

NIIT TECHNOLOGIES INC., USA
SPECIAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2014

The Board of Directors
M/s. NIIT Technologies Inc.,
State of Georgia,
United States of America

Report on special purpose financial statements

1. This report is issued in accordance with the terms of our agreement dated April 18, 2014.
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, 2014, 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 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 and other applicable authoritative pronouncements 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, 2014;
 - (ii) in the case of the Statement of Profit and Loss, 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

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 9, 2014

NIIT Technologies Inc., USA
Balance Sheet as at March 31, 2014

	Note No.	As At March 31, 2014 US\$		As At March 31, 2013 US\$	
<u>EQUITY AND LIABILITIES</u>					
Shareholder's funds					
Share Capital					
Reserves and Surplus	3	2,837,887		2,837,887	
	4	<u>12,957,835</u>	15,795,722	<u>12,577,645</u>	15,415,532
Current liabilities					
Trade payables	5	11,326,459		10,952,741	
Other current liabilities	6	2,123,394		731,269	
Short term provisions	7	<u>378,607</u>	13,828,460	<u>306,808</u>	11,990,818
TOTAL			29,624,182		27,406,350
<u>ASSETS</u>					
Non-current assets					
Fixed assets					
Tangible assets	8	71,509		111,418	
Intangible assets	9	333,163		166,974	
Non-current investments	10	3,321,168		3,320,003	
Deferred tax assets (Net)	11	300,538		137,688	
Long-term loans and advances	12	<u>8,355</u>	4,034,733	<u>8,355</u>	3,744,438
Current assets					
Trade receivables	13	19,882,046		17,796,563	
Cash and Cash equivalents	14	1,119,030		1,702,077	
Short-term loans and advances	15	4,154,074		3,915,636	
Other current assets	16	<u>434,299</u>	25,589,449	<u>247,636</u>	23,661,912
TOTAL			29,624,182		27,406,350


The Notes are an integral part of these 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 09, 2014

For and on behalf of the board of directors


Arvind Thakur
(Director)


Rajendra S Pawar
(Director)

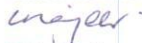
NIIT Technologies Inc., USA
Statement of Profit and Loss for the year ended March 31, 2014

PARTICULARS	Note No.	Year ended March 31, 2014 US \$	Year ended March 31, 2013 US \$
INCOME			
Revenue from operations	17	136,736,012	120,417,520
Other Income	18	1,365,919	123,448
Total Revenue		138,101,931	120,540,968
Expenses			
Employee benefits expense	19	7,514,901	6,402,540
Finance costs	20	162,302	74,952
Depreciation and amortization expense	21	202,670	97,828
Development charges	22	120,077,859	106,792,637
Other expenses	23	5,637,003	5,893,422
Total Expense		133,594,735	119,261,379
Profit before tax		4,507,196	1,279,589
Tax expense:			
Current tax [Including Nil (March 31, 2013 US\$ 110,985) related to earlier year's adjustment]	28	2,089,856	1,142,982
Deferred tax	11	(162,850)	275,713
Profit/(Loss) for the period from continuing operations		2,580,190	(139,106)
Earnings per equity share: [Nominal Value Per Share US\$ 1 each (March 31, 2013: US\$ 1 each)]			
Basic and Diluted Earning/(Loss) Per Share	27	0.91	-0.05

The Notes are an integral part of these 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
Partner
Membership No. 87191

Place : New Delhi
Date : May 09, 2014

For and on behalf of the board of directors


Arvind Thakur
(Director)


Rajendra S Pawar
(Director)

NIIT Technologies Inc., USA
Cash flow statement for the Year ended March 31, 2014

	Year ended March 31, 2014 US\$	Year ended March 31, 2013 US\$
A. Cash flow from operating activities:		
Net profit before tax	4,507,196	1,279,589
Adjustments for:		
Depreciation	57,431	64,231
Amortisation	145,239	33,597
Provision for diminution in value of Investment	-	680,000
Loss on Impairment of Investment in NIIT Healthcare Technologies Inc.	-	1,151,206
Loss on Fixed Assets written off	22	4,030
Provision for Compensated Absences	73,398	29,718
Dividend Received	(1,158,723)	-
Interest Income	(106,302)	(112,185)
Interest on short Term Borrowings	44,319	-
Operating profit before working capital changes	3,562,580	3,130,186
Changes in working capital :		
(Increase)/Decrease in Trade Receivables	(2,085,483)	(2,779,708)
(Increase)/Decrease in Loan and Advances	(238,438)	(32,063)
(Increase)/Decrease in Other current assets	(186,663)	5,556
Increase/(Decrease) in Trade and Other Payables	1,765,843	(1,114,366)
Cash generated from operations	2,817,839	(790,395)
Taxes paid	(2,091,455)	(1,172,812)
Net cash generated from operating activities (A)	726,384	(1,963,207)
B. Cash flow from Investing activities:		
Loan to Fellow Subsidiary	-	(100,000)
Purchase of Tangible and Intangible assets [As per Note 8 and 9]	(328,972)	(273,187)
Purchase of Non-Current Investments	(1,165)	-
Dividend Received	1,158,723	-
Interest income	106,302	112,185
Net cash used in investing activities (B)	934,888	(261,002)
C. Cash flow from Financing activities:		
Interest on Short Term Borrowings	(44,319)	-
Dividend Paid	(1,870,000)	-
Corporate Dividend Tax on Dividend paid	(330,000)	-
Net (Decrease) in Cash and Cash Equivalents (A)+(B)+(C)	(583,047)	(2,224,209)
Cash and cash equivalents as at the beginning of the year	1,702,077	3,926,286
Cash and cash equivalents as at the end of the year	1,119,030	1,702,077
Net (Decrease) in Cash and Cash Equivalents	(583,047)	(2,224,209)

NOTES:

1 Cash and cash equivalents comprise of (Refer note :14)
Cheques in Hand 634,962 744,387
Balance with Banks 484,068 957,690
1,119,030 1,702,077

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 31 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
Usha Rajeev
Partner
Membership No. 87191

Place : New Delhi
Date : May 09, 2014

For and on behalf of the board of directors

Arvind Thakur
Arvind Thakur
(Director)

Rajendra S Pawar
Rajendra S Pawar
(Director)

NIIT Technologies Inc., USA
Notes to the financials 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 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, 2014, there is no change in the accounting policies of the Company. These are consistent with the last year's accounting policies.

