

NIIT TECHNOLOGIES INC., USA

**SPECIAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2013**

The Board of Directors
M/s. NIIT Technologies Inc.,
1050 Crown Pointe Parkway,
5th Floor, Atlanta,
GA 30338, U.S.A

Report on special purpose financial statements

1. This report is issued in accordance with the terms of our agreement dated May 15, 2013.
2. We have audited the accompanying special purpose financial statements of NIIT Technologies Inc.(the "Company") which comprise the Balance Sheet as at March 31, 2013, and the Statement of Profit and Loss and Cash Flow statement for the year ended on that date and a Summary of Significant Accounting Policies and other explanatory information, which we have signed under reference to this report.

Management's Responsibility for the Financial Statements

3. Management is responsible for the preparation of these special purpose financial statements in accordance with the Accounting Standard Companies (Accounting Standards) Rules, 2006 notified by the Central Government of India, to the extent considered relevant by it for the purpose for which these special purpose financial statements have been prepared (the "accounting principles generally accepted in India"). The responsibility includes the design, implementation and maintenance of internal control relevant to the preparation of special purpose financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

4. Our responsibility is to express an opinion on these special purpose financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards 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.
5. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the special purpose financial statements. The procedures selected depend on the auditors' 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 auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Management, as well as evaluating the overall presentation of the financial statements.
6. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

7. Based on our audit, 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. The Balance Sheet , Statement of Profit and Loss and Cash flow statement dealt with by this report are in agreement with the books of account;



- c. In our opinion and to the best of our information and according to the explanations given to us, the special purpose financial statements, together with the notes thereon and attached thereto, fairly present, in all material respects, in conformity with the accounting principles generally accepted in India:
- (i) in the case of the Balance Sheet, the state of affairs of the Company as at March 31, 2013;
 - (ii) in the case of the Statement of Profit and Loss, the loss 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.

Emphasis of Matter – Basis of Preparation

8. We draw attention to Note 2.1 to the special purpose financial statements, which describes the basis of its preparation. The special purpose financial statements are not the statutory financial statements of the Company, and are not intended to, and do not, comply with the disclosure provisions applicable to statutory financial statements prepared under the Companies Act, 1956, as those are considered irrelevant by the Management and the intended users of the special purpose financial statements for the purposes for which those have been prepared. Our opinion is not qualified in respect of this matter.

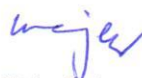
Other Matter

9. The special purpose financial statements dealt with by this report, have been prepared for the express purpose of and use of management and the Board of Directors in their preparation of the Consolidated Financial Statements of the Parent Company. The Consolidated Financial Statements of the Parent Company is required to be audited in order to comply with Clause 32 of the Listing Agreement.

Restriction on Use

10. Our obligations in respect of this report are entirely separate from, and our responsibility and liability is in no way changed by, any other role we may have as auditors of the Company or otherwise. Nothing in this report, nor anything said or done in the course of or in connection with the services that are the subject of this report, will extend any duty of care we may have in our capacity as auditors of any financial statements of the Company.
11. This report is addressed to the Board of Directors of the Company and has been prepared for and only for the purposes set out in paragraph 9 above. This report should not be otherwise used or shown to or otherwise distributed to any other party or used for any other purpose except with our prior consent in writing. Price Waterhouse neither accepts nor assumes any duty, responsibility or liability to any other party or for any other purpose.

For Price Waterhouse
Firm Registration No. 301112E
Chartered Accountants


Usha Rajeev

Partner
Membership No. 87191


Place: New Delhi
Date: May 17, 2013

NIIT Technologies Inc, USA
Balance Sheet as at 31st March 2013

	Note No.	As At 31st March 2013 US\$		As At 31st March 2012 US\$	
<u>EQUITY AND LIABILITIES</u>					
Shareholder's funds					
Share Capital	3	2,837,887		2,837,887	
Reserves and Surplus	4	<u>12,577,645</u>	15,415,532	<u>12,716,751</u>	15,554,638
Current liabilities					
Trade payables	5	11,423,472		11,591,324	
Other current liabilities	6	260,538		105,846	
Short term provisions	7	<u>306,808</u>	11,990,818	<u>306,920</u>	12,004,090
TOTAL			27,406,350		27,558,728
<u>ASSETS</u>					
Non-current assets					
Fixed assets					
Tangible assets	8	111,418		106,492	
Intangible assets	9	166,974		571	
Non-current investments	10	3,320,003		4,050,003	
Deferred tax assets (net)	11	137,688		413,401	
Long-term loans and advances	12	<u>8,355</u>	3,744,438	<u>8,355</u>	4,578,822
Current assets					
Trade receivables	13	17,796,563		15,016,855	
Cash and Cash equivalents	14	1,702,077		3,926,286	
Short-term loans and advances	15	3,915,636		3,783,573	
Other current assets	16	<u>247,636</u>	23,661,912	<u>253,192</u>	22,979,906
TOTAL			27,406,350		27,558,728


The Notes referred to above form an integral part of the Financial Statements.
This is the Balance Sheet referred to in our report of even date.


