

Auditors' Report to the Members of Element K India Private Limited

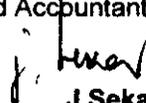
1. We have audited the attached Balance Sheet of Element K India Private Limited (the "Company") as at March 31, 2011, and the related Profit and Loss Account and Cash Flow Statement for the year ended on that date annexed thereto, which we have signed under reference to this report. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003, as amended by the Companies (Auditor's Report) (Amendment) Order, 2004 (together the "Order"), issued by the Central Government of India in terms of sub-section (4A) of Section 227 of 'The Companies Act, 1956' of India (the 'Act') and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
4. Further to our comments in the Annexure referred to in paragraph 3 above, we report that:
 - (a) We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit;
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - (c) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - (d) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Act;
 - (e) On the basis of written representations received from the directors, as on March 31, 2011 and taken on record by the Board of Directors, none of the directors of the Company is disqualified as on March 31, 2011 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Act;



- (f) In our opinion and to the best of our information and according to the explanations given to us, the said financial statements together with the notes thereon and attached thereto give, in the prescribed manner, the information required by the Act, and give a true and fair view in conformity with the accounting principles generally accepted in India:
- (i) in the case of the Balance Sheet, of the state of affairs of the company as at March 31, 2011;
 - (ii) in the case of the Profit and Loss Account, of the profit for the year ended on that date; and
 - (iii) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Place: Chennai
Date: April 29, 2011

For Price Waterhouse
Firm Registration number – 301112E
Chartered Accountants


J Sekar
Partner

Membership Number - F23800

Annexure to Auditors' Report

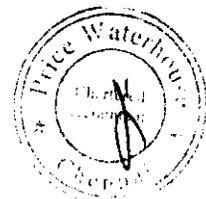
Referred to in paragraph 3 of the Auditors' Report of even date to the members of Element K India Private Limited on the financial statements for the year ended March 31, 2011

1. (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation, of fixed assets.

(b) The fixed assets of the Company have been physically verified by the Management during the year and no material discrepancies between the book records and the physical inventory have been noticed. In our opinion, the frequency of verification is reasonable.

(c) In our opinion and according to the information and explanations given to us, a substantial part of fixed assets has not been disposed of by the Company during the year.
2. (a) The Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the register maintained under Section 301 of the Act.

(b) The Company has not taken any loans, secured or unsecured, from companies, firms or other parties covered in the register maintained under Section 301 of the Act.
3. In our opinion and according to the information and explanations given to us, having regard to the explanation that certain items purchased are of special nature for which suitable alternative sources do not exist for obtaining comparative quotations, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of fixed assets and for the sale of 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.
4. According to the information and explanations given to us, there have been no contracts or arrangements referred to in Section 301 of the Act during the year to be entered in the register required to be maintained under that Section. Accordingly, the question of commenting on transactions made in pursuance of such contracts or arrangements does not arise.
5. The Company has not accepted any deposits from the public within the meaning of Sections 58A and 58AA of the Act and the rules framed there under.
6. In our opinion, the Company has an internal audit system commensurate with its size and nature of its business.
7. The Central Government of India has not prescribed the maintenance of cost records under clause (d) of sub-section (1) of Section 209 of the Act for any of the products of the Company.



Annexure to Auditors' Report

Referred to in paragraph 3 of the Auditors' Report of even date to the members of Element K India Private Limited on the financial statements for the year ended March 31, 2011

Page 2 of 3

8. (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is regular in depositing the undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income-tax, Value Added Tax, wealth tax, service tax, customs duty, excise duty, cess and other material statutory dues as applicable with the appropriate authorities.
- (b) According to the information and explanations given to us and the records of the Company examined by us, there are no dues of income-tax, Value Added Tax, wealth-tax, service-tax, customs duty, excise duty and cess which have not been deposited on account of any dispute.
9. The Company has no accumulated losses as at March 31, 2011 and it has not incurred any cash losses in the financial year ended on that date or in the immediately preceding financial year.
10. The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
11. In our opinion, the Company is not a dealer or trader in shares, securities, debentures and other investments.
12. In our opinion and according to the information and explanations given to us, the Company has not given any guarantee during the year for loans taken by others from banks or financial institutions.
13. The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Act during the year.
14. The Company has not issued any debentures.
15. The Company has not raised any money by public issues during the year. Further, on the basis of information and explanations given to us, there was no public issue made by the Company during earlier years also.
16. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the Company, noticed or reported during the year, nor have we been informed of such case by the Management.



