paid (including TDS)		(547,031)		1,108,992
	Net cash from Operating activities (A)		700,103		3,744,409
B.	CASH FLOW FROM INVESTING ACTIVITIES:				
	Purchase of Fixed Assets (including Capital Work-in-progress, internally developed intangibles and Capital advances)		-		(1,041,110)
	Proceeds from sale of Fixed Assets		22,415		-
	Interest Received		30,516		222,645
	Net cash used for Investing activities (B)		52,931		(818,465)
C.	CASH FLOW FROM FINANCING ACTIVITIES:				
	Long Term Borrowings repaid during the year		-		(6,500,000)
	Short term loan from Bank- Cash Credit		928,124		8,719,164
	Interest Paid		(2,688,229)		(5,460,806)
	Net cash from / (used in) Financing activities (C)		(1,760,105)		(3,241,642)
	Net Increase/(Decrease) in Cash & Cash equivalents (A) + (B) + (C)		(1,007,071)		(315,698)
	Cash and Cash equivalents as at the beginning of the year (Note 1)		1,697,379		2,013,077
	Cash and cash equivalents as at the end of the year (Note 1)		690,308		1,697,379
Notes:					
1	Cash and cash equivalents as on		March 31, 2013		March 31, 2012
	Balances with banks *		Rs. 690,307		Rs. 1,697,379
			690,307		1,697,379

- 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
Membership No. 508748
Place: Gurgaon
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HOLE-IN-THE-WALL EDUCATION LIMITED

Notes to Financial Statements for the financial year ended March 31, 2013

1 SIGNIFICANT ACCOUNTING POLICIES

1.1 BASIS OF PREPARATION OF ACCOUNTS

These financial statements have been prepared in accordance with the generally accepted accounting principles in India on accrual basis, under historical cost convention. These financial statements have been prepared to comply with all material aspects of the applicable accounting standards as 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.

1.2 The other 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 Products)	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 Statements for the financial year ended March 31, 2013

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

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 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 a Trust established for the purpose by NIIT Limited (the Holding Company). The Company has no further obligation beyond its monthly contributions. Contribution made during the year is charged to Statement of Profit & Loss.

Provident Fund

The Company makes defined contribution of Provident Fund to the trust “NIIT LIMITED EMPLOYEES' PROVIDENT FUND TRUST” set up by the Holding Company. Company’s contribution towards Provident Fund is charged to the Statement of Profit & Loss.

Pension Scheme

The Company makes defined contribution to a government administered pension fund 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 Statements for the financial year ended March 31, 2013

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.

xiii) Cash and Cash Equivalents

In the cash flow statement, cash and cash equivalents includes cash in hand, demand deposits with banks, other short-term highly liquid investments with original maturities of three months or less.

HOLE-IN-THE-WALL EDUCATION LIMITED

Notes to Financial Statements for the financial year ended March 31, 2013

2	SHARE CAPITAL	As at March 31, 2013 Rs.	As at March 31, 2012 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)	200,000,000 100,000,000 300,000,000	200,000,000 100,000,000 300,000,000
	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 66,000,070	10,000,070 34,000,000 22,000,000 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 66,000,070	10,000,070 34,000,000 22,000,000 66,000,070

2.1	Reconciliation of the number of shares outstanding	March 31, 2013		March 31, 2012	
		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

2.2	Shares in respect of each class in the company held by	Name of the company	Class of shares Equity/ Preference	As at March 31, 2013 No. of shares	As at March 31, 2012 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

2.3	Shares held by each shareholder holding more than 5% shares	March 31, 2013		March 31, 2012	
		% of holding	No. of shares	% of holding	No. of shares
	Equity Shares				
	NIIT Limited	99.9%	1,000,000	99.9%	1,000,000
	Preference shares				
	NIIT Limited	100%	5,600,000	100%	5,600,000

HOLE-IN-THE-WALL EDUCATION LIMITED

Notes to Financial Statements for the financial year ended March 31, 2013

2.4 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 Statements for the financial year ended March 31, 2013**

3	RESERVES AND SURPLUS	As at March 31, 2013 Rs.	As at March 31, 2012 Rs.
	Share Premium		
	Opening Balance	20,000,000	20,000,000
	Closing Balance	- 20,000,000	- 20,000,000
	Surplus/(Deficit) in the Statement of Profit and Loss		
	Balance Brought Forward from Previous year	(124,536,635)	(116,344,229)
	Add : Current Year Profit / (Loss) attributable to Share Holders	(6,231,812)	(8,192,406)
		(130,768,447)	(124,536,635)
	Closing Balance at year end	(110,768,447)	(104,536,635)