For Price Waterhouse
Firm Registration No.: 301112E
Chartered Accountants


Usha Rajeev
Partner
Membership No. 87191

Place : New Delhi
Date : May 17, 2013

For and on behalf of the board of directors


Arvind Thakur
(Director)


Rajendra S Pawar
(Director)

NIIT Technologies Inc., USA
Statement of Profit and Loss for the year ended 31st March, 2013

PARTICULARS	Note No.	Year ended 31st March 2013 US \$	Year ended 31st March 2012 US \$
INCOME			
Revenue from operations	17	120,417,520	110,456,928
Other Income	18	123,448	60,237
Total Revenue		120,540,968	110,517,165
Expenses			
Employee benefits expense	19	6,402,540	6,026,441
Finance costs	20	74,952	21,743
Depreciation and amortization expense	21	97,828	54,064
Development charges	22	106,792,637	98,125,939
Other expenses	23	5,893,422	3,571,646
Total Expense		119,261,379	107,799,833
Profit before tax		1,279,589	2,717,332
Tax expense:			
Current tax (Including US\$ 110,895 (March 31,2012 - Nil) related to earlier year's adjustment)	27	1,142,982	881,994
Deferred tax	11	275,713	(216,769)
(Loss)/Profit for the period from continuing operations		(139,106)	2,052,107
Earnings per equity share: [Nominal Value Per Share US\$ 1 each (March 31, 2012: US\$ 1 each)			
Basic and Diluted (Loss)/Earning Per Share	26	-0.05	0.72

The Notes referred to above form an integral part of the Financial Statements

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

For Price Waterhouse
 Firm Registration No.: 301112E
 Chartered Accountants

Usha Rajeev
Usha Rajeev
Partner
 Membership No. 87191

For and on behalf of the board of directors

Arvind Thakur
Arvind Thakur
(Director)

Rajendra S Pawar
Rajendra S Pawar
(Director)

Place : New Delhi
 Date : May 17, 2013

NIIT Technologies Inc., USA
Cash flow statement for the Year ended 31st March 2013

	Year ended 31st March 2013 US\$	Year ended 31st March 2012 US\$
A. Cash flow from operating activities:		
Net profit before tax	1,279,589	2,717,332
Adjustments for:		
Depreciation and Amortisation Expenses	97,828	54,064
Provision for diminution in value of Investment	730,000	-
Loss on Impairment of Investment in NIIT Healthcare Technologies Inc.	1,101,206	-
Loss on Fixed Assets written off	4,030	-
Bad Debts Provision/Write off	-	30,000
Provision for Leave Encashment	29,718	46,000
Interest Income	(112,185)	(43,791)
	<u>3,130,186</u>	<u>2,803,605</u>
Adjustments for changes in working capital :		
Trade Receivables	(2,779,708)	(1,087,067)
Loan and Advances	(32,063)	2,498
Other current assets	5,557	832,775
Trade and Other Payables	(1,114,366)	3,084,931
	<u>(790,394)</u>	<u>5,636,742</u>
Cash generated from operations		
- Taxes paid	(1,172,812)	(562,557)
Net cash generated from operating activities (A)	<u>(1,963,206)</u>	<u>5,074,185</u>
B. Cash flow from Investing activities:		
Investment in NIIT Healthcare Technologies Inc and NIIT Media Technologies LLC	-	(3,220,000)
Loan to Fellow Subsidiary	(100,000)	(2,150,000)
Purchase of Tangible assets	(273,187)	(55,400)
Sale of Tangible Assets	-	-
Interest income	112,184	19,847
	<u>112,184</u>	<u>19,847</u>
Net cash used in investing activities (B)	<u>(261,003)</u>	<u>(5,405,553)</u>
C. Cash flow from Financing activities:		
Proceeds from short term borrowings		3,220,000
Payment of short term borrowings		(3,220,000)
		<u>-</u>
Net (Decrease) in Cash and Cash Equivalents (A)+(B)+(C)	<u>(2,224,209)</u>	<u>(331,368)</u>
Cash and cash equivalents as at the beginning of the year	3,926,286	4,257,654
Cash and cash equivalents as at the end of the year	<u>1,702,077</u>	<u>3,926,286</u>
Net (Decrease) in Cash and Cash Equivalents	<u>(2,224,209)</u>	<u>(331,368)</u>

NOTES:

1 Cash and cash equivalents comprise of (Refer note :14)
Cheques in Hand 744,387 406,401
Balance with Banks 957,690 3,519,885
1,702,077 3,926,286

2 The above cash flow statement has been prepared under the indirect method set out in Accounting Standard-3 notified u/s 211(3C) of the Companies Act, 1956.

