

GHOSH KHANNA & CO.

CHARTERED ACCOUNTANTS

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E-mail: gkc@vsnl.com website: www.gkcindia.com

AUDITOR'S REPORT

TO THE MEMBERS OF NIIT ONLINE LEARNING LIMITED

1. We have audited the attached Balance Sheet of **NIIT ONLINE LEARNING LIMITED** as at March 31, 2011 and also the Profit and Loss Account of the Company for the year ended on that date annexed thereto both of 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 auditing standards generally accepted in India. These 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. In our opinion and to the best of our information and according to the explanations given to us, the said accounts together with notes thereto and statement on significant Accounting policies give in the prescribed manner the information required by the Act, and also give, a true and fair view in conformity with the accounting principles generally accepted in India.
 - a) In the case of the Balance Sheet, of the state of affairs of the company as at March 31, 2011 and
 - b) In the case of the profit and Loss account, of the Loss for the period ended on the date.
4. Further to our comments 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.



Branches:

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- c) The Balance Sheet and Profit and Loss account dealt with by this report are in agreement with the books of account.
5. In our opinion, these accounts have been prepared in compliance with the applicable accounting standards referred to in sub-section (3C) of Section 211 of the Act; Attention is drawn to Point No. 3 of Schedule 8 regarding the basic of accounting assumption of going concern.
6. On the basis of written representations received from the Directors as on March 31, 2011 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2011 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act; 1956.
7. As required by the Companies (Auditor's report) (Amendment) Order, 2004 issued by the Department of Company Affairs in term of sub-section (4A) of Section 227 of 'the Companies Act, 1956 of the India (the 'Act) and on the basis of such checks as we considered appropriate and according to the information and explanations given to us, we further report that
- i. a) Company has maintained proper records to show full particulars including quantitative details and situation of fixed assets.
Presently, the company is not having any Fixed Assets.
- b) There has been no substantial sale of assets during the period.
- ii. a) The company does not have any stock.
- iii. The company has not taken any loans from companies, firm or other parties listed in the register maintained under section 301 of the Companies Act.
- iv. The company has not granted loans to companies, firms or other parties listed in the register maintained under section 301 of the companies Act, 1956.
- v. There is an adequate internal control procedure, commensurate with the size of the company and the nature of its business, for purchase of plant and machinery, equipment and similar assets and for the sale of goods. During the course of our audit, we have not observed any continuing failure to correct the major weakness in internal controls.
- vi. Based on the audit procedures applied by us and as per the information and explanations provided by the management, we are of the opinion that the transactions that need to be entered in the register maintained under section 301 have been so entered.



- vii. The company does not have any purchase of goods and material and sale of goods, material and services in pursuance of contracts or arrangements entered in the register maintained u/s 301 of the Companies Act, 1956 aggregating during the year to Rs. 5 Lacs or more in respect of each party.
- viii. The company's present internal audit system is commensurate with its size and nature of business.
- ix. The Central Government has not prescribed u/s 209(1) of the Companies Act, 1956 for maintenance of cost records.
- x. The company has regularly deposited, during the year Provident Fund, Income Tax, Wealth Tax, Custom Duty, Cess and other undisputed statutory dues with the appropriate authorities in India except Sales Tax, Value Added Tax and Fringe Benefit Tax. As at the last day of financial year there were no arrears of outstanding undisputed statutory dues for a period of more than six month form the date they became payable.
- xi. According to the information and explanation given to us, there are no dues of Provident Fund, Income Tax, Wealth Tax, Sales Tax, Customs Duty and Excise Duty and cess, which have not been paid on account of any dispute.
- xii. The company has not accepted any deposits to which the provisions of Section 58-A of Companies Act, 1956 are applicable.
- xiii. All other provisions of the Order are not applicable to the Company.