HOLE-IN-THE-WALL EDUCATION LIMITED**Notes to Financial Statements for the financial year ended March 31, 2013**

4	LONG TERM BORROWINGS	Non Current Portion		Current Maturities	
		As at March 31, 2013 Rs.	As at March 31, 2012 Rs.	As at March 31, 2013 Rs.	As at March 31, 2012 Rs.
	UNSECURED				
	Loans from Related Parties (NIIT Limited) (refer Note 4.1 below)	29,700,000	29,700,000	-	-
	Total	29,700,000	29,700,000	-	-

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

5	SHORT TERM BORROWINGS	As at March 31, 2013 Rs.	As at March 31, 2012 Rs.
	UNSECURED		
	Short Term Loan from Banks Cash Credit (refer Note 5.1 below)	17,655,009	16,726,885
	Total	17,655,009	16,726,885

- 5.1** 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. 17,655,009/-

6	TRADE PAYABLES	Non Current		Current	
		As at March 31, 2013 Rs.	As at March 31, 2012 Rs.	As at March 31, 2013 Rs.	As at March 31, 2012 Rs.
	- Sundry Creditors	-	-	24,885,842	16,902,920
		-	-	24,885,842	16,902,920

7	OTHER LIABILITIES	Long Term Liabilities		Current Liabilities	
		As at March 31, 2013 Rs.	As at March 31, 2012 Rs.	As at March 31, 2013 Rs.	As at March 31, 2012 Rs.
	Deferred Revenue	-	-	2,374,515	2,622,177
	Advances from Customers	-	-	-	11,796,482
	Statutory Dues	-	-	246,524	230,091
	Other Payables	-	-	844,653	497,363
		-	-	3,465,692	15,146,113

8	PROVISIONS	LONG-TERM		SHORT-TERM	
		As at March 31, 2013 Rs.	As at March 31, 2012 Rs.	As at March 31, 2013 Rs.	As at March 31, 2012 Rs.
	Provision for employee benefits :				
	Provision for Compensated Absences	14,000	15,000	630,000	680,000
		14,000	15,000	630,000	680,000

HOLE-IN-THE-WALL EDUCATION LIMITED

Notes to Financial Statements for the financial year ended March 31, 2013

9 FIXED ASSETS

(Amount in Rs.)										
	GROSS BLOCK				DEPRECIATION AND AMORTISATION				NET BLOCK	
Description of Assets	Cost As on 01.04.2012	Additions during the year	Sales / Adj. during the year	Total as on 31.03.2013	As on 01.04.2012	For the year	Sales / Adj. during the year	Total as on 31.03.2013	As on 31.03.2013	As on 31.03.2012
<u>i) Tangible</u>										
Plant & Equipment -Owned	2,366,067	-	662,991	1,703,076	2,103,791	79,121	628,107	1,554,805	148,271	262,276
Office Equipments	16,500	-	-	16,500	11,875	2,485	-	14,360	2,140	4,625
Furniture & Fixtures -Owned	55,500	-	-	55,500	52,726	-	-	52,726	2,774	2,774
Sub Total (a)	2,438,067	-	662,991	1,775,076	2,168,392	81,606	628,107	1,621,891	153,185	269,675
<u>ii) Intangible</u>										
Intellectual Property Rights - Acquired	56,385	-	-	56,385	56,385	-	-	56,385	-	-
- Internally generated	4,966,011	-	-	4,966,011	2,260,683	1,283,329	-	3,544,012	1,421,999	2,705,328
Patents	8,500,000	-	-	8,500,000	8,500,000	-	-	8,500,000	-	-
Sub Total (b)	13,522,396	-	-	13,522,396	10,817,068	1,283,329	-	12,100,397	1,421,999	2,705,328
Total (a+b)	15,960,463	-	662,991	15,297,472	12,985,460	1,364,935	628,107	13,722,288	1,575,184	2,975,003
Previous Year	15,960,463	-	-	15,960,463	11,612,211	1,373,248	-	12,985,459	2,975,004	4,348,251
(iii) Intangible assets under development									4,509,046	8,384,621