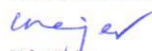
3 The enclosed notes 1 to 30 form an integral part of cash flow statement.

4 Figures in parenthesis indicate cash outflow.

5 Previous year's figures have been regrouped / reclassified to confirm the current year's classification.


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

For Price Waterhouse
Firm Registration No.: 301112E
Chartered Accountants


Usha Rajeev
Partner
Membership No. 87191

Place : New Delhi
Date : May 17, 2013

For and on behalf of the board of directors


Arvind Thakur
(Director)


Rajendra S Pawar
(Director)

NIIT Technologies Inc, U.S.A
Notes to the financial statements

1 General Information

NIIT Technologies Inc (the Company) is a leading IT solutions organization, engaged in Application Development & Maintenance, Managed Services, Cloud Computing and Business Process Outsourcing to organizations in the Financial Services, Insurance, Travel, Transportation & Logistics, Manufacturing & Distribution and Government sectors. The Company delivers services across the continent directly and through its network of subsidiaries.

2 Summary of Statement of Significant Accounting Policies

2.1 Basis of Preparation

These financial statements have been prepared in accordance with the generally accepted accounting principles in India under the historical cost convention on accrual basis. 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]. These financial statements are not the statutory financial statement of the company and have been prepared for the express purpose of and use of management and the Board of Directors in their preparation of the Consolidated Financial Statements of the Ultimate Parent Company.

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle. 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. Changes in accounting policies

During the year ended March 31, 2012, the Company changed its accounting policy in order to comply with the requirements of AS 9: Revenue Recognition, which requires dividend income to be recognised when the right to receive dividend is established.

2.3 Tangible Assets

Tangible Assets are stated at acquisition cost, net of accumulated depreciation and accumulated impairment losses. Losses arising from the retirement of and gains or losses arising from disposal of tangible assets which are carried at cost are recognised in the Statement of Profit and Loss.

2.4 Intangible Assets

Intangible Assets are stated at acquisition cost, net of accumulated amortization and accumulated impairment losses, if any. Intangible assets are amortised on a straight line basis over their estimated useful lives. The amortisation period and the amortisation method are reviewed at least at each financial year end. If the expected useful life of the asset is significantly different from previous estimates, the amortisation period is changed accordingly.



NIIT Technologies Inc, U.S.A

2.5 Depreciation and Amortization

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

Leasehold Land	Over the period of lease
Leasehold Improvements	3 year or lease period whichever is lower
Computers, Related Accessories and Software	2-5 years
Furniture and Fixture	10.5 years

2.6 Impairment of Assets

All assets other than investments and deferred tax assets are reviewed for impairment losses wherever event 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.

2.7 Investments

Long-term investments are valued at their acquisition cost. Any decline in the value of the said investment, other than temporary decline, is recognized and charged to profit and loss account.

2.8 Revenue Recognition

Software Services

The Company derives a substantial portion of its revenue from time and material contracts where the revenue is recognized on a man month basis. The Company also derives revenue from fixed price contracts where revenue is recognized based on proportionate completion method. Foreseeable loss, if any on completion of contract in case of fixed price contract is provided for.

2.9 Employee Benefits

The Company makes defined contributions on a monthly basis towards retirement benefits of the employees, which is charged to the statement of profit and loss account. The Company has no further obligations towards the retirement benefits.

Compensated absences

Liability in respect of compensated absences is provided both for encashable leave and those expected to be availed based on actuarial valuation, which considers undiscounted value of the benefits expected to be paid/availed during the next one year and appropriate discounted value for the benefits expected to be paid/availed after one year.

2.10 Foreign Currency Transactions

Transactions in foreign currency (currency other than company's reporting currency) are booked at standard rates determined periodically which approximate the actual rates, and all monetary assets and liabilities in foreign currency are restated at the year-end. Gain/Loss arising out of fluctuations on realization /payment or restatement is charged / credited to the Statement profit and loss.



NIIT Technologies Inc, U.S.A

2.11 Borrowing Cost

Borrowing costs are expensed in the year in which it is 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 capitalized.

2.12 Current and Deferred tax

Tax expense for the period, comprising current tax and deferred tax, are included in the determination of the net profit or loss for the period. 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 jurisdictions.

Deferred tax is recognised for all the timing differences, subject to the consideration of prudence in respect of deferred tax assets. Deferred tax assets are recognised and carried forward only to the extent that there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. Deferred tax assets and liabilities are measured using the tax rates and tax laws that have been enacted or substantively enacted by the Balance Sheet date. At each Balance Sheet date, the Company reassesses unrecognised deferred tax assets, if any.

