

Hole-in-the-Wall Education Limited

Statement of Accounts for the year ended March 31, 2015

Price Waterhouse & Co Bangalore LLP

Chartered Accountants

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF Hole-in-the-Wall Education Limited

Report on the Financial Statements

1. We have audited the accompanying financial statements of Hole-in-the-Wall Education Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2015, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

3. Our responsibility is to express an opinion on these financial statements based on our audit.
4. We have taken into account the provisions of the Act and the Rules made thereunder including the accounting standards and matters which are required to be included in the audit report.
5. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India. Those Standards and pronouncements require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
6. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view, in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.
7. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.



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Opinion

8. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2015, and its loss and its cash flows for the year ended on that date.

Other Matter

9. The financial statements of the Company as at March 31, 2014 and for the year then ended were audited by another firm of chartered accountants under the Companies Act, 1956 who, vide their report dated May 16, 2014, expressed an unmodified opinion on those financial statements. Our opinion is not qualified in respect of this matter.


Report on Other Legal and Regulatory Requirements

10. As required by 'the Companies (Auditor's Report) Order, 2015', issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act (hereinafter referred to as the "Order"), and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order.
11. As required by Section 143 (3) of the Act, we report that:
- (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - (c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
 - (d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
 - (e) On the basis of the written representations received from the directors as on March 31, 2015 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2015 from being appointed as a director in terms of Section 164 (2) of the Act.
 - (f) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our knowledge and belief and according to the information and explanations given to us:
 - i) The Company has disclosed the impact, if any, of pending litigations as at March 31, 2015 on its financial position in its standalone financial statements – Refer Note 16;
 - ii) The Company did not have any long-term contracts including derivative contracts as at March 31, 2015.



- iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company during the year ended March 31, 2015.

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



Usha Rajeev
Partner
Membership Number: 087191

Place: *NEW DELHI*
Date: May 27, 2015

Annexure to Independent Auditors' Report

Referred to in paragraph 10 of the Independent Auditors' Report of even date to the members of Hole -in-the-Wall Education Limited on the financial statements as of and for the year ended March 31, 2015

- i. (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation, of fixed assets.
(b) The fixed assets are physically verified by the Management according to a phased programme designed to cover all the items over a period of two years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the programme, a portion of the fixed assets has been physically verified by the Management during the year and no material discrepancies have been noticed on such verification.
- ii. (a) The inventory has been physically verified by the Management during the year. In our opinion, the frequency of verification is reasonable.
(b) In our opinion, the procedures of physical verification of inventory followed by the Management are reasonable and adequate in relation to the size of the Company and the nature of its business.
(c) On the basis of our examination of the inventory records, in our opinion, the Company is maintaining proper records of inventory. The discrepancies noticed on physical verification of inventory as compared to book records were not material.
- iii. The Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the register maintained under Section 189 of the Act. Therefore, the provisions of Clause 3(iii), (iii)(a) and (iii)(b) of the said Order are not applicable to the Company.
- iv. In our opinion, and according to the information and explanations given to us, 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 and fixed assets and for the sale of goods and services. Further, on the basis of our examination of the books and records of the Company, and according to the information and explanations given to us, we have neither come across, nor have been informed of, any continuing failure to correct major weaknesses in the aforesaid internal control system.
- v. The Company has not accepted any deposits from the public within the meaning of Sections 73, 74, 75 and 76 of the Act and the rules framed there under to the extent notified.
- vi. The Central Government of India has not specified the maintenance of cost records under sub-section (1) of Section 148 of the Act for any of the products of the Company.
- vii. (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is generally regular in depositing undisputed statutory dues in respect of service tax, works contract tax and professional tax, though there has been a slight delay in a few cases, and is regular in depositing undisputed statutory dues, including tax deducted at source, provident fund, employees' state insurance, sales tax, value added tax and duty of customs, and other material statutory dues, as applicable with appropriate authorities.



Annexure to Independent Auditors' Report

Referred to in paragraph 10 of the Independent Auditors' Report of even date to the members of Hole-in-the-Wall Education Limited on the financial statements for the year ended March 31, 2015
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- (b) According to the information and explanations given to us and the records of the Company examined by us, the particulars of dues of sales tax as at March 31, 2015 which have not been deposited on account of a dispute, are as follows:

Name of the statute	Nature of dues	Amount (Rs.)	Period to which the amount relates	Forum where the dispute is pending
Central Sales Tax Act, 1956	Central Sales Tax	281,672	2010-11	Assistant Commissioner, Department of Trade and Taxes, Govt. of NCT of Delhi

- c) There are no amounts required to be transferred by the Company to the Investor Education and Protection Fund in accordance with the provisions of the Companies Act, 1956 and the rules made thereunder.
- viii. The Company has accumulated losses exceeding fifty percent of its net worth as at the end of the financial year and it has not incurred cash losses during the financial year ended on that date but has incurred cash losses in the immediately preceding financial year.
- ix. As the Company does not have any borrowings from any financial institution or bank nor has it issued any debentures as at the balance sheet date, the provisions of Clause 3(ix) of the Order are not applicable to the Company.
- x. 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. Accordingly, the provisions of Clause 3(x) of the Order are not applicable to the Company.
- xi. The Company has not raised any term loans. Accordingly, the provisions of Clause 3(xi) of the Order are not applicable to the Company.
- xii. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud on or by the Company, noticed or reported during the year, nor have we been informed of any such case by the Management.

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



Usha Rajeev
Partner
Membership Number: 087191

Place: NEW DELHI
Date: May 27, 2015


HOLE-IN-THE-WALL EDUCATION LIMITED
Balance Sheet as at March 31, 2015

	Note	As at March 31, 2015 (Rs.)	As at March 31, 2014 (Rs.)
EQUITY AND LIABILITIES			
Shareholders' Funds			
Share Capital	2	10,000,070	66,000,070
Reserves and Surplus	3	(575,760,326)	(124,330,601)
Share Capital Pending Allotment	26	180,640,649	-
Non-Current Liabilities			
Long-Term Borrowings	4	929,700,000	-
Other Long-Term Liabilities	7	47,191,560	-
Long-Term Provisions	8	268,000	-
Current Liabilities			
Short-Term Borrowings	5	25,000,000	15,634,308
Trade Payables	6	374,872,525	28,225,194
Other Current Liabilities	7	176,215,358	31,071,791
Short-Term Provisions	8	12,501,928	309,840
TOTAL		1,180,629,764	16,910,602
ASSETS			
Non-Current Assets			
Fixed Assets	9		
-Tangible Assets		109,266,306	97,762
-Intangible Assets		101,312,736	200,273
Long-Term Loans and Advances	11	36,142,438	2,523,912
Trade Receivables	12	297,540,496	-
Other Non-Current Assets	13	11,678,764	430,892
Current Assets			
Inventories	14	13,289,158	1,003,520
Trade Receivables	12	374,800,081	9,896,488
Cash and Bank Balances	15	3,274,344	251,884
Short-Term Loans and Advances	11	103,765,503	2,446,297
Other Current Assets	13	129,559,938	59,574
TOTAL		1,180,629,764	16,910,602