HOLE-IN-THE-WALL EDUCATION LIMITED

Notes to Financial Statements for the financial year ended March 31, 2013

10 Note on Capitalization of Internally Generated Intangibles

The costs incurred towards the development of intangibles are as follows:

Description	Year Ended March 31, 2013 (Rs.)	Year Ended March 31, 2012 (Rs.)
Opening balance at the beginning of the year	8,384,621	7,343,511
Add: Costs incurred during the year (as per details provided below)	-	1,041,110
Less: CWIP converted to stock in trade during the year (refer note 10.1 below)	(3,875,575)	-
Closing Balance at the end of the year	4,509,046	8,384,621

Details of Costs incurred during the year:

Particulars	Year Ended March 31, 2013 (Rs.)	Year Ended March 31, 2012 (Rs.)
Salary & Employee Benefits	-	735,110
Professional & Technical Outsourcing Expenses	-	306000
Total	-	1,041,110

- 10.1** 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 contract was awarded under the authority of 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 completed and delivered to Customer in financial Year 2012-13. The Company has decided not to retain the right of this Intellectual Property therein and hence the carrying value of cost incurred under this project amounting to Rs.3,875,575/- has been converted in stock in trade at prevailing market price and accordingly charged to the Statement of Profit and Loss in current financial year.”

- 11** Deferred Tax Asset has not been recognized as a matter of prudence.

HOLE-IN-THE-WALL EDUCATION LIMITED
Notes to Financial Statements for the financial year ended March 31, 2013

12	Loans and Advances	Long Term		Short Term	
		As at March 31, 2013 Rs.	As at March 31, 2012 Rs.	As at March 31, 2013 Rs.	As at March 31, 2012 Rs.
i)	Security Deposits Receivable				
	Unsecured, considered good	173,459	30,000	-	31,000
	Less: Provision for doubtful security deposits	-	-		
	(A)	173,459	30,000	-	31,000
ii)	Advances recoverable in cash or in kind				
	Unsecured, considered good	-	-	3,491,595	2,414,241
	(B)	-	-	3,491,595	2,414,241
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	1,692,247	1,145,216	-	-
		1,692,247	1,145,216	-	-
	(C)	1,729,606	1,182,575	-	-
	Total (A+B+C)	1,903,065	1,212,575	3,491,595	2,445,241

13	Trade Receivables	Non Current		Current	
		As at March 31, 2013 Rs.	As at March 31, 2012 Rs.	As at March 31, 2013 Rs.	As at March 31, 2012 Rs.
a)	Trade receivables outstanding for a period exceeding six months from the date they are due for payment				
	Unsecured, considered good	-	-	15,615,302	12,374,103
	Unsecured, considered doubtful	7,501,878	6,909,679	-	-
	Less: Provision for doubtful debts (refer Note 13.1)	(7,501,878)	(6,909,679)	-	-
		-	-	15,615,302	12,374,103
b)	Other Trade Receivables				
	Unsecured, considered good	-	-	2,392,205	9,875,276
		-	-	2,392,205	9,875,276
		-	-	18,007,507	22,249,379

13.1	Provision for Doubtful Debts	As at March 31, 2013 Rs.	As at March 31, 2012 Rs.
	Opening Provision	6,909,679	6,874,389
	Add: Additional Provision Created	670,417	500,000
	Less: Provision written back	(78,218)	(464,710)
	Closing Provision	7,501,878	6,909,679

14	OTHER ASSETS	Non Current		Current	
		As at March 31, 2013 Rs.	As at March 31, 2012 Rs.	As at March 31, 2013 Rs.	As at March 31, 2012 Rs.
	Non Current Bank Balances (refer Note 14.1 & 16 below)	430,892	430,892	-	-
	Interest Receivable	-	-	59,574	20,398
		430,892	430,892	59,574	20,398

14.1 Fixed Deposits includes Rs. 430,892/- (Previous Year - Rs. 430,892/-) pledged as margin money.

HOLE-IN-THE-WALL EDUCATION LIMITED

Notes to Financial Statements for the financial year ended March 31, 2013

15	Inventories	As at March 31, 2013 Rs.		As at March 31, 2012 Rs.
	As at the end of the year			
	Traded Goods			
	a) Software/ Hardware	1,345,888		1,649,757
		1,345,888		1,649,757
	As at the beginning of the year			
	Traded Goods			
	a) Software/ Hardware	1,649,757		1,111,705
		1,649,757		1,111,705
	(Increase) / Decrease in Inventory	303,869		(538,052)