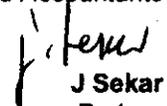
Annexure to Auditors' Report

Referred to in paragraph 3 of the Auditors' Report of even date to the members of Element K India Private Limited on the financial statements for the year ended March 31, 2011

Page 3 of 3

17. The other clauses, (ii), (xi), (xiii), (xvi) and (xvii) of paragraph 4 of the Companies (Auditor's Report) Order 2003, as amended by the Companies (Auditor's Report) (Amendment) Order, 2004, are not applicable in the case of the Company for the year, since in our opinion there is no matter which arises to be reported in the aforesaid Order.

For Price Waterhouse
Firm Registration number - 301112E
Chartered Accountants


J Sekar
Partner

Place: Chennai
Date: April 29, 2011

Membership Number - F23800

Element K India Private Limited
Balance Sheet as at March 31, 2011

	Schedule	As At March 31, 2011 (Rs.)	As At March 31, 2010 (Rs.)
SOURCES OF FUNDS			
SHAREHOLDERS' FUNDS			
Share Capital	1	320,120	320,120
Reserves and Surplus	2	<u>105,240,695</u>	<u>94,082,625</u>
		105,560,815	94,402,745
Total		<u>105,560,815</u>	<u>94,402,745</u>
APPLICATION OF FUNDS			
FIXED ASSETS			
Gross Block	3	48,911,090	44,340,000
Less: Depreciation		<u>43,193,643</u>	<u>40,452,972</u>
Net Block		5,717,447	3,887,028
DEFERRED TAX ASSET (Net) (Refer Note 9 of schedule 13)		1,700,000	2,200,000
CURRENT ASSETS, LOANS AND ADVANCES			
Sundry Debtors	4	105,177,712	99,664,542
Cash and Bank Balances	5	4,657,259	1,208,670
Other Current Assets	6	66,127	36,414
Loans and Advances	7	<u>12,192,045</u>	<u>10,177,034</u>
		<u>122,093,143</u>	<u>111,084,660</u>
Less : CURRENT LIABILITIES AND PROVISIONS			
Liabilities	8	10,494,775	8,503,943
Provisions	9	<u>13,455,000</u>	<u>14,265,000</u>
		<u>23,949,775</u>	<u>22,768,943</u>
Net Current Assets		98,143,368	88,315,717
Total		<u>105,560,815</u>	<u>94,402,745</u>

NOTES TO ACCOUNTS

13

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

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

For Price Waterhouse
Firm Registration number - 301112E
Chartered Accountants

J. Sekar
Partner
Membership No. F23800

Place: Chennai
Date : April 29, 2011


Director
P. RAJENDRAN
DIN - 00042531


Director
MANISH MOHAN
DIN - 03056384

Element K India Private Limited

Profit and Loss Account for the year ended March 31, 2011

	Schedule	(Rs.)	Year ended March 31, 2011 (Rs.)	(Rs.)	Year ended March 31, 2010 (Rs.)
INCOME					
Income from Services			148,003,070		138,208,157
Sale of printed courseware			867,661		-
Other Income	10		37,251		36,838
			<u>148,907,982</u>		<u>138,244,995</u>
EXPENDITURE					
Employee Costs	11		95,041,439		89,975,339
Other Expenses	12		36,542,802		27,853,680
Depreciation			2,740,671		2,351,985
			<u>134,324,912</u>		<u>120,181,004</u>
Profit before Tax			14,583,070		18,063,991
Provision for Taxation					
- Current		2,925,000		3,100,000	
- Deferred Tax		500,000		370,000	
			3,425,000		3,470,000
Profit after Tax			<u>11,158,070</u>		<u>14,593,991</u>
Profit brought forward from previous year			75,402,738		60,808,747
Balance Carried to Balance Sheet			<u>86,560,808</u>		<u>75,402,738</u>
Earnings per share - Basic (in Rs.)			348.56		455.89
- Face Value Rs.10					

NOTES TO ACCOUNTS

13

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

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

For Price Waterhouse
Firm Registration number - 301112E
Chartered Accountants

J. Selvar
Partner
Membership No. F23800

Director

P. RAJENDRAN
DIN - 00042531.

Director

MANUSH MOHAN
DIN - 03056384.