The accompanying Notes form an integral part of these financial statements

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


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



Usha Rajeev
Partner
Membership No. 087191

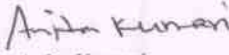
Place: **NEW DELHI**
Date: May 27, 2015



For and on behalf of the Board


Rohit Kumar Gupta
Director
DIN - 05015180


P. Rajendran
Director
DIN - 00042531


Anita Kumari
Company Secretary

HOLE-IN-THE-WALL EDUCATION LIMITED
Statement of Profit and Loss for the year ended March 31, 2015

	Note	Year ended March 31, 2015 (Rs.)	Year ended March 31, 2014 (Rs.)
Income			
Revenue from Operations	18	1,413,729,404	7,160,119
Other Income	19	1,756,389	241,407
Total Revenue		1,415,485,793	7,401,526
Expenses			
Purchase of Traded Goods		186,884,813	786,790
(Increase) / Decrease in Inventory	14	(12,285,638)	342,368
Employee Benefits Expense	20	536,272,709	4,101,967
Professional & Technical Outsourcing Expenses		244,024,413	723,977
Finance Costs	22	7,750,996	5,735,134
Depreciation and Amortisation Expense	9	496,171,539	1,277,149
Other Expenses	23	414,084,667	3,487,249
Total Expenses		1,872,903,499	16,454,634
(Loss) before Exceptional items and Tax		(457,417,706)	(9,053,108)
Exceptional items (Net)	25	(21,128,516)	(4,509,046)
(Loss) before Tax		(478,546,222)	(13,562,154)
Tax expense:	10		
-Deferred Tax (credit)		(29,453,427)	-
(Loss) for the year		(449,092,795)	(13,562,154)
(Loss) per Equity Share (Face Value Rs. 10/- each):	30		
-Basic		(449.09)	(21.15)
-Diluted		(449.09)	(21.15)

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

For and on behalf of the Board

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



Rohit Kumar Gupta
Director
DIN - 05015180



P. Rajendran
Director
DIN - 00042531



Usha Rajeev
Partner
Membership No. 087191

Anita Kumari
Company Secretary

Place: **NEW DELHI**
Date: May 27, 2015



HOLE-IN-THE-WALL EDUCATION LIMITED
Cash Flow Statement for the year ended March 31, 2015

	Year ended March 31, 2015 (Rs.)	Year ended March 31, 2014 (Rs.)
A. CASH FLOW FROM OPERATING ACTIVITIES:		
Profit/ (Loss) before Tax and before Exceptional Items	(457,417,706)	(9,053,108)
Add / (Less):		
Depreciation and Amortisation	496,171,539	1,277,149
Provision for Doubtful Debts	11,844,213	156,586
Provision for Doubtful Advances	89,255	-
Provision for Slow/ Non-moving Inventory (Net)	500,000	-
Interest accrued but not due	-	(2,635)
Unrealised Foreign Exchange (Gain)/ Loss	18,402	33,706
Finance Cost	7,750,996	5,735,134
Interest Income	(128,524)	-
(Profit)/ Loss on sale of Fixed Assets	(899,245)	-
Provision / Other Liabilities Written Back	(575,361)	(241,224)
Operating Profit before Working Capital Changes	57,353,569	(2,094,392)
Add/ (Less): Changes in Operating Working Capital:		
Increase/ (Decrease) in Trade Payables	285,805,367	60,366
Increase/ (Decrease) in Short Term Provisions	2,464,243	(320,160)
Increase/ (Decrease) in Long Term Provisions	(22,435)	(14,000)
Increase/ (Decrease) in Other Current Liabilities	5,204,809	(2,093,901)
Increase/ (Decrease) in Other Long Term Liabilities	(19,854,565)	-
(Increase)/ Decrease in Current Trade Receivables	(163,262,273)	7,954,433
(Increase)/ Decrease in Non Current Trade Receivables	(331,594,389)	-
(Increase)/ Decrease in Inventories	(6,768,638)	342,368
(Increase)/ Decrease in Short Term Loans and Advances	42,806,814	1,045,298
(Increase)/ Decrease in Long Term Loans and Advances	21,316,189	(21,846)
(Increase)/ Decrease in Other Current Assets	69,097,235	-
(Increase)/ Decrease in Other Bank Balances	(92,234)	-
(Increase)/ Decrease in Other Non-current Assets	14,071,282	-
Cash generated from operations	(23,475,026)	4,858,166
Direct Tax- (paid)/ refund received (including TDS) (net)	(31,896,821)	(599,001)
Net Cash from Operating activities before exceptional items (A)	(55,371,847)	4,259,165
B. CASH FLOW FROM INVESTING ACTIVITIES:		
Purchase of Fixed Assets (including Capital Work-in-progress, internally developed intangibles and Capital Advances)	(77,676,391)	-
Interest Received	170,478	-
Net Cash from/ (used) in Investing activities (B)	(77,505,913)	-



C. CASH FLOW FROM FINANCING ACTIVITIES:

Short Term Loan from Others		
-Repaid during the year	(21,475,680)	(2,020,701)
Proceeds / (Payments) relating to Cash Credits (Net)	(15,634,308)	(2,245,995)
Interest Paid on Fixed Loan	(2,320,289)	
Receipt of Inter Corporate Deposits	25,000,000	
Net Cash from/ (used) in Financing activities (C)	(14,430,277)	(4,266,696)
Net Increase/(Decrease) in Cash & Cash Equivalents (A) + (B) + (C)	(147,308,037)	(7,531)
Cash and Cash Equivalents as at the beginning of the year (Note 1)	251,884	259,415
Cash Flow due to acquisition of business (Note 2)	150,000,000	
Cash and cash Equivalents as at the end of the year (Note 1)	2,943,847	251,884

Notes:

1 Cash and Cash Equivalents

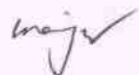
	As at	
	March 31, 2015	March 31, 2014
	(Rs.)	(Rs.)
Balance with banks		251,884
Current Accounts	2,943,847	251,884
Cash and Cash Equivalents as at the end of the year	2,943,847	251,884

- 2 Transfer of assets and liabilities pursuant to the Scheme of Arrangement (Refer Note 26) did not involve any cash flows except cash inflow of Rs.150,000,000/- towards acquisition of School Business Undertaking. Further, the cash flow statement for the year ended March 31,2015 has been prepared considering the impact of acquisition of School Business Undertaking pursuant to the Scheme of Arrangement (Refer Note 26).
- 3 The above Cash flow statement has been prepared under the indirect method as set out in Accounting Standard 3 as notified under Section 211(3C) [Companies (Accounting Standards) Rules, 2006, as amended] and other relevant provisions of the Companies Act, 2013.
- 4 Figures in parenthesis indicate cash outgo.
- 5 Previous year figures have been regrouped/ recast wherever necessary to conform to the current year's classification.