**For Ghosh Khanna & Co.,
Firm Regn.No.003366N
Chartered Accountants**



**Amit Mittal
(Partner)**

M. No. 508748

**Place: Gurgaon
Date: April 29, 2011**



**NIIT ONLINE LEARNING LIMITED
BALANCE SHEET
AS AT 31ST MARCH, 2011**

	Schedule No./ (Note Reference)	AS AT 31ST MARCH 2011 (Rs.)	AS AT 31ST MARCH 2010 (Rs.)
SOURCES OF FUNDS			
SHAREHOLDERS' FUND			
PAID UP CAPITAL	1	4,387,998	4,387,998
RESERVES & SURPLUS	2	1,244,539	1,395,447
TOTAL		<u><u>5,632,537</u></u>	<u><u>5,783,445</u></u>
APPLICATION OF FUNDS			
FIXED ASSETS	3	3,836,865	4,212,106
CURRENT ASSETS, LOANS & ADVANCES			
CURRENT ASSETS			
CASH & BANK BALANCES	4	482,424	292,609
DEBTS & ADVANCES	5	<u>1,364,538</u>	<u>1,364,538</u>
		1,846,962	1,657,147
CURRENT LIABILITIES & PROVISIONS			
CURRENT LIABILITIES	6	<u>51,290</u>	<u>85,808</u>
TOTAL CURRENT ASSETS		1,795,672	1,571,339
TOTAL		<u><u>5,632,537</u></u>	<u><u>5,783,445</u></u>
DEFERRED TAXES TO ACCOUNTS	9		

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

As at the Balance Sheet referred to in our report of even date

GHOSH KHANNA & CO.
Registration No. : 003366N
Chartered Accountants

(Signature)
Mittal

Membership No.- 508748

Gurgaon
April 29, 2011

(Signature)
Rajendra S Pawar
Director
DIN - 00042516

(Signature)
Udai Singh
Director
DIN - 02778939



**NIIT ONLINE LEARNING LTD.
PROFIT & LOSS ACCOUNT
FOR THE YEAR ENDED 31ST MARCH, 2011**

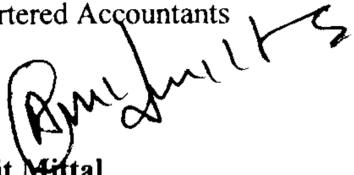
	Schedule No./ (Note Reference)	Year Ended 31st March 2011 (Rs.)	Year Ended 31st March 2010 (Rs.)
INCOME			
OTHER INCOME	7	129,160	112,106
TOTAL		<u>129,160</u>	<u>112,106</u>
EXPENDITURE			
ADMINISTRATION AND OTHERS	8	280,068	516,414
TOTAL		<u>280,068</u>	<u>516,414</u>
PROFIT/(LOSS) BEFORE TAX		<u>(150,908)</u>	<u>(404,308)</u>
PROFIT/(LOSS) BEFORE TAX DURING THE YEAR		<u>(150,908)</u>	<u>(404,308)</u>
BALANCE BROUGHT FORWARD FROM PREVIOUS YEAR		<u>1,395,447</u>	<u>1,799,755</u>
BALANCE CARRIED OVER TO BALANCE SHEET		<u>1,244,539</u>	<u>1,395,447</u>
Basic/Diluted Earnings/(Loss) per share (Refer Note 6 of Schedule 9)		(0.03)	(0.09)

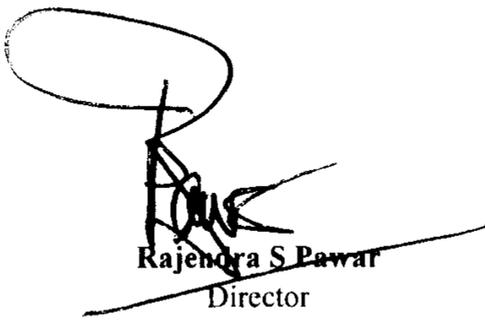
NOTES TO ACCOUNTS

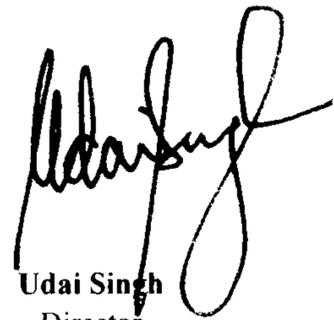
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The Schedules referred to above form an integral part of the Profit & Loss Account
This is the Profit and Loss Account referred to in our report of even date