Place: Chennai
Date: April 29, 2011

Element K India Private Limited
Cash Flow Statement for the year ended March 31, 2011

A. Cash flow from operating activities:	Year ended March 31, 2011		Year ended March 31, 2010	
	Rs.	Rs.	Rs.	Rs.
Net profit before tax as per Profit & Loss Account		14,583,070		18,063,991
Adjustments for:				
Depreciation	2,740,671		2,351,985	
Interest Income	<u>(33,015)</u>		<u>(30,338)</u>	
		<u>2,707,656</u>		<u>2,321,647</u>
Operating profit before working capital changes		17,290,726		20,385,638
Adjustments for changes in working capital :				
Sundry Debtors	(5,513,170)		(20,758,107)	
Other Receivables	(957,948)		488,119	
Trade and Other Payables	<u>1,180,832</u>		<u>3,158,071</u>	
		<u>(5,290,286)</u>		<u>(17,111,917)</u>
Cash generated from operations		12,000,440		3,273,721
Taxes Paid		<u>(3,982,063)</u>		<u>(2,713,034)</u>
Net cash generated from operating activities		8,018,377		560,687
B. Cash flow from Investing activities:				
Purchase of fixed assets		(4,571,090)		(1,661,349)
Interest Received		3,302		3,033
Net cash (used in) Investing activities		(4,567,788)		(1,658,316)
C. Cash flow from financing activities:				
Net cash from financing activities				
Net Increase/(Decrease) in Cash and Cash Equivalents (A+B+C)		3,450,589		(1,097,629)
Cash and cash equivalents as at the beginning of the year		908,073		2,005,702
Cash and cash equivalents as at the end of the year		<u>4,358,662</u>		<u>908,073</u>
		3,450,589		(1,097,629)
Cash and cash equivalents at the end of the year comprise				
Cash on hand		1,154		776
Balances with Scheduled Banks		4,656,105		1,205,894
		4,657,259		1,206,670
Less: Bank deposit under lien		<u>(298,597)</u>		<u>(298,597)</u>
		4,358,662		908,073

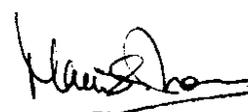
This is the cash flow statement referred to in our report of even date.

For Price Waterhouse
Firm Registration number - 301112E
Chartered Accountants

J. Sekar
Partner
Membership No. F23800

Place: Chennai
Date: April 29, 2011


Director
P. RATENDRAN
DIN - 00042031


Director
MANISH MOHAN
DIN - 03056384

Element K India Private Limited
Schedules Forming Part of Accounts

	As At March 31, 2011 (Rs.)	As At March 31, 2010 (Rs.)
SCHEDULE 1		
SHARE CAPITAL		
Authorised		
4,580,000 Equity Shares of Rs 10/- each	45,800,000	45,800,000
	<u>45,800,000</u>	<u>45,800,000</u>
Issued and Subscribed		
32,012 Equity shares of Rs 10 /- each fully paid up	320,120	320,120
	<u>320,120</u>	<u>320,120</u>
Note:		
The entire Share Capital is held by the Holding Company, Element K Corporation, USA and its nominee.		
SCHEDULE 2		
RESERVES AND SURPLUS		
Share Premium	18,679,887	18,679,887
Balance in Profit and Loss Account	86,560,808	75,402,738
	<u>105,240,695</u>	<u>94,082,625</u>