The accompanying Notes form an integral part of these Financial Statements

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

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

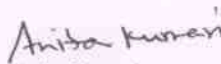

Usha Rajeev
Partner
Membership No. 087191

Place: NEW DELHI
Date: May 27, 2015



For and on behalf of the Board

Rohit Kumar Gupta
Director
DIN - 05015180


Anita Kumari
Company Secretary


P. Rajendran
Director
DIN - 00042531

HOLE-IN-THE-WALL EDUCATION LIMITED

Notes to the Financial Statements for the year ended March 31, 2015

1 CORPORATE INFORMATION

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

2 SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of Preparation of Accounts

These financial statements have been prepared in accordance with the generally accepted accounting principles in India under the historical cost, except for assets acquired under the Scheme of Arrangement, approved by the Hon'ble High Court of Delhi, which are stated at their respective fair values as on the appointed date, convention on accrual basis. Pursuant to the section 133 of the Companies Act, 2013, read with the rule 7 of the Companies (Accounts) Rules, 2014, till the standards of accounting or any addendum thereto are prescribed by the Central Government in consultation and recommendation of the National Financial Reporting Authority, the existing Accounting Standards notified under the Companies Act, 1956 shall continue to apply. Consequently, these financial statements have been prepared to comply in all material aspects with the accounting standards notified under Section 211(3C) [Companies (Accounting Standards) Rules, 2006, as amended] and other relevant provisions of the Companies Act, 2013 and / or 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 III to the Companies Act, 2013. Based on the nature of products and the time between the acquisition of assets for processing and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current – non current classification of assets and liabilities.

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

i) Tangible Fixed Assets and Depreciation

Fixed Assets are stated at acquisition cost except where fixed assets taken over pursuant to an acquisition at a consolidated price are recorded at their respective fair values based on an independent fair valuation as on the date of acquisition, net of accumulated depreciation and accumulated impairment losses, if any, except where they are taken over pursuant to an acquisition at a consolidated price. Individual fixed assets taken over pursuant to acquisition are recorded at their respective fair value on the date of acquisition based on a valuation carried out by an independent valuers.

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

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

Description of Asset	Current Year	Previous Year
Plant and Equipment including:		
- Computers, printers and related accessories	3 Years	
- Computer Servers & Networks	5 Years	2-5 years
- Electronic Equipments	8 years	8 years
- Air Conditioners	10 years	10 years
Office Equipment	5 years	8 years
Furniture & Fixtures	7 years	7-10 years
Leasehold Improvements	3-5 years or lease period, whichever is lower	3-5 years or lease period, whichever is lower
Assets under employee benefits scheme except vehicles	3 years	3 years
Assets acquired under lease (Included under Plant & Equipment and Furniture & Fixtures)	Lease Period or useful life, whichever is shorter	Lease Period or useful life, whichever is shorter
All other assets (including vehicles)	Rates prescribed under Schedule II to the Companies Act, 2013	Rates prescribed under Schedule XIV to the Companies Act, 1956

Fixed Assets purchased for utilisation in implementing certain contractual obligations with the customers under a project are depreciated over the period of the contracts.

ii) Intangible Fixed Assets and Amortisation

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

Intangible Fixed Assets are stated at acquisition cost except where intangible fixed assets taken over pursuant to an acquisition at a consolidated price are recorded at their respective fair values as on date of acquisition, net of accumulated amortisation and accumulated impairment losses.



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

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

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

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.

iv) Inventory Valuation – Traded Goods

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

v) Revenue Recognition

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

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

vi) Other Income

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

vii) Employee Benefits

Gratuity

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

Compensated Absences

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

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

Superannuation

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

Provident Fund

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

Pension Scheme

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

National Pension System

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

viii) Foreign Currency Transactions

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



ix) Leases

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

x) Borrowing Cost

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

xi) Taxation

Tax expense, comprising of both current tax and deferred tax is included in determining the net results for the year. Deferred Tax reflects the effect of timing differences between the assets and liabilities recognised for financial reporting purposes and the amounts that are recognised 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 measured at the amount expected to be paid to the tax authorities in accordance with the taxation laws prevailing in the respective jurisdiction. Minimum Alternate Tax (MAT) paid in excess of normal income tax is recognised as asset (MAT Credit entitlement) only to the extent, there is reasonable certainty that the Company shall be liable to pay tax as per the normal provisions of the Act in future. MAT Credit is utilised in the year when normal income tax is higher than the Minimum Alternate Tax (MAT).

xii) Provisions and Contingencies

The Company creates a provision when there is present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of obligation. Provisions are measured at the best estimate of the expenditure recognised to settle the present obligation at the balance sheet date and are not discounted to the present value.

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

xiii) Earnings Per Share

The earnings considered in ascertaining the Company's earnings per share ('EPS') comprises the net profit after tax. The number of shares used in computing the earnings per share is the weighted average number of shares outstanding during the year. The Diluted EPS is calculated on the same basis as Basic EPS.

HOLE-IN-THE-WALL EDUCATION LIMITED

Notes to Financial Statements for the financial year ended March 31, 2015

2 SHARE CAPITAL	As at March 31, 2015 Rs.	As at March 31, 2014 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) Nil (Previous year 3,400,000 13.75% Non-convertible Cumulative Redeemable Preference Shares of Rs 10/- each) Nil (Previous year 2,200,000 13.25% Non-convertible Cumulative Redeemable Preference Shares of Rs 10/- each)	10,000,070 - - 10,000,070	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) Nil (Previous year 3,400,000 13.75% Non-convertible Cumulative Redeemable Preference Shares of Rs 10/- each) Nil (Previous year 2,200,000 13.25% Non-convertible Cumulative Redeemable Preference Shares of Rs 10/- each)	10,000,070 - - 10,000,070	10,000,070 34,000,000 22,000,000 66,000,070

2.1 Reconciliation of the number of shares outstanding	As at March 31, 2015		As at March 31, 2014	
	No. of shares	Value Rs.	No. of shares	Value Rs.
Equity Shares Shares outstanding at the beginning and at the end of the year Shares Issued during the year Shares bought back during the year	1,000,007 - -	10,000,070 - -	1,000,007 - -	10,000,070 - -
Shares outstanding at the end of the year	1,000,007	10,000,070	1,000,007	10,000,070
Preference Shares Shares outstanding at the beginning and at the end of the year Shares Issued during the year Shares Cancelled during 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
Shares outstanding at the end of the year	-	-	-	-

* Pursuant to the Scheme of Arrangement, the issued, subscribed and fully paid-up preference share capital stands cancelled, without any payment of the cancelled face value of the said shares to the shareholders of the Company (Also Refer Note 26).

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, 2015 No. of shares	As at March 31, 2014 No. of shares
Holding company	NIIT Limited	Equity	1,000,007	1,000,000
Holding company	NIIT Limited	Preference	-	5,600,000

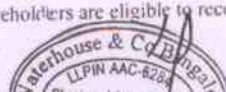
Out of above, 6 Equity Shares are registered in the names individuals, the beneficial interest of which lies with the Holding Company.

2.3 Shares held by each shareholder holding more than 5% shares	As at March 31, 2015		As at March 31, 2014	
	% of holding	No. of shares	% of holding	No. of shares
Equity Shares NIIT Limited	100%	1,000,007	99.9%	1,000,000
Preference shares NIIT Limited	-	-	100%	5,600,000

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.



HOLE-IN-THE-WALL EDUCATION LIMITED

Notes to the Financial Statements for the year ended March 31, 2015

(Rs.)