Current tax assets and current tax liabilities are offset when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle the asset and the liability on a net basis. Deferred tax assets and deferred tax liabilities are offset when there is a legally enforceable right to set off assets against liabilities representing current tax and where the deferred tax assets and the deferred tax liabilities relate to taxes on income levied by the same governing taxation laws.

2.13 Provisions and Contingent Liabilities

Provisions: Provisions are recognised when there is a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and there is a reliable estimate of the amount of the obligation.

Provisions are measured at the best estimate of the expenditure required to settle the present obligation at the Balance sheet date and are not discounted to its present value.

Contingent Liabilities: Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non 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 resources will be required to settle or a reliable estimate of the amount cannot be made, is termed as a contingent liability.



NIIT Technologies Inc, U.S.A

2.14 Leases

Lease rental in respect of operating lease arrangements are charged to expense over the period of the lease on a straight line basis.

2.15 Earning Per Share

Basic earnings per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. Earnings considered in ascertaining the Company's earnings per share is the net profit for the period. The weighted average number of equity shares outstanding during the period and for all periods presented is adjusted for events, such as bonus shares, other than the conversion of potential equity shares, that have changed the number of equity shares outstanding, without a corresponding change in resources. For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period is adjusted for the effects of all dilutive potential equity shares.

2.16 Employee Stock Option Plan

Certain employees of the Company are entitled to stock options granted by the Company's parent company, NIIT Technologies Limited under the NIIT Technologies Employee Stock Option Plan 2005, in relation to services received by the Company. The Company accrues for the cost of employees stock option determined under the intrinsic value method over the vesting period of the option, which is reimbursed to the parent Company.

2.17 Segment reporting

The accounting policies adopted for segment reporting are in conformity with the accounting policies adopted for the Company.

2.18 Cash and Cash Equivalents

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



NIIT Technologies Inc. U.S.A.
Notes annexed to and forming part of the Balance Sheet

	Year ended 31st March 2013 US \$	Year ended 31st March 2012 US \$
3 SHARE CAPITAL		
Authorised: 2,837,887 (March 31, 2012: 2,837,887) equity shares of US\$ 1 each	2,837,887	2,837,887
Issued: 2,837,887 (March 31, 2012: 2,837,887) equity shares of US\$ 1 each	2,837,887	2,837,887
Subscribed and paid up: 2,837,887 (March 31, 2012: 2,837,887) equity shares of US\$ 1 each (fully paid up)	2,837,887	2,837,887

(a) Reconciliation of number of equity shares: Particulars	Equity Shares			
	As at March 31, 2013 (US \$)		As at March 31, 2012 (US \$)	
	Number	Amount	Number	Amount
Balance as at beginning of the year	2,837,887	2,837,887	2,837,887	2,837,887
Add: Shares issued during the current financial year	-	-	-	-
Balance as at the end of the year	2,837,887	2,837,887	2,837,887	2,837,887

(b) Right, preference and restrictions attached to shares

Equity Shares: The Company has one class of equity shares having a par value of US\$ 1 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 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.

(c) Details of shares held by holding company/ shares held by shareholders holding more than 5% of the aggregate shares in the Company

Name of Share Holders	Equity Shares			
	As at March 31, 2013 (US \$)		As at March 31, 2012 (US \$)	
	No of Shares Held	% of Holding	No of Shares Held	% of Holding
NIIT Technologies Limited, India	2,837,887	100%	2,837,887	100%

4 RESERVES AND SURPLUS

Surplus in Statement of Profit and Loss

Balance as at the beginning of the year	12,716,751	10,664,644
Add: (Deficit)/Surplus in Statement of Profit and Loss during the year	(139,106)	2,052,107
Balance as at the end of the year	12,577,645	12,716,751



NIIT Technologies Inc. U.S.A.
Notes annexed to and forming part of the Balance Sheet

	As at 31st March 2013 US \$	As at 31st March 2012 US \$
5 TRADE PAYABLES		
Trade Payables	11,423,472	11,591,324
Total	<u><u>11,423,472</u></u>	<u><u>11,591,324</u></u>
6 OTHER CURRENT LIABILITIES		
Employee Payable Others	21,364	24,314
Statutory Dues	57,509	63,285
Deferred Revenue	181,665	18,247
Total	<u><u>260,538</u></u>	<u><u>105,846</u></u>
7 SHORT-TERM PROVISIONS		
Provision for Compensated Absences	201,908	172,190
Provision for Tax [Net of Advance Tax of US\$ 1,168,331 (March 31 2012 : US\$ 990,474)]	104,900	134,730
Total	<u><u>306,808</u></u>	<u><u>306,920</u></u>