Element K India Private Limited
Schedules Forming Part of Accounts

SCHEDULE-3

FIXED ASSETS

Description of Fixed Assets	(Amount in Rs.)									
	Gross Block			Depreciation			Net Block			
	Cost as at 31.03.2010	Additions	Deletions	Cost as at 31.03.2011	Upto 31.03.2010	For the year	Withdrawn	Upto 31.03.2011	As at 31.03.2011	
Tangible										
Computers	23,647,489	3,177,151	-	26,824,640	20,990,206	1,690,984	-	22,681,190	4,143,450	2,657,283
Office equipments	3,746,378	97,633	-	3,844,011	3,672,403	85,736	-	3,758,139	85,872	73,975
Lease Hold Improvements	6,860,017	-	-	6,860,017	6,860,017	-	-	6,860,017	-	-
Furniture & Fixtures	6,755,424	-	-	6,755,424	6,416,409	180,248	-	6,596,657	158,767	339,015
Intangible										
Software	3,330,692	1,296,306	-	4,626,998	2,513,937	783,703	-	3,297,640	1,329,358	816,755
Total	44,340,000	4,571,090	-	48,911,090	40,452,972	2,740,671	-	43,193,643	5,717,447	3,887,028
Previous Year	42,678,651	1,661,349	-	44,340,000	38,100,987	2,351,985	-	40,452,972	-	-



Element K India Private Limited
Schedules Forming Part of Accounts

	As At March 31, 2011 (Rs.)	As At March 31, 2010 (Rs.)
SCHEDULE 4		
SUNDRY DEBTORS (Unsecured- considered good)		
Debts outstanding for a period over six months	29,785,440	33,785,660
Other Debts	75,392,272	65,878,882
	<u>105,177,712</u>	<u>99,664,542</u>
SCHEDULE 5		
CASH AND BANK BALANCES		
Cash on Hand	1,154	776
Balances with Scheduled Banks in :		
- On Current Accounts	4,357,508	907,297
- On Deposit Account	298,597	298,597
	<u>4,657,259</u>	<u>1,206,670</u>
SCHEDULE 6		
OTHER CURRENT ASSETS (Unsecured- considered good)		
Interest Accrued on Deposits	66,127	36,414
	<u>66,127</u>	<u>36,414</u>



Element K India Private Limited
Schedules Forming Part of Accounts

	As At March 31, 2011 (Rs.)	As At March 31, 2010 (Rs.)
SCHEDULE 7		
LOANS AND ADVANCES (Unsecured- considered good)		
Advances recoverable in cash or in kind or for value to be received	3,245,149	2,631,476
Deposits	5,044,117	4,699,842
Tax Paid under protest	1,805,680	1,805,680
Advance Income tax (Net of Provision for income tax Rs.15,188,445 , Previous Year Rs.12,263,445)	1,226,503	169,440
Advance Fringe benefit tax (Net of Provision for Fringe Benefit Tax Rs.33,83,894, Previous Year Rs.33,83,894)	870,596	870,596
	<u>12,192,045</u>	<u>10,177,034</u>
SCHEDULE 8		
CURRENT LIABILITIES		
Sundry Creditors (other than Micro and Small Enterprises - Also refer Note 13 on Schedule 13)	8,579,240	6,984,834
Other Liabilities	1,915,535	1,519,109
	<u>10,494,775</u>	<u>8,503,943</u>
SCHEDULE-9		
PROVISIONS		
Provision for Leave Encashment and Compensated absence for sickness	9,711,000	10,674,000
Provision for Gratuity	3,744,000	3,591,000
	<u>13,455,000</u>	<u>14,265,000</u>



Element K India Private Limited
Schedules Forming Part of Accounts

	Year ended March 31, 2011 (Rs.)	Year ended March 31, 2010 (Rs.)
SCHEDULE 10		
OTHER INCOME		
Interest on Deposits (Tax deducted at source Rs.3,302 (Previous Year - Rs. 3,034)	33,015	30,338
Gain on Exchange Fluctuation (Net)	4,236	-
Miscellaneous income	-	6,500
	<u>37,251</u>	<u>36,838</u>
SCHEDULE 11		
EMPLOYEE COSTS		
Salaries and Other Benefits	85,701,278	83,331,551
Contribution to Provident and Other Funds	4,250,313	3,703,812
Staff Welfare Expenses	5,089,848	2,939,976
	<u>95,041,439</u>	<u>89,975,339</u>