16	Cash and Bank Balances	Non Current		Current	
		As at March 31, 2013 Rs.	As at March 31, 2012 Rs.	As at March 31, 2013 Rs.	As at March 31, 2012 Rs.
	Cash and cash equivalents:				
	Balance with banks			259,415	1,266,487
	Current Accounts			259,415	1,266,487
	Other bank balances:				
	Bank deposits:				
	With original maturity of more than 12 months	430,892	430,892		
	[Includes Rs. 4,30,892 (Previous year Rs. 4,30,892) pledged as margin money]				
		430,892	430,892	-	-
		430,892	430,892	259,415	1,266,487
	Amount disclosed under non-current assets (Note16.1)	(430,892)	(430,892)		
		-	-	259,415	1,266,487

- 17Contingent Liabilities
- Dividend on Non Convertible Cumulative Redeemable Preference Shares not provided in the absence of adequacy of profits Rs.72,742,698/- (Previous Year- Rs. 65,152,698/-).

HOLE-IN-THE-WALL EDUCATION LIMITED**Notes to Financial Statements for the financial year ended March 31, 2013**

18	Revenue from Operations	Year ended March 31, 2013 Rs.	Year ended March 31, 2012 Rs.
	Sale of Kiosks	11,748,163	8,391,500
	Sale of Services	18,901,755	21,513,927
		30,649,918	29,905,427

19	Other Income	Year ended March 31, 2013 Rs.	Year ended March 31, 2012 Rs.
	Interest Income	69,692	191,644
	Provision / Other Liabilities written back	78,218	990,534
	Gain on foreign currency translation and transaction (net)	-	149,740
	Other non-operating income (net of expenses)	97,306	-
		245,216	1,331,918

HOLE-IN-THE-WALL EDUCATION LIMITED**Notes to Financial Statements for the financial year ended March 31, 2013**

20	Employee Benefits Expenses	Year ended March 31, 2013 Rs.	Year ended March 31, 2012 Rs.
	Salaries and Benefits	8,427,855	7,778,773
	Contribution to Provident and Other Funds	339,415	112,318
	Welfare and Other expenses	257,914	249,820
		9,025,184	8,140,911

20.1 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	Year ended March 31, 2013 (Rs.)	Year ended March 31, 2012 (Rs.)
Employers Contribution to Provident Fund	150,343	161,058
Employers Contribution to Superannuation Fund	136,773	126,954
Employers Contribution to Pension Scheme	69,542	80,545

Employers' contribution to provident and other funds in respect of Key Managerial Personnel is Rs. 13,788/- (Previous year Rs. 13,116/-).

Nature of Contribution	Year ended March 31, 2013 (Rs.)	Year ended March 31, 2012 (Rs.)
Employers Contribution to Provident Fund	7,296	6,624
Employers Contribution to Superannuation Fund	-	-
Employers Contribution to Pension Fund	6,492	6,492

(B) Benefit Plans**i) Compensated Absences**

Particulars	As at March 31, 2013 (Rs.)	As at March 31, 2012 (Rs.)
Change in Present value of Obligation :		
Present Value of obligation at the beginning of the year	695,000	773,001
Benefits Paid	-	(86,631)
Service Cost	124,050	98,720
Interest Cost	59,770	58,370
Past Service Cost	-	-
Actuarial (gain)/ loss on Obligation	(234,820)	(148,460)
Present value of obligation at the end of the year	644,000	695,000
Amount debited/ (credited) to Salaries & benefits in Statement of Profit and Loss	(51,000)	8,630
Assumptions used in accounting for compensated absences :		
Discount Rate (per annum)	8.25%	8.60%
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 Statements for the financial year ended March 31, 2013****(ii) Gratuity(Defined benefit plan):**

Particulars	As at March 31, 2013 (Rs.)	As at March 31, 2012 (Rs.)
	(Rs.)	(Rs.)
Change in benefit obligation:-		
Present Value of Obligation at the beginning of the year	447,000	735,000
Interest cost	35,420	58,800
Current service cost	68,330	84,140
Aquisitions	-	(172,340)
Benefit payments	(70,390)	-
Actuarial (gain)/ loss on Obligations	15,640	(258,600)
Present value obligation as at the end of the year	496,000	447,000
Change in Plan Assets:-		
Fair value of Plan Assets at the beginning of the year	1,463,700	1,495,470
Expected return on Plan Assets	134,280	132,470
Acquisition adjustment	-	(172,340)
Actuarial gain/ (loss) on Plan Assets	2,360	8,100
Benefit payments	(70,390)	-
Fair value of Plan Assets at the end of the year	1,529,950	1,463,700