For **GHOSH KHANNA & CO.**
Firm Registration No. : 003366N
Chartered Accountants


Amit Mittal
Partner
Membership No.- 508748


Rajendra S Pawar
Director
DIN - 00042516


Udai Singh
Director
DIN - 02778939

Place : Gurgaon
Dated : April 29, 2011

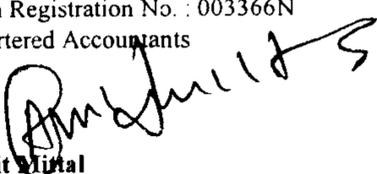


NIIT ONLINE LEARNING LIMITED
CASH FLOW STATEMENT
FOR THE YEAR ENDED 31ST MARCH 2011

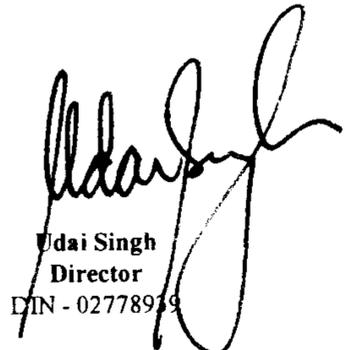
	Year Ended 31st March 2011 (Rs.)	Year Ended 31st March 2010 (Rs.)
A. Cash flow from operating activities :		
Net Profit before tax	(150,908)	(404,308)
Adjustment for:		
Interest Income	-	-
Profit on sale of Investments in Mutual Funds	(124,759)	(112,106)
Operating profit before working capital changes	(275,667)	(516,414)
Adjustments for changes in working capital :		
- (DECREASE)/INCREASE in Trade and Other Payables	(34,518)	331
Net cash used in operating activities (A)	(310,185)	(516,083)
B. Cash flow from Investing activities :		
Interest on Income Tax Refund of earlier year	-	-
Sale Proceeds of Investment (Mutual Fund)	500,000	500,000
Purchase of Investment (Mutual Fund)	-	-
Interest Received (Short term Investment)	-	-
Net cash from investing activity (B)	500,000	500,000
C. Cash flow from Financing activities :	(C)	-
Net Increase in Cash & Cash Equivalents (A+B+C)	189,815	(16,083)
Cash & cash equivalents as at the beginning of the year (Refer Note 1 below)	292,609	308,692
Cash and cash equivalents as at the end of the year (Refer Note 1 below)	482,424	292,609
	Year Ended 31st March 2011 (Rs)	Year Ended 31st March 2010 (Rs.)
Notes :		
1 Cash and cash equivalents comprise of		
Cash in hand	1,752	1,752
Balance with scheduled Banks	480,672	290,857
	<u>482,424</u>	<u>292,609</u>

- 2 The above Cash flow statement has been prepared under the indirect method as set out in Accounting Standard - 3, "Cash Flow Statements" issued by Institute of Chartered Accountants of India.
- 3 Previous year figures have been regrouped and recast wherever necessary to conform to the current year's classification.
- 4 The Schedule nos. 1 to 9 forms an integral part of the Cash flow Statement
- 5 This is the Cash Flow Statement referred to in our report of even date.

For **GHOSH KHANNA & CO.**
Firm Registration No. : 003366N
Chartered Accountants


Amit Mittal
Partner
Membership No.- 508748


Rajendra S Pawar
Director
DIN - 00042516


Uday Singh
Director
DIN - 02778919

Place : Gurgaon
Dated : April 29, 2010



NIIT ONLINE LEARNING LTD.
SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET
AS AT 31ST MARCH, 2011