Element K India Private Limited

Schedules Forming Part of Accounts

	Year ended March 31, 2011 (Rs.)	Year ended March 31, 2010 (Rs.)
SCHEDULE 12		
OTHER EXPENSES		
Rent	9,285,316	8,516,563
Consumables	286,638	228,600
Purchase of courseware	494,589	-
Electricity Charges	5,368,944	4,856,098
Communication	1,404,699	1,547,188
Printing & Stationery	632,733	140,813
Professional Charges	12,023,340	6,200,796
Travelling Expenses	1,465,810	1,270,342
Insurance	46,666	49,037
Repairs and Maintenance -Others	4,666,957	4,078,205
Loss on exchange fluctuations (Net)	-	3,130
Miscellaneous Expenses	867,110	962,908
	36,542,802	27,853,680



ELEMENT K INDIA PRIVATE LIMITED
SCHEDULES FORMING PART OF ACCOUNTS

Schedule-13

Notes to Accounts

1. Significant Accounting Policies:

1.1 Basis of preparation of financial statements

The financial statements are prepared under historical cost convention, on accrual basis of accounting to comply with the accounting standards prescribed in the Companies (Accounting Standards) Rules, 2006 and with the relevant provisions of the Companies Act, 1956.

1.2 Use of Estimates

The preparation of the financial statements in conformity with the generally accepted accounting principles requires the management to make estimates and assumptions that affect the reported amount of assets, liabilities, revenues and expenses and disclosure of contingent liabilities as on the date of the financials statements. The estimates and assumptions used in the accompanying financial statements are based upon the management's evaluations of the relevant facts and circumstances as of the date of the financial statements. Actual result could differ from these estimates.

1.3 Fixed Assets and depreciation

Fixed assets are stated at actual cost less accumulated depreciation. Cost includes taxes, duties, freight and other incidental expenses related to acquisition and installation.

Depreciation on fixed assets is computed on the straight line method over their estimated useful lives as detailed below:

- Computers - 3 years.
- Office equipment and Furniture and fixture - 5 years.
- Software - 3 years
- Leasehold Improvements are depreciated over a period of 5 years or lease period whichever is lower.

In respect of additions and deletions, depreciation charge is restricted to the period of use. Assets costing individually upto Rs.5,000/- are fully depreciated in the year of addition.

Impairment

Consideration is given at each Balance Sheet date to determine whether there is any modification or impairment of the carrying amount of the fixed assets. If any condition exists, an asset's recoverable amount is estimated. An impairment loss is recognized whenever the carrying amount of any asset exceeds its recoverable amount.



ELEMENT K INDIA PRIVATE LIMITED
SCHEDULES FORMING PART OF ACCOUNTS

1.4 Revenue Recognition

Revenue from services is recognised on rendering of the related service as per the terms of the contract with the customers.

1.5 Employee Benefits

(a) Short Term

Short term employee benefits are recognized as expense as per the Company's Scheme based on expected obligation.

(b) Post Retirement

Post Retirement Benefits comprise of Provident Fund and Gratuity which are accounted as follows:

(i) Provident Fund

This is a defined contribution plan and contributions made to the fund, in accordance with the applicable rules/statutes, are charged to revenue. The Company has no further obligations for future provident fund benefits other than the contributions made to the fund.

(ii) Gratuity

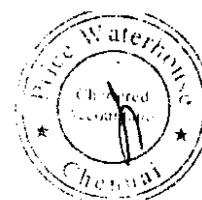
This is a defined benefit plan. Gratuity liability is charged to the Profit & Loss account based on actuarial valuation using Projected Unit Credit Method. Actuarial Gains and Losses comprising of experience adjustments and the effects of changes in actuarial assumptions, are recognized immediately in the Profit and Loss account as income or expense.

(c) Long Term

Long Term employee benefits represent leave encashment and compensated absence for sickness which is provided for based on actuarial valuation using Projected Unit Credit Method.

1.6 Taxation

Provision for current tax is made based on the liability computed in accordance with the relevant tax rates and tax laws. Provision for deferred tax is made for all timing differences arising between the taxable incomes and accounting income at the tax rates enacted or substantively enacted by the balance sheet date. Deferred tax assets are recognised only if there is a virtual certainty that they will be realised and are reviewed for the appropriateness of their respective carrying values at each balance sheet date.