Amount of Assets recognized at the year end *	As at March 31, 2013 (Rs.)	As at March 31, 2012 (Rs.)	As at March 31, 2011 (Rs.)	As at March 31, 2010 (Rs.)
Fair value of Plan Assets	1,529,950	1,463,700	1,495,470	1,302,800
Present value of obligation	496,000	447,000	735,000	893,090
Net Asset as at year end	1,033,950	1,016,700	760,470	409,710
* Grouped under Loans and Advances				

Net Gratuity Cost/(Credit) recognized in the statement of Profit and Loss (under Salaries & benefits):-	As at March 31, 2013 (Rs.)	As at March 31, 2012 (Rs.)
Current service cost	68,330	84,140
Interest Cost	35,420	58,800
Expected Return on Plans Assets	(134,280)	(132,470)
Net Actuarial (gain)/ loss recognized during the year	13,280	(266,700)
Expense / (Credit) recognized in the statement of profit and loss	(17,250)	(256,230)
Actual return of plan assets	136,628	140,574

Assumptions used:-	As at March 31, 2013 (Rs.)	As at March 31, 2012 (Rs.)
Discount Rate (per annum)	8.25%	8.60%
Future Salary Increase	5.00%	5.00%
Expected Rate of Return on Plan Assets	9.40%	9.40%

Actuary's best estimate of contribution for the next financial year is Rs. 54,000/-

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 Statements for the financial year ended March 31, 2013**

21	Other Expenses	Year ended March 31, 2013 Rs.	Year ended March 31, 2012 Rs.
	Equipment Hiring	2,232	764
	Freight and Cartage	199,089	579,498
	Rent (net of recoveries)	3,099,521	3,098,940
	Power & Fuel	535,377	433,487
	Communication	129,016	206,572
	Legal and Professional (Refer note 21.1 below)	822,745	1,055,784
	Management Cost Recovery by Holding Company	1,333,140	1,192,518
	Traveling and Conveyance	1,530,215	2,101,796
	Provision for Doubtful Debts	670,417	500,000
	Insurance	7,130	16,392
	Repairs and Maintenance		
	- Plant and Machinery	113,213	86,226
	- Buildings	11,008	1,011
	- Others	317,737	264,303
	Loss on Sale of Fixed Assets (Net)	12,469	-
	Loss on foreign currency translation and transaction (net)	1,566,317	-
	Security and Administration Services	255,656	340,612
	Bank Charges	16,449	43,884
	Advertisement and Publicity	22,801	11,656
	Other Marketing Expenses	131,210	38,587
	Sundry Expenses	169,125	155,263
		10,944,867	10,127,295

21.1	Payment to Auditors	Year ended March 31, 2013 Rs.	Year ended March 31, 2012 Rs.
	As Auditor	90,000	90,000
	Reimbursement of expenses (including Service Tax) (refer note 21, Audit Expenses is included in Legal & Professional)	21,124	20,300
		111,124	110,300

22	Finance costs	Year ended March 31, 2013 Rs.	Year ended March 31, 2012 Rs.
	Interest Expense	6,174,733	5,460,806
		6,174,733	5,460,806

HOLE-IN-THE-WALL EDUCATION LIMITED

Notes to Financial Statements for the financial year ended March 31, 2013

- 23** The net worth of the Company stood eroded as at beginning of the year. The Company has various contracts pending as at year end which will be implemented in ensuing financial years.

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.

24 Expenditure in foreign currency:-

Particulars	Year ended March 31, 2013 (Rs.)	Year ended March 31, 2012 (Rs.)
Purchase of Traded goods	804,642	1,694,986
Foreign Travel	446,401	741,309
Total	1,251,043	2,436,295

25 Earnings in foreign currency:-

Particulars	Year ended 31st March, 2013 (Rs.)	Year ended 31st March, 2012 (Rs.)
Revenue from Operations	11,019,650	2,504,257
Total	11,019,650	2,504,257