SCHEDULE NO.		AS AT 31ST MARCH 2011 (Rs.)	AS AT 31ST MARCH 2010 (Rs.)
1	SHARE CAPITAL		
	Authorised		
	150,000,000 Equity Shares of Re. 1/- each	150,000,000	150,000,000
	350,000,000 8.5% Cumulative Redeemable Preference Shares of Re 1/-each	350,000,000	350,000,000
		<u>500,000,000</u>	<u>500,000,000</u>
	Issued, Subscribed and Paid Up		
	4,387,998 Equity Shares of Rs. 1/- each fully Paid up [Includes 3,949,175 Equity Shares of Rs. 1/- each held by Holding Company NIIT Limited]	4,387,998	4,387,998
	(Previous Year 4,387,998 Equity Shares of Re 1/-each fully Paid up [Includes 3,949,175 Equity Shares of Re 1/-each held by Holding Company, NIIT Limited])		
		<u>4,387,998</u>	<u>4,387,998</u>
2	RESERVE & SURPLUS		
	Profit & Loss Account		
	As per last Balance Sheet	1,395,447	1,799,755
	Add/(Less) : Profit / (Loss) during the year	(150,908)	(404,308)
		<u>1,244,539</u>	<u>1,395,447</u>
3	INVESTMENTS (Non Trade Investments [Unquoted]) AT COST [Refer Note 1(ii) & 4 of Schedule 8]		
	21,659 Units of PRU ICICI Liquid Growth Option (Fair Market Value Rs 5,101,394/- as on March 31, 2011) (Previous year 23,822 Units of PRU ICICI Liquid Growth Option (Fair Market Value Rs.5,303,885/- as on March 31, 2010)	3,836,865	4,212,106
		<u>3,836,865</u>	<u>4,212,106</u>
4	CASH AND BANK BALANCES		
	Cash in hand	1,752	1,752
	Balances with Scheduled Banks - in Current Accounts	480,672	290,857
		<u>482,424</u>	<u>292,609</u>
5	LOANS AND ADVANCES [Unsecured, considered good]		
	Tax Deducted at Source	925,741	925,741
	Unsecured Loan to ESOP Trust	438,797	438,797
		<u>1,364,538</u>	<u>1,364,538</u>
6	CURRENT LIABILITIES (Refer Note 8 on Schedule 9)		
	Sundry Creditors [Amount due to micro and small enterprises Rs. Nil (Previous Year Rs. Nil)]	47,230	77,796
	Other Liabilities	4,060	8,012
		<u>51,290</u>	<u>85,808</u>



NIIT ONLINE LEARNING LTD.
SCHEDULES ANNEXED TO AND FORMING PART OF THE PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31ST MARCH, 2011

SCHEDULE NO.		Year Ended 31st March 2011 (Rs.)	Year Ended 31st March 2010 (Rs.)
7	OTHER INCOME (Refer Note 1(iii) and 4 on Schedule 9)		
	Profit on sale of Investments (Mutual Fund)	124,759	112,106
	Miscellaneous Income	4,401	-
		<u>129,160</u>	<u>112,106</u>
8	ADMINISTRATION AND OTHERS (Refer Note 2 on Schedule 9)		
	Legal & Professional Expenses	257,952	494,298
	Sundry Expenses	56	56
	Audit Fees	22,060	22,060
		<u>280,068</u>	<u>516,414</u>



NIIT ONLINE LEARNING LIMITED
SCHEDULE 9: Notes to accounts for the year ended 31st March, 2011

1) STATEMENT ON SIGNIFICANT ACCOUNTING POLICIES

These financial statements are prepared on an accrual basis, under historical cost convention and in compliance in all material aspects with the applicable accounting principles in India, the applicable accounting standards notified u/s 211(3C) of the Companies Act, 1956 and the relevant provisions of the Companies Act, 1956. The significant accounting policies adopted by the Company are detailed below:

(i) Fixed Assets and Depreciation

Fixed assets are stated at cost of acquisition. "Cost" comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use and includes pre-operative expenses and financing costs attributable to construction or acquisition of fixed assets up to the period when the assets are ready to be put to commercial use.

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

Computers, related accessories (included in Plant and Machinery)	2-5 years
Software (Courseware and products) and Patents	3 – 5 years
Furniture and fixtures & Electric Fittings	7 years
Electronic & Office equipments	8 years
Air Conditioners	10 years
Leasehold Improvements	3 years or lease period whichever is less.
Assets acquired under Lease (included under Plant & Machinery and Furniture & Fixtures)	Lease period
All other assets	Rates prescribed under schedule XIV to the Companies Act, 1956

However, in the current year, the company has no depreciable fixed assets and accordingly there is no charge to Profit & Loss Account.