8 TANGIBLE ASSETS

Notes annexed to and forming part of the Balance Sheet as at 31st March, 2013

US \$

Description of Assets	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As at April 1 2012	Additions During the Year	Sales / Adj. During the Year	As at March 31 2013	As at April 1 2012	For the Year	Sales / Adj. During the Year	As at March 31 2013	As at March 31 2013	As at March 31 2012
Own Assets										
Plant and Machinery	286,852	30,282	65,788	251,346	186,013	54,982	61,758	179,237	72,109	100,839
Furniture and Fixture	395,253	42,905	47,667	390,491	389,600	9,249	47,667	351,182	39,309	5,653
Total	682,105	73,187	113,455	641,837	575,613	64,231	109,425	530,419	111,418	106,492
Previous Year	626,705	55,400	-	682,105	522,028	53,585	-	575,613	106,492	-

9 INTANGIBLE ASSETS

US \$

Description of Assets	GROSS BLOCK				AMMORTISATION				NET BLOCK	
	As at April 1 2012	Additions During the Year	Sales / Adj. During the Year	As at March 31 2013	As at April 1 2012	For the Year	Sales / Adj. During the Year	As at March 31 2013	As at March 31 2013	As at March 31 2012
Goodwill	407,851	-	-	407,851	407,851	-	-	407,851	-	-
Software	1,387,137	200,000	374	1,586,763	1,386,566	33,597	374	1,419,789	166,974	571
Total	1,794,988	200,000	374	1,994,614	1,794,417	33,597	374	1,827,640	166,974	571
Previous Year	1,794,988	-	-	1,794,988	1,793,938	479	-	1,794,417	571	-



NIIT Technologies Inc. USA
Notes annexed to and forming part of the Balance Sheet

	As at 31st March 2013 US \$		As at 31st March 2012 US \$	
10 NON-CURRENT INVESTMENTS				
Investment in subsidiaries:				
2092 (March 31 2012 : 2092) Equity Shares of 50000 yen each fully paid-up,	2,850,000		2,850,000	
8093(March 31, 2012 : 8093) Equity Share of 70475 yen each fully paid up.and				
6000 (March 31 2012 : 6000)Equity Shares of 50700 yen each fully paid up in NIIT Technologies Co. Limited, Japan.				
Less: Provision for diminution other than temporary	<u>2,750,000</u>	100,000	<u>2,070,000</u>	780,000
Investment in NIIT Healthcare Technologies Inc 50.000 (March 31 2012 : 50,000)Equity Shares of I USD each fully paid up in NIIT Healthcare Technologies Inc., USA	50,000		50,000	
*Less; Investments written off due to closure of NIIT Healthcare Technologies Inc.	<u>50,000</u>	-	-	50,000
Investment in NIIT Media Technologies LLC Being the 60% Shares in NIIT Media Technologies LLC		3,220,000		3,220,000
Total	<u>3,320,000</u>		<u>4,050,000</u>	
Other investments				
199.145 (March 31, 2012 : 199.145) Common Shares in Relativity Technologies Inc		1		1
953.265 (March 31, 2012 : 953.265) Common Shares in Computer Logic Inc.		1		1
500.000 (March 31, 2012 : 953.265) Preference Shares and 189.655 Common Shares in Cokinetic System.Corp,		1		1
Total		<u>3</u>		<u>3</u>

* Note:
NIIT Healthcare Technologies Inc. USA was closed on March 30, 2013 and resultant loss of USD 1,151,206 has been accounted for in the books of NIIT Technologies Inc.

11 Deferred Tax Asset/Liability

	As At 31st March 2013 US \$	Movement During the Year Us \$	As At 31st March 2012 US \$
Deferred Tax Asset:			
a) Tax impact of difference between carrying amount of fixed assets in the financial statements and as per the income tax calculation.	124,669	155,084	279,753
b) Deferred Tax from Subsidiaries	(135,002)	135,002	-
b) Tax impact of expenses charged in the financial statements but allowable as deduction in future years under income tax:			
- Variable Compensation to officers	17,825	5,941	23,766
- Provision for compensated absences	79,976	(11,772)	68,204
- Others	50,220	(8,542)	41,678
Net Deferred Tax Asset:	<u>137,688</u>	<u>275,713</u>	<u>413,401</u>

Note:

- a. Deferred tax assets and liabilities above have been determined by applying the income tax rates of respective countries. Deferred tax assets and liabilities in relation to taxes payable under different tax jurisdictions have not been offset in financial statements.