ELEMENT K INDIA PRIVATE LIMITED
SCHEDULES FORMING PART OF ACCOUNTS

1.7 Foreign Currency Transactions

Foreign Currency transactions are recorded at the exchange rates prevailing on the date of transaction. At the year-end, all monetary assets and liabilities denominated in foreign currency are restated at the closing exchange rates. Exchange differences arising on actual payments / realizations from the years-end restatement referred to above are dealt with in the profit and loss account.

2. Other Financial Information

Particulars	As at March 31, 2011	As at March 31, 2010
	Rs.	Rs.
Bank Guarantees	298,597	298,597

3. Transfer Pricing:

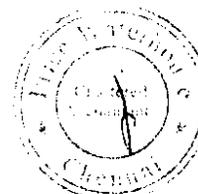
A study on transfer pricing under the provision of the Indian Income Tax Act, 1961 relating to the transaction with the company's overseas associates has been initiated. The impact, if any, arising out of such study has not been recognized in these accounts pending completion of the study. However, a similar study carried out for the financial year ended March 31, 2010 has not revealed any adjustments required to be made in the computation of income.

4. Expenditure in Foreign Currency

Particulars	Year ended March 31, 2011	Year ended March 31, 2010
	Rs	Rs
Travel and Conveyance	363,192	199,698
Software expenses	-	60,739
Courseware	494,589	-
Annual Maintenance Contract Charges	-	87,862
Others	-	5,334

5. Earnings in Foreign Currency

Particulars	Year ended March 31, 2011	Year ended March 31, 2010
	Rs	Rs
Service Income	147,761,229	138,208,157



ELEMENT K INDIA PRIVATE LIMITED
SCHEDULES FORMING PART OF ACCOUNTS

6. CIF Value of Imports

Particulars	Year ended March 31, 2011	Year ended March 31, 2010
	Rs	Rs
Capital goods	3,218,864	1,269,368

7. Related Party Transactions:

A) List of Related Parties where control exists:	
Ultimate Holding Company	NIIT Limited
Holding Company of Element K Corporation, USA	NIIT Ventures Inc, USA
Holding Company	Element K Corporation, USA

The Company is a fully owned Subsidiary of Element K Corporation, a US based Company.

B) The above information regarding related parties has been determined to the extent parties have been identified on the basis of information available with the Company

C) Details of transactions with related parties during the year:

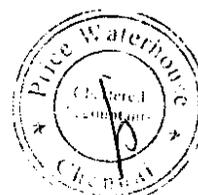
Particulars	Holding Company		Ultimate Holding Company	
	2011 Rs	2010 Rs	2011 Rs	2010 Rs
(i) Transactions during the year				
Service Income	147,761,229	138,208,157	50,328	-
Purchase of courseware	494,589	-	-	-
Expenses incurred by the Company on behalf of the related party	11,030	30,000	-	-
(ii) Closing Balances				
Receivable	105,160,674	99,664,542	12,709	-
Payable	494,589	-	-	-



ELEMENT K INDIA PRIVATE LIMITED
SCHEDULES FORMING PART OF ACCOUNTS

8. Earnings per share

Particulars	Year ended March 31, 2011	Year ended March 31, 2010
Net Profit after tax as per profit and loss account (Rs.)	11,158,070	14,593,991
Number of equity shares of Rs. 10/- each outstanding.	32,012	32,012
Basic earnings per share of Rs 10/- each (Rs.)	348.56	455.89



ELEMENT K INDIA PRIVATE LIMITED
SCHEDULES FORMING PART OF ACCOUNTS

9. Deferred Tax

The composition of net deferred tax assets as at March 31, 2011 is as follows:

	As at 31 st March 2011 (Rs)	As at 31 st March 2010 (Rs)
Difference between book and tax written down value of fixed assets	1,700,000	2,200,000
Net Deferred Tax Assets	1,700,000	2,200,000

10. The Company is engaged in the development of courseware and multimedia design related to web based e-learning courses. Since this process does not involve as such of any consumption of raw materials, the quantitative and other information relating to consumption, production, turnover, etc. have not been given in the accounts.

11. Segment reporting:

The Company is engaged in single business segment i.e. development of courseware and multimedia design related to web based e-learning courses. Accordingly, there are no separate reportable segments as per the Accounting Standard 17 on Segment reporting.