(ii) Investments

Short-term investments are carried at cost or market value whichever is lower. Any diminution in the value of Investments is provided for during the year.

(iii) Revenue Recognition

Revenue is recognised on accrual basis. Income from Sale of Investments (Mutual Fund) is recognised at the time sale.

2) Payment to Auditors

Particulars	Year ended 31 st March 2011	Year ended 31 st March 2010
Audit Fees	15,000/-	15,000/-
Others	5,000/-	5,000/-
Reimbursement of Expenses (Including Service Tax)	2,060/-	2,060/-



NIIT ONLINE LEARNING LIMITED
SCHEDULE 9: Notes to accounts for the year ended 31st March, 2011

- 3) Pursuant to the sale of main business of the company to the NIIT, the company has not yet undertaken any further business activity. Due to this reason, basic assumption of going concern of the company becomes doubtful. The management is not contemplating liquidation and is evaluating business options though at present there is no concrete plan, but have represented that they shall take up suitable business at an opportune time. The assets and liabilities of the Company are stated at realizable value and thus no further adjustments to the same are considered necessary.

4) **Details of Mutual Funds:**

Scheme	No. of Unit at the beginning of the year	Opening value (Rs.)	No. of Unit Purchased	Purchase Value (Rs.)	No. of Units Sold	Sale Value (Rs.)	No. of unit at the end	Value of units in hands at the year end at lower of cost or market value (Rs.)	Market value of units in hand
PRU ICICI Liquid plan – Growth*	23,822 (26,106)	4,212,106 (4,600,000)	NIL (NIL)	NIL (NIL)	2,163 (2,284)	500,000 500,000	21,659 (23,822)	3,836,865 (4,212,106)	5,101,394 (5,303,885)
Total	23,822	4,212,106	NIL	NIL	2,163	500,000	21,659	3,836,865	5,101,394
<i>Previous year*</i>	<i>26,106</i>	<i>4,600,000</i>	<i>NIL</i>	<i>NIL</i>	<i>2,284</i>	<i>500,000</i>	<i>23,822</i>	<i>4,212,106</i>	<i>5,303,885</i>

Note: Since the Face Value of Units had been changed from Rs. 10 per unit to Rs. 100 per unit, therefore Number of Units has been changed in the Previous year.

Previous year figures are given in parenthesis.

5) **RELATED PARTY TRANSACTIONS AS PER ACCOUNTING STANDARD 18:**

A. Related party relationship where control exists:

Holding Company - NIIT Limited

B. Fellow Subsidiaries:

1. Scantech Evaluation Services Ltd.
2. Hole-in-the-Wall Education Ltd
3. Neo Multimedia Limited (Formerly known as NIIT Multimedia Limited) (upto March 30, 2011)
4. NIIT Institute of Finance Banking and Insurance Training Ltd
5. NIIT Institute of Process Excellence Limited
6. Evolv Services Limited
7. NIIT Ltd, UK
8. NIIT Antilles NV, Netherlands Antilles
9. NIIT Malaysia Sdn. Bhd, Malaysia
10. NIIT GC Ltd (formerly NIIT TVE Ltd), Mauritius
11. NIIT China (Shanghai) Limited, Shanghai
12. NIIT Wu Xi Service Outsourcing Training School
13. Chongqing NIIT Education Consulting Limited, China
14. Wu Xi NIIT Information Technology Consulting Limited.
15. Changzhou NIIT Information Technology Consulting Limited
16. Su Zhou NIIT Information Technology Consulting Ltd (w.e.f. April 28, 2010)
17. PCEC NIIT Institute of Information Technology, Shanghai, (Liquidated in April, 2010)
18. NIIT (USA) Inc, USA



NIIT ONLINE LEARNING LIMITED
SCHEDULE 9: Notes to accounts for the year ended 31st March, 2011

19. NIIT Ventures Inc, USA
20. Element K Corporation, USA
21. Element K India Private Limited, India
22. Element K (UK) Limited, United Kingdom
23. Element K, Canada
24. PT NIIT Indonesia, Indonesia (Under liquidation)

C. Detail of transactions with related parties described above carried out on an arm's length basis:

During the year No transaction was entered into by the Company with any of the Related Party described above.