12 LONG-TERM LOANS AND ADVANCES

Unsecured, considered good (unless otherwise stated):
Security Deposits

	8,355		8,355
Total	<u>8,355</u>		<u>8,355</u>



NIIT Technologies Inc. USA
Notes annexed to and forming part of the Balance Sheet

	As at 31st March 2013 US \$	As at 31st March 2012 US \$
13 TRADE RECEIVABLES		
(Unsecured, unless otherwise stated)		
Unsecured Considered Good		
Outstanding for a period exceeding 6 months from the date they are due for payment	51,329	-
Others	17,745,234	15,016,855
Total	<u><u>17,796,563</u></u>	<u><u>15,016,855</u></u>
14 CASH AND BANK BALANCES		
Cash and Cash equivalents		
Bank balances		
In current accounts	957,690	3,519,885
Cheques on hand	744,387	406,401
Total	<u><u>1,702,077</u></u>	<u><u>3,926,286</u></u>
15 SHORT-TERM LOANS AND ADVANCES		
Unsecured considered good, unless otherwise stated:		
Loans and advances to related parties		
- Considered good	3,500,000	3,400,000
Prepaid Expenses	219,198	178,620
Others	196,438	204,953
Total	<u><u>3,915,636</u></u>	<u><u>3,783,573</u></u>
16 OTHER CURRENT ASSETS		
(Unsecured, considered good, unless otherwise stated):		
Unbilled Revenue	247,636	253,192
Total	<u><u>247,636</u></u>	<u><u>253,192</u></u>



NIIT Technologies Inc. USA
Notes annexed to and forming part of the Statement of profit and loss.

	Year Ended 31st March 2013 US \$	Year Ended 31st March 2012 US \$
17 REVENUE		
Sale of Services	120,417,520	110,456,928
	<u>120,417,520</u>	<u>110,456,928</u>
18 Other Income		
Interest Income	112,185	52,884
Miscellaneous Income	11,263	7,353
	<u>123,448</u>	<u>60,237</u>
19 Employee Benefits Expense		
Salaries, Wages and Bonus	6,124,799	5,675,374
Contribution to Retirement Benefit Funds	106,700	80,448
Staff Welfare Expenses	171,041	270,619
	<u>6,402,540</u>	<u>6,026,441</u>
20 FINANCE COST		
Interest on short term borrowings	-	9,093
Bank Charges and Other Expenses	74,952	12,650
	<u>74,952</u>	<u>21,743</u>
21 DEPRECIATION AND AMORTIZATION EXPENSE		
Depreciation on Tangible assets	64,231	53,585
Amortisation on Intangible assets	33,597	479
	<u>97,828</u>	<u>54,064</u>



NIIT Technologies Inc. USA

Notes annexed to and forming part of the Statement of profit and loss.

	Year Ended 31st March 2013 US \$	Year Ended 31st March 2012 US \$
22 Development Cost		
Development Expenses	106,792,637	98,125,939
	<u><u>106,792,637</u></u>	<u><u>98,125,939</u></u>
23 OTHER EXPENSES		
Electricity and Water	13,425	4,525
Rent	201,288	132,449
Repairs to machinery	5,674	3,167
Repairs - others	43,377	6,746
Insurance	38,368	35,224
Rates and taxes	7,898	8,784
Travelling Expenses	850,748	863,484
Payment to Auditors - Audit Fee	31,500	42,000
Professional fees	1,115,834	1,062,518
Communication Expenses	126,205	116,993
Advertisement and Publicity Expenses	960,115	841,116
Subscription and Membership Fees	144,551	84,155
Bad Debts	-	30,000
Discount	478,213	334,587
Provision for diminution in the value of investments	680,000	-
Loss due to closure of NIIT Healthcare Technologies Inc, USA (Subsidiary)	1,151,206	-
Miscellaneous Expenses	45,020	5,898
	<u><u>5,893,422</u></u>	<u><u>3,571,646</u></u>



24 RELATED PARTY TRANSACTIONS

A Related party relationship where control exists:

Holding Company

- 1 NIIT Technologies Limited, India

Subsidiaries

- 1 NIIT Technologies Co., Ltd., Japan
- 2 NIIT Healthcare Technologies Inc., USA
- 3 NIIT Media Technologies LLC (JV) (60% by NIIT Technologies Inc, USA)