HOLE-IN-THE-WALL EDUCATION LIMITED

Notes to Financial Statements for the financial year ended March 31, 2013

26 Earnings per Share

Particulars	Year ended March 31, 2013 (Rs.)	Year ended March 31, 2012 (Rs.)
Profit / (Loss) as per Profit & Loss Account - (A)	(6,231,812)	(8,192,405)
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)	(13,821,812)	(15,782,405)
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)	(13.82)	(15.78)

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

27 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 NIIT Yuva Jyoti Limited
- 4 NIIT Institute of Process Excellence Limited
- 5 NIIT Institute of Finance Banking and Insurance and Training 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), Mauritius
- 11 NIIT China (Shanghai) Limited, Shanghai, China
- 12 NIIT Wu Xi Service Outsourcing Training School, China
- 13 Chongqing NIIT Education Consulting Limited, China
- 14 Wu Xi NIIT Information Technology Consulting Limited, China
- 15 Changzhou NIIT Information Technology Consulting Limited, China
- 16 Su Zhou NIIT Information Technology Consulting Limited, China
- 17 NIIT (USA) Inc, USA
- 18 NIIT Ventures Inc, USA
- 19 Element K Corporation, USA (ceased to be fellow subsidiary company w.e.f October 14, 2011)
- 20 Element K India Private Limited, India (ceased to be fellow subsidiary company w.e.f October 14, 2011)
- 21 Element K (UK) Limited, United Kingdom (ceased to be fellow subsidiary company w.e.f October 14, 2011)
- 22 Element K, Canada (ceased to be fellow subsidiary company w.e.f October 14, 2011)
- 23 PT NIIT Indonesia, Indonesia (Under Liquidation)
- 24 NIIT West Africa Limited, Nigeria
- 25 Qingdao NIIT Information Technology Co., LTD (w.e.f. May 14, 2012), China
- 26 Chongqing An Dao Education Consulting Limited (w.e.f. June 5, 2012), China
- 27 Zhangjiagang NIIT Information Services Ltd. (w.e.f. September 1, 2012), China
- 28 Chengmai NIIT information technology Co., LTD (w.e.f December 19, 2012), China

(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 Statements for the financial year ended March 31, 2013****(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	3,486,504 (3,598,691)	Nil (Nil)	Nil (Nil)
Sale of Goods	1,860,000 (2,460,000)	(Nil) (Nil)	Nil (Nil)
Purchase of Goods	Nil (Nil)	(Nil) (698,879)	Nil (Nil)
Rendering of services	4,935,606 (3,000,000)	(Nil) (Nil)	Nil (Nil)
Management Cost Recovery	1,333,140 (1,192,518)	Nil (Nil)	Nil (Nil)
Reimbursement of expenses paid	4,437,966 (4,463,953)	Nil (Nil)	Nil (Nil)
Remuneration to Key Managerial Personnel	Nil (Nil)	Nil (Nil)	713,991 (695,721)

Details of outstanding balances with related parties:

Particulars	Payables As at 31.03.2013 (Rs.)	Payables As at 31.03.2012 (Rs.)	Receivables As at 31.03.2013 (Rs.)	Receivables As at 31.03.2012 (Rs.)	Loan Payable As at 31.03.2013 (Rs.)	Loan Payable As at 31.03.2012 (Rs.)
Holding Company	21,128,862	12,009,561	920,532	3,057,974	29,700,000	29,700,000
Key Managerial Personnel	42,927	3,462	Nil	Nil	Nil	Nil
Parties in which Key Managerial Personnel of the Holding Company are interested	Nil	Nil	Nil	Nil	Nil	Nil

Also, refer Note 5.1 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 Statements for the financial year ended March 31, 2013

28 SEGMENT INFORMATION

Primary Segment Information-Business Segment

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.

Secondary Segment Information- Geographical

The secondary segment information in relation to the geographies is as follows:

Particulars	Revenue from customers by location of customers
United States of America	10,649,438 (271,257)
Africa	136,531 (2,233,000)
Europe	233,681

Previous year figures are given in paranthesis.

29 Based on information available with the Company, there is no vendor covered under the Micro, Small and Medium Enterprises Development Act, 2006.

30 LEASES :

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

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

Particulars	Year ended March 31, 2013 (Rs.)	Year ended March 31, 2012 (Rs.)
In respect of Premises	3,099,521	3,098,940

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: May 15, 2013

Rajendra S Pawar

Director

DIN – 00042516

P.Rajendran

Director

DIN - 00042531

Arti Chabria

Company Secretary