3 RESERVES AND SURPLUS

	As at March 31, 2015	As at March 31, 2014
Securities Premium Reserve	20,000,000	20,000,000
Surplus/(Deficit) in Statement of Profit and Loss		
Balance Brought Forward from Previous year	(144,330,601)	(130,768,447)
Add : (Loss) for the year	(449,092,795)	(13,562,154)
Less: Appropriations		
Add:- Transitional impact consequent to change in useful lives of tangible fixed assets [Refer Note 9(i)]	(2,336,930)	(595,760,326)
Total	(575,760,326)	(124,330,601)

(Rs.)

4 LONG-TERM BORROWINGS

UNSECURED

Loans from Holding Company
Optionally Convertible Debentures
Total (A)

	As at March 31, 2015	As at March 31, 2014
Loans from Holding Company	29,700,000	29,700,000
Optionally Convertible Debentures	900,000,000	-
Total (A)	929,700,000	29,700,000
Current maturities disclosed under the head "Other current Liabilities" Refer Note 7 (B)	-	(29,700,000)
Total (A-B)	929,700,000	-

Notes :

a) The terms of repayments of loans from Holding Company have been revised during the year as follows:-

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

The loans carry an interest rate of 15% p.a. payable annually.

b) Terms of Optionally Convertible Debentures (OCDs)

Company is in the process of issuance of the Optionally Convertible Debentures (OCDs) in consideration for the transfer of the Undertaking pursuant to the Scheme (Refer Note 26). The OCDs carry a coupon rate of 0.5% p.a. payable annually and mature or convert to equity shares after 5 years from the date of issuance with a call and put option to seek premature redemption after 36 months from the date of allotment.

(Rs.)

5 SHORT-TERM BORROWINGS

UNSECURED

Short term Loan from Banks
Cash Credit
Sub Total (A)

UNSECURED

Loans from Holding Company *
Sub Total (B)

Total (A+B)

	As at March 31, 2015	As at March 31, 2014
Short term Loan from Banks	-	15,634,308
Cash Credit	-	15,634,308
Sub Total (A)	-	31,268,616
Loans from Holding Company *	25,000,000	-
Sub Total (B)	25,000,000	-
Total (A+B)	25,000,000	31,268,616

*Short term loan taken from holding company is repayable on October 30,2015 and carries an interest rate of 15% p.a.



HOLE-IN-THE-WALL EDUCATION LIMITED
Notes to the Financial Statements for the year ended March 31, 2015

6 TRADE PAYABLES

(Rs.)

As at	
March 31, 2015	March 31, 2014
Current	
-	-
374,872,525	28,225,194
374,872,525	28,225,194

- Due to Micro, Small and Medium Enterprises (Refer Note below)
- Due to Others

Note:

Based on the information available with the company, there is no party covered under Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act).

7 OTHER LIABILITIES

(Rs.)

As at			
March 31, 2015	March 31, 2014	March 31, 2015	March 31, 2014
Long-Term		Current	
-	-	-	29,700,000
-	-	-	2,635
293,459	-	-	-
745,935	-	22,074,058	450,058
46,152,166	-	88,124,396	514,057
-	-	33,355,171	165,197
-	-	32,661,733	239,844
47,191,560	-	176,215,358	31,071,791

* include capital creditors and payable to employees.

8 PROVISIONS

(Rs.)

As at			
March 31, 2015	March 31, 2014	March 31, 2015	March 31, 2014
Long-Term		Short-Term	
-	-	3,966,928	-
268,000	-	8,535,000	309,840
268,000	-	12,501,928	309,840

Provision for Employee Benefits (Refer Note 21)

- Provision for Gratuity
- Provision for Compensated Absences



IN-THE-WALL EDUCATION LIMITED

the Financial Statements for the year ended March 31, 2015

0 FIXED ASSETS

(Refer Notes 26 and 32)

(Amount in Rs.)

Description of Assets	DEPRECIATION AND AMORTISATION					NET BLOCK	
	Cost as on April 1, 2014	Additions during the year	Additions on scheme (Refer Note 26)	Sales / Adj. during the year	Total as on March 31, 2015	As on March 31, 2015	As on March 31, 2014
ii) Tangible							
Plant & Equipment -Owned	1,703,076	7,563,719	215,821,427	9,114,960	215,973,262	111,670,503	94,162
Lease Hold Improvements	-	183,812	1,063,953	60,825	1,186,942	984,436	-
Office Equipments	16,500	605,784	33,564,573	19,198	34,227,659	34,170,964	856
Furniture & Fixtures -Owned	55,500	18,696,947	39,111,220	434,972	57,428,695	52,734,349	2,774
Sub Total (a)	1,775,076	27,110,262	289,561,175	9,629,955	308,816,558	199,550,252	97,762
iii) Intangible							
Content/ Platform	36,385	-	20,212,980	-	20,249,365	20,269,152	183
- Acquired	4,966,011	96,004,501	184,580,165	-	285,550,677	193,914,688	91,638,989
- Internally generated	-	-	11,745,572	-	11,745,572	11,745,569	3
- Leased	-	-	-	-	-	-	-
Software Acquired	-	87,389	29,077,466	813,331	28,351,524	18,674,964	9,676,560
Goodwill on Business Acquisition (Refer Note 26)	-	-	60,842,781	-	60,842,781	60,842,781	-
Patents	8,500,000	-	1	-	8,500,001	8,500,000	1
Sub Total (b)	13,524,396	96,091,890	306,458,935	813,331	415,259,890	313,947,154	200,273
Total (a+b)	15,297,472	123,202,152	596,020,110	10,443,286	724,076,448	513,497,406	298,035
Previous Year	15,297,472	-	-	-	15,297,472	14,999,437	298,035

Notes:-

- The Company has revised useful life of certain class of fixed assets as per the requirement of Schedule II of the Companies Act, 2013 and also revised residual value of fixed assets. As a result, the depreciation charge for the current year is higher by Rs. 336,899/- and opening retained earnings have reduced by Rs. 2,336,930/-.
- Depreciation for intangibles includes provision for impairment of content/platform and Goodwill on Business Acquisition amounting to Rs. 176,016,527 and Rs. 60,842,781 (Previous Year Rs. Nil) respectively. The Company has computed the recoverable value using value in use method and has considered a discount rate of 13.50 % p.a.
- Depreciation includes provision for impairment of tangible assets aggregating Rs. 75,438,821 used for serving contracts with government and individual/chain schools respectively.