Fellow Subsidiaries

- 1 NIIT GIS Ltd, India
- 2 NIIT SmartServe Ltd, India
- 3 NIIT Technologies Ltd, United Kingdom
- 4 NIIT Technologies BV, Netherlands (Held by NIIT Tech, UK)
- 5 NIIT Technologies NV, Belgium (Held by NIIT Tech BV, Netherlands)
- 6 NIIT Technologies Pte Limited, Singapore
- 7 NIIT Technologies Ltd, Thailand (Held by NIIT Tech, Singapore)
- 8 NIIT Technologies Pty Ltd, Australia (Held by NIIT Tech, Singapore)
- 9 NIIT Technologies GmbH, Germany
- 10 NIIT Technologies AG, Switzerland (Held by NIIT Tech GmbH, Germany)
- 11 NIIT Technologies AG, Austria (Held by NIIT Tech, Switzerland)
- 12 NIIT Insurance Technologies Limited, United Kingdom (Held by NIIT Tech, UK)
- 13 NIIT Airline Technologies GmbH, Germany
- 14 NIIT Technologies FZ LLC, Dubai
- 15 NIIT Technologies Limited, Canada
- 16 Proyacta Systems de Informacion S.A (Held by NIIT Tech, UK) wef 12th August 2011
- 17 NIIT Technologies Philippines

B Other related parties with whom the company has transacted:

a) Parties of whom the company is an associate and its subsidiaries:

NIIT USA Inc., USA

b) Key Managerial Personnel

Rajendra S Pawar
Vijay K Thadani
Arvind Thakur
Lalit Kumar Dhingra

C Details of transactions with related parties carried out on an arms length basis:-

Nature of Transactions	Year Ended	Holding Company	Subsidiaries	Fellow Subsidiaries	Key Managerial Personnel	Parties in which Key Managerial Personnel of the Company are interested	Total
		(US\$)	(US\$)	(US\$)	(US\$)	(US\$)	(US\$)
Purchase of fixed assets (Note 1A)	March 31,2013	-	-	-	-	1,171	1,171
	March 31,2012	-	-	-	-	-	-
Rendering of Services (Note 2)	March 31,2013	-	-	-	-	24,923	24,923
	March 31,2012	-	129,118	-	-	21,518	150,636
Receiving of Services (Note 3)	March 31,2013	100,499,210	-	6,736,592	-	-	107,235,802
	March 31,2012	94,867,565	-	3,575,433	-	-	98,442,998
Recovery of Expenses from the company (Note 4)	March 31,2013	667,074	-	33,948	-	112,943	813,965
	March 31,2012	655,847	-	8,398	-	241,725	905,970
Recovery of Expenses by the company (Note 5)	March 31,2013	345,791	534,894	12,021	-	-	892,706
	March 31,2012	312,713	-	312,821	-	-	625,534
Finance:							
Loans Given (Note 6)	March 31,2013	-	175,000	1,000,000	-	-	1,175,000
	March 31,2012	-	700,000	4,000,000	-	-	4,700,000
Loans Given Received back	March 31,2013	-	-	-	-	-	-
	March 31,2012	-	-	2,550,000	-	-	2,550,000
Loans Written Off (Note 7)	March 31,2013	-	1,075,000	-	-	-	1,075,000
	March 31,2012	-	-	-	-	-	-
Interest received (Note 8)	March 31,2013	-	9,321	104,577	-	-	113,898
	March 31,2012	-	15,875	36,260	-	-	52,135
Interest written off	March 31,2013	-	26,067	-	-	-	26,067
	March 31,2012	-	-	-	-	-	-
Remuneration / Commission Sitting Fees (Note 9)	March 31,2013	-	-	-	332,233	-	332,233
	March 31,2012	-	-	-	344,362	-	344,362



Notes :

- 1A Includes transactions for purchase of fixed assets * NIIT USA Inc US\$ 1171 (March 31, 2012 : NIL)
- 2 Includes transactions in Rendering of Services for the year mainly with;
* NIIT USA Inc., US\$ 24,923/- (March 31, 2012 US\$ 21,518/-)
- 3 Includes transactions in Receiving of Services for the year mainly with;
NIIT Technologies Ltd., UK US\$ 169,975/- (March 31, 2012 US\$ 152,535/-)
NIIT Technologies Australia US\$ 140,505/- (March 31, 2012 11,570/-)
NIIT GIS Limited US\$ 984,209/- (March 31, 2012 US\$ 328,579/-)
NIIT Smart Serve Limited US\$ 2,848,539/- (March 31, 2012 US\$ 3,056,349/-)
NIIT Technologies Ltd., Canada US\$ 362,873/- (March 31, 2012 US\$ 26,400/-)
NIIT Technologies Philippines US\$ 2,212,990/- (March 31, 2012 US\$ Nil)
NIIT Technologies GmbH, Germany US\$ 17,500/- (March 31, 2012 US\$ Nil)
- 4 Includes transactions in recovery of expenses from the company for the year mainly with;
NIIT Technologies GmbH, Germany US\$ 6,700/- (March 31, 2012 US\$ Nil)
NIIT Technologies Australia US\$ 6,518/- (March 31, 2012 7,318/-)
NIIT Technologies Philippines US\$ 18,977/- (March 31, 2012 US\$ Nil)
NIIT Technologies Ltd., UK US\$ 877/- (March 31, 2012 US\$ Nil)
- 5 Includes transactions in recovery of expenses by the company for the year mainly with;
NIIT Smart Serve Limited US\$ 1,671/- (March 31, 2012 US\$ 8,398/-)
NIIT Insurance Technologies Limited, United Kingdom US\$ 8,403/- (March 31, 2012 US\$ 146,929/-)
NIIT Media Technologies LLC US\$ 534,894/- (March 31, 2012 US\$ 165,858/-)
NIIT Technologies GmbH, Germany US\$ 1,947/- (March 31, 2012 US\$ Nil)
- 6 Includes transactions in Loan Given for the year mainly with;
NIIT Technologies Pty Ltd, Australia US\$ 1,000,000/- (March 31, 2012 US 2,500,000/-)
- 7 Transactions in loans given written off for the year with;
NIIT Healthcare Technologies US\$ 1,075,000/- (March 31, 2012 : Nil)
- 8 Transactions in interest received for in the year with;
NIIT Technologies Pty Ltd, Australia US\$ 104,577/- (March 31, 2012 US\$ 7,144/-)
- 9 Remuneration of:
Mr. Lalit Kumar Dhingra – US\$ 332,233/- (March 31, 2012 US\$ 344,362/-)