D. Detail of outstanding balances with related parties:

There is No balance outstanding with related parties as on March 31, 2011.

6) Earnings Per Share

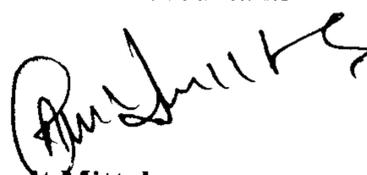
Particulars	Year ended 31 st March 2011	Year ended 31 st March 2010
Profit /(Loss) attributable to Equity shareholders (Rs.) -(A)	(150,908)	(404,308)
Weighted Average number of Equity shares Outstanding during the year (Nos.)- (B)	4,387,998	4,387,998
Nominal Value of Equity Shares (Rs.) (C)	1/-	1/-
(D) Basic/Diluted Earnings/(Loss) per share (Rs) (A/B)	(0.03)	(0.09)

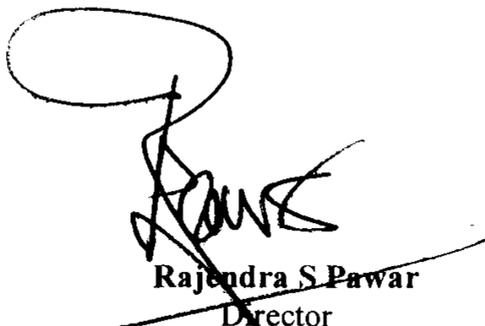
Notes: There are no potential dilutive shares as at the year-end. Accordingly, basic and diluted Earnings per share are the same.

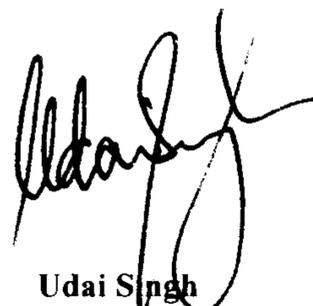
- 7) Deferred Tax Assets has not been recognised on account of prudence.
- 8) Amounts outstanding as payable to any Micro and Small Enterprises as at 31st March 2011 is Rs. Nil (Previous year Rs. Nil).
- 9) Previous year figures have been regrouped/ recast wherever necessary to conform to current year's classification.

Signature to the schedule `1' to `9' above.

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


Amit Mittal
 Partner
 Membership No.- 508748


Rajendra S Pawar
 Director
 DIN - 00042516


Udai Singh
 Director
 DIN - 02778939

Place: Gurgaon
Date : April 29, 2011



BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

REGISTRATION DETAILS

Registration No. State Code
 Balance Sheet Date

CAPITAL RAISED DURING THE YEAR (AMOUNT IN Rs. THOUSANDS)

Public Issue Right Issue
 Bonus Issue Private Placement

POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS (AMOUNT IN Rs. THOUSANDS)

Total Liabilities Total Assets

SOURCES OF FUNDS

Paid up Capital Reserves & Surplus
 Employee Stock option outstanding Secured Loans
 Unsecured Loans

APPLICATION OF FUNDS

Net Fixed Assets Investments
 Deferred Tax Asset (Net) Net Current Assets
 Miscellaneous Expenditure Accumulated Losses

PERFORMANCE OF COMPANY (AMOUNT IN Rs. THOUSANDS)

Turnover Total Expenditure
 Profit/(Loss) before Tax Profit/(Loss) after Tax
 Earning per share (in Rs.) Diluted Earning per share (in Rs.)
 Dividend (%) - Equity

GENERIC NAMES OF THREE PRINCIPAL PRODUCTS/SERVICES OF THE COMPANY (AS PER MONETARY TERMS)

1. Item Code
 Product Description
2. Item Code
 Product Description
3. Item Code
 Product Description

Place : Gurgaon
 Date : April 29, 2011

Rajendra S Pawar
 Director
 DIN-0009516

Udai Singh
 Director
 DIN-02778939



Amey...

Rajendra S Pawar

Udai Singh