HOLE-IN-THE-WALL EDUCATION LIMITED

Notes to the Financial Statements for the year ended March 31, 2015

10 TAXATION

Detailed break-up of Deferred Tax Assets/ Liabilities is as follows:-

[Refer Note 26]

	As at	
	March 31, 2015	March 31, 2014
Deferred Tax Assets:		
Depreciation	78,731,381	713,256
Provision for doubtful debts and advances	34,944,893	2,521,120
Provision for non-moving inventories	1,291,620	-
Provision for Employee Benefits	11,329,097	126,595
Others	16,567,728	20,297,383
Total (A)	142,864,719	23,658,354
Deferred Tax Liability:		
Provision for doubtful debts and advances	-	105,605
Depreciation	-	-
Total (B)	-	105,605
Timing differences not recognised on account of prudence (C)	142,864,719	23,552,749
Net Deferred Tax Assets (A-B-C)	-	-

11 LOANS AND ADVANCES

[Refer Note 26]

	As at			
	March 31, 2015	March 31, 2014	March 31, 2015	March 31, 2014
	Long-Term		Short-Term	
i) Capital Advances				
Unsecured, considered good	136,500	-	-	-
(A)	136,500	-	-	-
ii) Security Deposits Receivable				
Unsecured, considered good	249,934	195,305	1,455,378	-
(B)	249,934	195,305	1,455,378	-
iii) Advances recoverable in cash or in kind				
Unsecured, considered good (Refer Note 11.1 below)	1,530,576	-	102,310,125	2,446,297
Unsecured, considered doubtful	6,429,324	-	-	-
Less: Provision for doubtful advances	(6,429,324)	-	-	-
(C)	1,530,576	-	102,310,125	2,446,297
iv) 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 Income Tax	34,188,069	2,291,248	-	-
	34,188,069	2,291,248	-	-
(D)	34,225,428	2,328,607	-	-
Total (A+B+C+D)	36,142,438	2,523,912	103,765,503	2,446,297

11.1 Short-term Loans and advances include balances with government authorities Rs. 2,138,872/- (previous year Rs. 1,172,820/-).



HOLE-IN-THE-WALL EDUCATION LIMITED

Notes to the Financial Statements for the year ended March 31, 2015

(Rs.)

12 TRADE RECEIVABLES (Unsecured) [Refer Note 26]	As at			
	March 31, 2015 Non Current	March 31, 2014	March 31, 2015 Current	March 31, 2014
a) Outstanding for a period exceeding six months from the date they are due for payment				
Considered good	-	-	42,047,465	9,260,093
Considered doubtful	55,263,997	7,417,240	-	-
Less: Provision for doubtful debts	(55,263,997)	(7,417,240)	-	-
(A)	-	-	42,047,465	9,260,093
b) Others				
Considered good	297,540,496	-	332,752,616	636,395
Considered doubtful	41,116,014	-	-	-
Less: Provision for doubtful debts	(41,116,014)	-	-	-
(B)	297,540,496	-	332,752,616	636,395
TOTAL (A+B)	297,540,496	-	374,800,081	9,896,488

12.1 MOVEMENT OF PROVISION FOR DOUBTFUL DEBTS

(Rs.)

	As at	
	March 31, 2015	March 31, 2014
Opening Provision	7,417,240	7,501,878
Add: Additional Provision created*	88,972,729	156,586
Less: Provision written back	(9,958)	(241,224)
Closing Provision	96,380,011	7,417,240

* Provision for doubtful debts amounting to Rs. 77,128,516 (Previous year Rs. Nil) considered as exceptional item (Refer Note 25).

13 OTHER ASSETS [Refer Note 26]	As at			
	March 31, 2015 Non-Current	March 31, 2014	March 31, 2015 Current	March 31, 2014
Non Current Bank Balances (Refer Note 15)	192,629	430,892	-	-
Unbilled Revenue	11,486,135	-	129,542,318	-
Interest Receivable	-	-	17,620	59,574
	11,678,764	430,892	129,559,938	59,574

14 INVENTORIES (Valued at lower of Cost or Net Realisable Value) [Refer Note 26]	As at	
	March 31, 2015	March 31, 2014
As at the end of the year		
Traded Goods		
a) Courseware and Training Material*	11,361,942	-
b) Software/Hardware	1,927,216	1,003,520
	13,289,158	1,003,520
As at the beginning of the year		
Traded Goods		
Software/Hardware	1,003,520	1,345,888
	1,003,520	1,345,888
(Increase) / Decrease in Inventory	(12,285,638)	342,368

* Net of provision for non-moving inventories of Rs. 3,800,000/- (Previous year Rs. Nil).



HOLE-IN-THE-WALL EDUCATION LIMITED

Notes to the Financial Statements for the year ended March 31, 2015

	(Rs.)	
	As at	
	March 31, 2015	March 31, 2014
	Current	
15 CASH AND BANK BALANCES		
[Refer Note 26]		
Cash and Cash Equivalents:		
Balance with Banks	2,943,847	251,884
-Current Accounts		
Sub Total (A)	2,943,847	251,884
Other Bank Balances:		
Bank Deposits		
With original maturity of more than 3 months and upto 12 months	330,497	-
With original maturity of more than 12 months*	192,629	430,892
* Pledged as Margin money		
Sub Total (B)	523,126.00	430,892.00
Total (A+B)	3,466,973.00	682,776.00

Amount disclosed under "Other Non Current Assets" (Note 13) (C) (192,629) (430,892)

Total (A+B+C) 3,274,344 251,884

16 CONTINGENT LIABILITIES

1. Claims against the Company not acknowledged as debts:-

- Sales Tax/ VAT

	(Rs.)	
	March 31, 2015	March 31, 2014
	281,672	-

2. Other money for which the company is contingently liable

- Guarantees issued to bankers outstanding at the end of the year amounting to Rs. 33.51 Million (Previous year Rs. Nil).
- The loan is secured by way of charge, to be created, on assets of the Undertaking transferred from NIIT Limited to the Company.

17 CAPITAL AND OTHER COMMITMENTS

(a) Estimated amount of contracts remaining to be executed on capital account (net of advances) not provided for Rs. 204,929/- (Previous year Rs. Nil).

(b) There are certain contracts with State Governments under which the Company is required to transfer ownership of the fixed assets and equipments under leasing arrangement at the written down value (which will be Nil), at the end of the contract term.



HOLE-IN-THE-WALL EDUCATION LIMITED

Notes to the Financial Statements for the year ended March 31, 2015

(Rs.)

18 REVENUE FROM OPERATIONS**Sale of Products :**

-Courseware and Training Material

-Hardware & Accessories

Sale of Services**Total**

Year ended	
March 31, 2015	March 31, 2014
201,755,840	-
88,156,430	1,378,214
1,123,817,134	5,781,905
<u>1,413,729,404</u>	<u>7,160,119</u>

(Rs.)

19 OTHER INCOME

Interest Income

Provision / Other Liabilities Written Back

Profit on Sale of Fixed Assets

Other Non-Operating Income

Total

Year ended	
March 31, 2015	March 31, 2014
128,524	-
575,361	241,224
899,245	-
153,259	183
<u>1,756,389</u>	<u>241,407</u>

(Rs.)