12. Auditors Remuneration

Particulars	Year ended March 31, 2011	Year ended March 31, 2010
	Rs	Rs
Audit fees	300,000	300,000
Tax Audit	40,000	40,000
Other Services	50,000	50,000
Reimbursement of expenses	11,000	23,800

13. As at March 31, 2011 there is no interest payable to Micro and Small Enterprises as defined under the Micro Small and Medium Enterprises Development Act, 2006. This information and that disclosed under schedule 8 have been determined to the extent such parties have been identified on the basis of information available with the Company.



ELEMENT K INDIA PRIVATE LIMITED
SCHEDULES FORMING PART OF ACCOUNTS

14. Employee Benefits as per AS -15 (Revised)

a) Details of Actuarial Valuation of Gratuity

Particulars	2011 (Rs.)	2010 (Rs.)
Change in Present value of Benefit Obligation:		
Present value of obligation as at the beginning of the year	3,591,000	3,850,050
Interest cost	231,410	290,250
Current service cost	904,800	837,390
Benefits paid	(1,397,590)	(443,740)
Actuarial (gain)/loss on obligation	414,380	(942,950)
Present value of obligation as at the end of the year	3,744,000	3,591,000
Amounts recognised in the Balance Sheet:		
Present value of the obligation at the end of the year	3,744,000	3,591,000
Fair value of plan assets	-	-
Funded status of the plan – (assets)/liability	-	-
Net Liability recognised in the balance sheet	3,744,000	3,591,000
Amounts recognised in the statement of Profit and Loss:		
Current service cost	904,800	837,390
Interest cost	231,410	290,250
Expected return on plan assets	-	-
Net actuarial (gain)/loss recognised in the year	414,380	(942,950)
Expense recognized in the statement of profit and loss	1,550,590	186,490
Principal Actuarial Assumptions:		
Discount rate	8%	8%
Expected rate of salary increase	5%	5%

Liabilities of defined benefit obligations with regard to gratuity as at the balance sheet are not funded by the Company.

b.) Details of Actuarial Valuation of Leave encashment and Compensated absence for sickness:

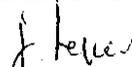
Particulars	2011	2010
Discount rate	8%	8%
Expected rate of salary increase	10%	10%



ELEMENT K INDIA PRIVATE LIMITED
SCHEDULES FORMING PART OF ACCOUNTS

15. Previous year's figures have been re-classified and re-grouped wherever necessary to conform to the current year's presentation.

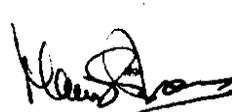
For Price Waterhouse
Firm Registration number – 301112E
Chartered Accountants


J Sekar
Partner
Membership Number - F23800

Chennai
April 29, 2011


Director

P. RAJENDRAN
DIN - 00042531


Director

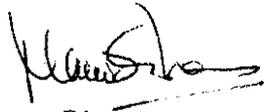
MARISH MOHAN
DIN - 03056284.

Element K India Private Limited

Balance Sheet Abstract and Company's General Business profile as required in Part IV of Schedule VI to the Companies Act, 1956 :

I Registration Details	
Registration No.	55-179247
State Code No.	55
Balance Sheet Date	March 31, 2011
II Capital Raised during the Year : Rs. (in 000's)	
Public Issue	Nil
Rights Issue	Nil
Bonus Issue	Nil
Private Placement	Nil
III Position of Mobilisation & Deployment of Funds Rs.(In 000's)	
Total Liabilities	129,511
Total Assets	129,511
Sources of Funds -	
Paid Up Capital	320
Reserves & Surplus	105,241
Application of Funds -	
Net Fixed Assets	5,718
Deferred tax asset	1,700
Net Current Assets	98,143
IV Performance of Company (Rs.in 000's)	
Turnover/Other Income	148,908
Total Expenditure	134,325
Profit/Loss before Tax	14,583
Profit/Loss after Tax	11,158
Earning per Share (Rs.) -	348.56
Dividend Rate (%)	-
V Generic Names of principal product of company (as per monetary terms)	
Item Code No. (HC Code)	852490
Product Description	Software Development


Director


Director