D Details of balances with related parties:

Particulars	Receivable As	Payable As at	Receivable As	Payable As at
	at March 31, 2013	March 31, 2013	at March 31, 2012	March 31, 2012
	US\$	US\$	US\$	US\$
Holding Company	36,331	10,056,757	172,909	9,892,828
Subsidiaries	354,129	3,783	1,033,913	-
Fellow Subsidiaries	3,486,242	486,406	2,550,479	561,426
Key Managerial Personnel	-	20,000	-	41,243
Parties in which Key Managerial Personnel of the Company are interested	-	1,670	-	2,144

- 25 The dominant source of risk and returns of the enterprise is considered to be the business in which it operates viz – software solutions. Being a single business segment Company, no primary segment information is being provided. The secondary segment information as per Accounting Standard 17 “Segment Reporting” in relation to the geographies is as follows:

Particulars	USD					
	Revenue by location of customer		Carrying amount of segment assets by location of the assets**		Addition to fixed assets	
	March 31, 2013	March 31, 2012	March 31, 2013	March 31, 2012	March 31, 2013	March 31, 2012
America	120,417,520	110,327,810	27,013,742	27,444,513	273,187	55,400
Asia	-	129,118	114,216	114,216	-	-
Total	120,417,520	110,456,928	27,127,958	27,558,729	273,187	55,400

** Deferred tax removed



26 Earning Per Share :

Basic and Diluted	Year ended	Year ended
	March 31, 2013	March 31, 2012
(Loss)/Profit after tax for the year (US \$) (A)	(139,106)	2,052,107
Weighted Average number of Equity shares Outstanding during the year - (B)	2,837,887	2,837,887
Basic and Diluted (Loss)/Earning per share US\$ (A/B)	(0.05)	0.72

27 Income Tax

The Company determines tax liability in accordance with the taxation laws applicable in the State of Georgia, United States of America (USA). In addition to tax expense on its own taxable profits, the tax expense include (a) tax expense computed on taxable income equivalent to 60% of total taxable income of NIIT Media Technologies LLC, and (b) tax expenses computed on taxable income of its wholly owned subsidiary NIIT Healthcare Technologies Inc, USA, in accordance with the applicable tax legislations in the USA.

28 LEASES

With respect to cancellable operating leases, the lease expenses recognised in the statement of profit and loss during the year is as follows :

Particulars	US \$	
	March 31, 2013	March 31, 2012
Lease expenses recognised in the statement of profit and loss during the year	201,288	132,449

29 Employee Stock Option Plans (ESOPs) :

Certain employees of the Company are entitled to stock options granted by the Company's parent company, NIIT Technologies Limited under the NIIT Technologies Employee Stock Option Plan 2005, in relation to services received by the Company. The Company accrues for the cost of employees stock option determined under the intrinsic value method over the vesting period of the option, which is reimbursed to the parent Company. However, during the year no cost was required to be charged back to NIIT technologies Inc by the parent company. Accordingly, the expenses towards ESOP for current year is NIL (March 31 2012 : Nil).

30 The previous Year figures has been reclassified to conform to current year's classification.

For Price Waterhouse
Firm Registration No. FRN301112E
Chartered Accountants



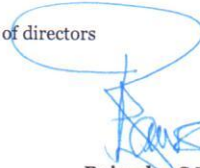
Usha Rajeev
Partner
Membership No. 087191

Place : New Delhi
Date : May 17, 2013

For and on behalf of the board of directors



Arvind Thakur
(Director)



Rajendra S Pawar
(Director)