20 EMPLOYEE BENEFITS EXPENSE

Salaries and Benefits

Contribution to Provident and other Funds

Staff Welfare

Total

Year ended	
March 31, 2015	March 31, 2014
508,916,323	3,061,163
22,383,226	924,589
4,973,160	116,215
<u>536,272,709</u>	<u>4,101,967</u>



HOLE-IN-THE-WALL EDUCATION LIMITED

Notes to the Financial Statements for the year ended March 31, 2015

21 EMPLOYEE BENEFITS

A) Defined Contribution Plans

The Company makes contribution towards Superannuation Fund and Pension Scheme to the defined contribution plans for eligible employees. The Company has charged the following costs in the Statement of Profit and Loss under "Employee Benefits Expense" in Note 18:-

Particulars	Year ended	
	March 31, 2015 (Rs.)	March 31, 2014 (Rs.)
- Employers' Contribution to Superannuation Fund	1,038,328	97,643
- Employers' Contribution to Employees Pension Scheme	10,153,685	22,689
- Employers' Contribution to Employees National Pension System	112,500	-

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

Particulars	Year ended	
	March 31, 2015 (Rs.)	March 31, 2014 (Rs.)
- Employers' Contribution to Superannuation Fund	78,624	49,608
- Employers' Contribution to Employees Pension Scheme	11,455	5,951
- Employers' Contribution to Employees National Pension System	Nil	Nil

B) Defined Benefit Plans

1. Provident Fund

The Company makes contribution to the "NIIT LIMITED EMPLOYEES' PROVIDENT FUND TRUST" ("the Trust"), which is a defined benefit plan to the extent of interest shortfall, if any. The Company contributed Rs. 6,251,216/- (Previous year Rs.81,003/-) including Rs. 61,121/- (Previous year Rs.43,333/-) in respect of Key Managerial personnel during the year to the Trust.

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

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

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

Particulars	(Rs.)	
	As at March 31, 2015	As at March 31, 2014
Present value defined benefit obligation as at the beginning of the year	12,240	26,570
Add:-Impact due to acquisition of the Undertaking	595,020	-
Current service cost	85,720	4,970
Interest Cost	56,170	2,190
Actuarial (gain)/ loss on obligations	-206,870	-21,490
Present Value Defined Benefit Obligations at the end of the year	542,280	12,240

(ii) Change in Fair Value of Assets

Particulars	(Rs.)	
	As at March 31, 2015	As at March 31, 2014
Fair value of plan assets as at the beginning of the year	130,200	211,460
Add:-Impact due to acquisition of the Undertaking	7,696,030	-
Actuarial (loss) / gain on plan assets	379,780	-81,260
Fair value of Plan Assets as at the end of the year	8,206,010	130,200

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

Particulars	(Rs.)	
	As at March 31, 2015	As at March 31, 2014
Present value of defined benefit obligation	542,280	12,240
Fair Value of plan assets	8,206,010	130,200
Surplus (not recognised)	7,663,730	117,960
Net Asset/ (Liability) recognised in the Balance Sheet	-	-

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

	Year Ended March 31, 2015	Year Ended March 31, 2014
Discount Rate (Per Annum)	7.75%	9.25%
Expected return on Plan Assets	8.60%	8.60%
Expected guaranteed interest rate	8.60%	8.60%



II. Compensated Absences

	(Rs.)	
	As at	
Particulars	March 31, 2015	March 31, 2014
i) Change in Present value of Obligation:-		
Present value of obligation as at the beginning of the year	309,840	644,000
Add:-Impact due to acquisition of the Undertaking	9,872,900	-
Current service cost*	2,927,770	51,410
Interest Cost	941,900	53,130
Benefits Paid	-	-
Actuarial (gain)/ loss on Obligations	-5,249,410	-438,700
Present value of obligation as at the end of the year	8,803,000	309,840
Classification		
Short-Term	8,535,000	309,840
Long-Term	268,000	-
Total	8,803,000	309,840

ii) Assumptions used in accounting for Compensated Absences:-

Discount Rate (per annum)	7.75%	9.25%
Future Salary Increase	7.00%	10.00%
-For First 5 Years	7.00%	7.00%
-Thereafter		
Estimates of future salary increase (cost to the Company) considered in actuarial valuation, takes into account inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.		

III. Gratuity Fund

	(Rs.)	
	As at	
Particulars	March 31, 2015	March 31, 2014
i) Change in Present value of Obligation:-		
Present value of obligation as at the beginning of the year	236,510	496,000
Add:-Impact due to acquisition of the Undertaking	7,088,400	-
Interest cost	677,560	38,150
Current service cost	1,046,620	52,850
Benefits paid	-2,500,580	-1,123,580
Actuarial (gain)/ loss on obligations	3,787,490	773,090
Present value of obligation as at the end of the year	10,336,000	236,510
ii) Change in Plan Assets:-		
Fair value of Plan Assets as at the beginning of the year	547,200	1,529,950
Add:-Impact due to acquisition of the Undertaking	6,943,020	-
Expected return on Plan Assets	736,750	140,650
Acquisitions Adjustments	-	-1,056,310
Contributions*	695,000	-
Benefits Paid	-2,500,580	-67,270
Actuarial (loss) / gain on Plan Assets	-52,318	180
Fair value of Plan Assets as at the end of the year	6,369,072	547,200

*Actuary's estimates of contributions for the next financial year is Rs. 5,929,000/- (Previous year Rs. 22,000/-).



(Rs.)

Particulars	As at				
	March 31, 2015	March 31, 2014	March 31, 2013	March 31, 2012	March 31, 2011
iii) Amount of Asset/ (obligation) recognised in the Balance Sheet:-					
Fair value of Plan Assets as at the end of the year	6,369,072	547,200	1,529,950	1,463,700	1,495,470
Present value of obligation as at the end of the year	10,336,000	236,510	496,000	447,000	735,000
Asset/ (obligation) recognised in Balance Sheet	(3,966,928)	310,690	1,033,950	1,016,700	760,470

	(Rs.)	
	Year ended	
	March 31, 2015	March 31, 2014
iv) Net Gratuity Cost recognised in Statement of Profit and Loss:-		
Current service cost	1,046,620	52,850
Interest cost	677,560	38,150
Expected return on Plan Assets	(736,750)	(140,650)
Net Actuarial (gain)/ loss recognised during the year	3,839,808	772,910
Expense recognised in the Statement of Profit and Loss*	4,827,238	723,260
Actual return on plan assets	684,231	140,836

*Included Rs.52,904 (Previous years 188,245) towards contribution for Key Managerial Personnel

*The above cost is included under "Employee Benefits Expense" in Note 20

v) Assumptions used in accounting for gratuity plan:-	Year ended	
	March 31, 2015	March 31, 2014
Discount Rate (Per annum)	7.75%	9.25%
Future Salary Increase	6.00%	5.00%
Expected Rate of return on plan assets	9.00%	9.40%
Estimates of future salary increase considered in actuarial valuation, take account inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.		

vi) Investment details of Plan Assets:-

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

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



HOLE-IN-THE-WALL EDUCATION LIMITED

Notes to the Financial Statements for the year ended March 31, 2015

(Rs.)

22 FINANCE COSTS

Interest Expense

Year ended	
March 31, 2015	March 31, 2014
7,750,996	5,735,134
<u>7,750,996</u>	<u>5,735,134</u>

(Rs.)

23 OTHER EXPENSES

Equipment Hiring

Freight and Cartage

Rent

Rates and Taxes

Power & Fuel

Communication

Legal and Professional (Refer Note- 24)

Management Cost Recovery by Holding Company

Traveling and Conveyance

Provision for Doubtful Debts

Provision for Doubtful Advances

Insurance

Repairs and Maintenance

- Plant and Machinery

- Buildings

- Others

Consumables

Loss on Foreign Currency Translation and Transaction (net)

Security and Administration Services

Bank Charges

Marketing & Advertising Expenses

Sundry Expenses

Year ended	
March 31, 2015	March 31, 2014
180,976,863	1,981
13,583,953	15,189
21,311,783	850,125
4,000	-
4,833,773	263,548
6,270,811	37,676
8,068,385	525,142
75,891,981	342,260
25,054,149	879,475
11,844,213	156,586
89,255	-
992,092	-
1,394,186	81,808
353,435	3,716
4,075,042	147,029
25,690,064	24,790
21,350	33,671
1,102,487	61,158
1,660,030	21,412
27,292,252	8,874
3,574,563	32,809
<u>414,084,667</u>	<u>3,487,249</u>



HOLE-IN-THE-WALL EDUCATION LIMITED

Notes to the Financial Statements for the year ended March 31, 2015

		(Rs.)
		Year ended
24	PAYMENT TO AUDITORS	March 31, 2015
	As Auditors	March 31, 2014
	- Audit Fee	400,000
	- Reimbursement of expenses (including service tax)	20,000
		<u>420,000</u>
		<u>111,124</u>

		(Rs.)
		Year ended
25	EXCEPTIONAL ITEMS (Net)	March 31, 2015
	Income:	March 31, 2014
	Reduction in Preference Share Capital (Refer Note 26)	56,000,000
	Expenses:	
	Provision for impairment of Intangibles (Refer Note 32)	(4,509,046)
	Provision for Doubtful Debts	(77,128,516)
		<u>(21,128,516)</u>
		<u>(4,509,046)</u>

(i) Pursuant to the Scheme of Arrangement, 56,000,000 Non Convertible Cumulative Redeemable Preference Shares of Rs. 10/- each fully paid-up have been cancelled.

(ii) Owing to significant delays in collections on account of claim disputed by government and other customers, persistent followup and management's consequent defocus from government and other contracts, the Company has made provisions aggregating Rs. 77,128,516/- (Previous year Rs. Nil).



HOLE-IN-THE-WALL EDUCATION LIMITED

Notes to the Financial Statements for the year ended March 31, 2015

26 Scheme of Arrangement

The Board of Directors have at its meeting held on August 26, 2014 approved a Composite Scheme of Arrangement ('the Scheme') between NIIT Limited and its erstwhile subsidiaries Scantech Evaluation Services Limited ('SESL'), Evolv Services Limited ('ESL'), NIIT Online Learning Limited ('NOLL') (also, collectively referred to as 'the transferor companies') and the Company and their respective shareholders and creditors under sections 391 to 394 of the Companies Act, 1956, for streamlining of the group structure, consolidation of business operations and reduction in costs.

Pursuant to the Scheme, the School Business Undertaking of NIIT Limited, as defined in the Scheme ('the Undertaking'), stands transferred to the company for a lumpsum consideration of Rs. 1,080,640,649/- retrospectively with effect from April 1, 2014 ('the appointed date'). The Scheme has been approved by the shareholders and the Hon'ble High Court of Judicature at Delhi ('the Hon'ble High Court') on January 31, 2015 and May 8, 2015 respectively. The Scheme came into effect upon filing of the order of the Hon'ble High Court with the Registrar of Companies on May 23, 2015 ('the effective date').

Pursuant to the Scheme, the excess of consideration over fair values of the assets as determined under an independent valuation of the Undertaking comprising fixed assets, trade receivable, cash and bank balances and other assets and the aggregate of the transferred liabilities is debited to the Goodwill. The Goodwill arising on such transfer, has been determined as below:

Particulars	Amount (Rs.)
Consideration Given (A)	1,080,640,649
Less : Fair value of assets acquired -	
Fixed Assets	535,177,329
Capital Work-in-Progress	57,294,734
Inventories	6,017,000
Trade Receivables (net)	256,562,128
Cash and Bank balances	150,000,000
Loans and Advances	167,116,669
Other current/non-current assets	224,196,971
Total assets	1,396,364,831
Liabilities transferred-	
Borrowings	21,475,680
Deferred tax liabilities	29,453,427
Current Liabilities and Provisions	292,246,060
Total liabilities	343,175,167
Net assets acquired (B)	1,053,189,664
Excess of consideration paid over the fair value of assets acquired (A-B) (C)	27,450,985
Add :- Expenditure towards stamp duty (D)	33,391,796
Goodwill (C+D)	60,842,781

The consideration is being discharged by the proposed issuance of 18,064,065 equity shares of Rs. 10/- each fully paid up and 900,000 Optionally Convertible Debentures (OCDs) (disclosed under Long Term Borrowings) of Rs. 1,000/- each fully paid up as approved by the Board of Directors of the Company in their meeting held on May 25, 2015. The Company is in the process of allotting such shares and OCDs. Pending such allotment, the share capital has been disclosed as Share Capital Pending Allotment in these financial statements.

Upon Scheme becoming effective and with effect from the appointed date, the paid up preference share capital has been cancelled alongwith all obligation pertaining to cumulative dividend without any payment of the cancelled value of the said shares to the shareholders, i.e. NIIT Limited. Accordingly, the amount aggregating Rs. 56,000,000/- has been classified as an exceptional item in the Statement of Profit and Loss.

The Company is in the process of filing necessary documents (with the concerned authorities) and agreements with respective customers and vendors. Considering the impact of the Scheme on financial statements of the Company, figures for the current year are not comparable to the corresponding previous year.



HOLE-IN-THE-WALL EDUCATION LIMITED**Notes to the Financial Statements for the year ended March 31, 2015****27 CIF VALUE OF IMPORTS****(Rs.)**

Particulars	Year ended	
	March 31, 2015	March 31, 2014
Purchase of Traded Goods	171,975	-

28 EXPENDITURE IN FOREIGN CURRENCY**(Rs.)**

Particulars	Year ended	
	March 31, 2015	March 31, 2014
Purchase of Traded Goods	2,505	33,557.00
Bank Charges	-	1,395.00

29 EARNINGS IN FOREIGN CURRENCY**(Rs.)**

Particulars	Year ended	
	March 31, 2015	March 31, 2014
Export of Services & Products	2,370,970	-

30 EARNINGS PER SHARE**(Rs.)**

Particulars	Year ended	
	March 31, 2015	March 31, 2014
Net Profit (Loss) as per the Statement of Profit and loss	(449,092,795)	(13,562,154)
Dividend attributable to Preference Shareholders	-	7,590,000
Profit/(Loss) attributable to Equity Shareholders (Rs. INR) - (A)	(449,092,795)	(21,152,154)
Weighted average number of Equity Shares outstanding during the year (Nos.) - (B)	1,000,007	1,000,007
Nominal Value of Equity Shares (Rs.)	10/-	10/-
Basic /Diluted Earning / (loss) per Share (Rs.) (A/B)	(449.09)	(21.15)

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



HOLE-IN-THE-WALL EDUCATION LIMITED
Notes to the Financial Statements for the year ended March 31, 2015

31 RELATED PARTY TRANSACTIONS AS PER ACCOUNTING STANDARD 18:

A. Related party relationship where control exists:

Holding Company - NIIT Limited

B. Fellow Subsidiaries

- 1 NIIT Online Learning Ltd.(Amalgamated with NIIT Limited w.e.f April 1,2014)
- 2 Scantech Evaluation Services Ltd.(Amalgamated with NIIT Limited w.e.f April 1,2014)
- 3 NIIT Yuva Jyoti Limited
- 4 NIIT Institute of Process Excellence Limited
- 5 NIIT Institute of Finance Banking and Insurance Training Limited
- 6 Evolv Services Limited.(Amalgamated with NIIT Limited w.e.f April 1,2014)
- 7 NIIT Ltd, UK
- 8 NIIT Antilles NV, Netherlands Antilles
- 9 NIIT Malaysia Sdn. Bhd, Malaysia
- 10 NIIT GC Ltd, 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 (Amalgamated with NIIT (USA) Inc, USA w.e.f December 1, 2014)
- 19 PT NIIT Indonesia, Indonesia (Under Liquidation)
- 20 NIIT West Africa Limited, Nigeria
- 21 Qingdao NIIT Information Technology Co., Ltd. , China
- 22 Chongqing An Dao Education Consulting Limited, China
- 23 Zhangjiagang NIIT Information Services Ltd. , China
- 24 Chengmai NIIT information technology Co., Ltd., China

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

Key Managerial Personnel

Mr.Purnendu Hota

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

- 1 NIIT Institute of Information Technology
- 2 NIIT Foundation (formerly known as NIIT Education Society)
- 3 NIIT University



HOLE-IN-THE-WALL EDUCATION LIMITED

Notes to the Financial Statements for the year ended March 31, 2015

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

(Amount in Rs.)

Nature of Transactions	Holding Company	Fellow Subsidiaries	Parties in which Key Managerial Personnel of Holding Company are interested	Key Managerial Personnel	Total
Sale of Goods- Revenue	41,250 (25,000)	-	-	-	41,250 (25,000)
Sale of services- Revenue {Refer note (a) below}	- (2,639,948)	1,079,301	3,802,871	-	4,882,172 (2,639,948)
Purchase of Services	95,536	-	-	-	95,536
Management Cost Recovery- Other Expenses	75,625,143 (342,260)	-	-	-	75,625,143 (342,260)
Recovery of Employee Benefits expenses by {Refer note (b) below}	6,952 (23,468)	- (3,273)	-	-	6,952 (26,741)
Recovery of Expenses By {Refer note (c) below}	30,449,742 (1,597,205)	-	322,320	-	30,772,062 (1,597,205)
Recovery of Professional & Technical Outsourcing Expenses by	182 (664)	-	-	-	182 (664)
Remuneration to Key Managerial Personnel {Refer note (d) below}	-	-	-	2,576,488 (1,677,378)	2,576,488 (1,677,378)
Interest Expense- Finance Cost	5,433,342 (3,486,504)	-	-	-	5,433,342 (3,486,504)
Loan Taken	25,000,000	-	-	-	25,000,000

Also, refer Notes 16(2)(ii) and 26.

Details of outstanding balances with related parties:

Particulars	Payables As at 31.03.2015 (Rs.)	Payables As at 31.03.2014 (Rs.)	Receivables As at 31.03.2015 (Rs.)	Receivables As at 31.03.2014 (Rs.)	Loan Payable As at 31.03.2015 (Rs.)	Loan Payable As at 31.03.2014 (Rs.)
Holding Company	65,777,676	26,414,343	-	Nil	54,700,000	29,700,000
Payable to Fellow Subsidiaries	-	3,351	-	-	-	-
Key Managerial Personnel	144,865	-	-	185,897	-	-
Parties in which Key Managerial Personnel of the Holding Company are interested (refer note e below)	-	-	134,117	-	-	-

(a) Sale of Services- Revenue

Fellow Subsidiaries

-NIIT Antiles NV Rs.1,079,301/- (Previous year Rs. Nil)

Parties in which Key Managerial Personnel of Holding Company are interested

-NIIT Foundation Rs. 2,842,871/- (Previous year Rs. Nil)

-NIIT University Rs. 960,000/- (Previous year Rs. Nil)

b) Includes Recovery of Employee Benefits expenses by :

-Evolv Services Limited is Rs. Nil (Previous year Rs.3,273/-).

c) Includes Recovery of Expenses by:

-NIIT University is Rs. 322,320 (Previous year Rs. Nil)

d) Includes Remuneration Paid to:

-Purnendu Kumar Hota Rs. 2,576,488/-(Previous year Rs.1,522,494/-)

-Dinesh Mehta Rs.Nil (Previous year Rs.154,884/-)

e) Receivables from include:

-NIIT Foundation Rs. 134,117/- (Previous year Rs. Nil)



HOLE-IN-THE-WALL EDUCATION LIMITED

Notes to the Financial Statements for the year ended March 31, 2015

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

Description	Year ended	
	March 31, 2015	March 31, 2014
Opening Capital Work-in-Progress	-	4,509,046
Add:-Transfer from holding company Pursuant to Scheme of Arrangement (Refer Note 26)	57,294,734	-
Add:-Expenditure during the year		
Salary and other Employee Benefits	18,232,846	-
Professional & Technical Outsourcing Expense	14,644,548	-
Rent	2,963,450	-
Other Expenses	2,868,923	-
Less:-Intangible Capitalised during the year	-96,004,501	-
Less:-Provision for impairment of Intangibles under development (Refer Note 25)	-	-4,509,046
Closing Balance at the end of the year	-	-

33 SEGMENT INFORMATION

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

34 LEASES

The Company has entered into leases for office premises and employee accommodations which are 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	
	As at	
	March 31, 2015	March 31, 2014
In Respect of Premises *	19,161,875	850,125
In Respect of Equipments **	180,976,863	82
In respect of Vehicles	2,149,908	-

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

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

35 Derivative Instruments

The Company has the following Unhedged foreign currency exposure as at March 31, 2015:

Particulars	Currency	As at March 31, 2015		As at March 31, 2014	
		Amount in respective currency	Amount (Rs.)	Amount in respective currency	Amount (Rs.)
Trade Payables	EUR	126	8,438	-	-
	USD	1,755	109,373	-	-

- 36 The net worth of the Company stood significantly eroded as at March 31, 2015. However as result of transfer of Undertaking, pursuant to the Scheme of Arrangement, Board of the Directors of the Company are confident that based on the future business projections of School business, the future outlook of the Company looks bright and is expected to witness improved performance in following years. Accordingly, Company's Financial Statements have been prepared on a going concern basis.



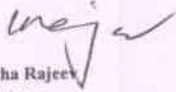
HOLE-IN-THE-WALL EDUCATION LIMITED

Notes to the Financial Statements for the year ended March 31, 2015

- 37 Previous year figures have been regrouped/ reclassified to conform the current year classification. Figures for the previous year are not comparable pursuant to the effect of the Scheme as stated in Note 26.

Signatures to Notes '1' to '37' of these Financial Statements.


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



Usha Rajeev
Partner
Membership No. 087191

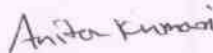
Place: NEW DELHI
Date: May 27, 2015



For and on behalf of the Board


Rohit Kumar Gupta
Director
DIN - 05015180


P. Balachandran
Director
DIN - 00042531


Anita Kumari
Company Secretary