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., USA

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:

Computers, Related Accessories and Software	2-5 years
Furniture and Fixture	10.5 years
Softwares	3 Years
Goodwill	3 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 Statement of profit and loss.

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. 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., USA

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., USA

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.

2.19 Other Income

Dividend: Dividend income is recognised when the right to receive dividend is established.

Miscellaneous Income: Miscellaneous income is recognised on accrual basis.



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

	As at March 31, 2014 US \$	As at March 31, 2013 US \$
3 SHARE CAPITAL		
Authorised:		
2,837,887 (March 31, 2013: 2,837,887) equity shares of US\$ 1 each	2,837,887	2,837,887
Issued:		
2,837,887 (March 31, 2013: 2,837,887) equity shares of US\$ 1 each	2,837,887	2,837,887
Subscribed and paid up:		
2,837,887 (March 31, 2013: 2,837,887) equity shares of US\$ 1 each (fully paid up)	2,837,887	2,837,887

Particulars	Equity Shares			
	As at March 31, 2014		As at March 31, 2013	
	Number	Amount (US \$)	Number	Amount (US\$)
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 declared is approved by Board of Directors. 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, 2014		As at March 31, 2013	
	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	12,577,645	12,716,751
Add: Surplus/(Deficit) in Statement of Profit and Loss during the year	2,580,190	(139,106)
Less: Dividend paid during year including Corporate Dividend Tax	2,200,000	-
Balance as at the end of the year	12,957,835	12,577,645



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

	As at March 31, 2014 US \$	As at March 31, 2013 US \$
5 TRADE PAYABLES		
Trade Payables	11,326,459	10,952,741
Total	<u><u>11,326,459</u></u>	<u><u>10,952,741</u></u>
6 OTHER CURRENT LIABILITIES		
Employee Payables		
Salaries	33,635	21,364
Others	921,240	470,731
Statutory Dues	76,850	57,509
Deferred Revenue	1,046,865	181,665
Others	44,804	-
Total	<u><u>2,123,394</u></u>	<u><u>731,269</u></u>
7 SHORT-TERM PROVISIONS		
Provision for Compensated Absences	275,306	201,908
Provision for Tax [Net of Advance Tax of US\$ 1,837,246 (March 31 2013 : US\$ 1,168,331)]	103,301	104,900
Total	<u><u>378,607</u></u>	<u><u>306,808</u></u>



NIFT Technologies Inc., USA
Notes annexed to and forming part of the Balance Sheet
as at March 31, 2014

8 TANGIBLE ASSETS

US \$

Description of Assets	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As at April 1 2013	Additions During the Year	Sales / Adj. During the Year	As at March 31 2014	As at April 1 2013	For the Year	Sales / Adj. During the Year	As at March 31 2014	As at March 31 2014	As at March 2013
Own Assets										
Plant and Machinery	251,346	17,544	8,492	260,398	179,237	45,314	8,470	216,081	44,317	72,
Furniture and Fixture	390,491	-	-	390,491	351,182	12,117	-	363,299	27,192	39,
Total	641,837	17,544	8,492	650,889	530,419	57,431	8,470	579,380	71,509	111,418
Previous Year	682,105	73,187	113,455	641,837	575,613	64,231	109,425	530,419	111,418	

9 INTANGIBLE ASSETS

US \$

Description of Assets	GROSS BLOCK				AMMORTISATION				NET BLOCK	
	As at April 1 2013	Additions During the Year	Sales / Adj. During the Year	As at March 31 2014	As at April 1 2013	For the Year	Sales / Adj. During the Year	As at March 31 2014	As at March 31 2014	As at March 2013
Goodwill	407,851	70,000	-	477,851	407,851	11,699	-	419,550	58,301	-
Software	1,586,763	241,428	-	1,828,191	1,419,789	133,540	-	1,553,329	274,862	166,9
Total	1,994,614	311,428	-	2,306,042	1,827,640	145,239	-	1,972,879	333,163	166,97
Previous Year	1,794,988	200,000	374	1,994,614	1,794,417	33,597	374	1,827,640	166,974	



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

	As at March 31, 2014 US \$	As at March 31, 2013 US \$
10 NON-CURRENT INVESTMENTS		
Investment in subsidiaries:		
2092 (March 31 2013 : 2092) Equity Shares of 50000 yen each fully paid-up,	2,850,000	2,850,000
8093(March 31, 2013 : 8093) Equity Share of 70475 yen each fully paid up.and		
6000 (March 31 2013 : 6000)Equity Shares of 50700 yen each fully paid up in NIIT Technologies Co. Limited, Japan.		
	<u>2,750,000</u>	<u>100,000</u>
Less: Provision for diminution other than temporary		
Investment in NIIT Healthcare Technologies Inc. Nil (March 31 2013 : 50,000)Equity Shares of 1 USD each fully paid up in NIIT Healthcare Technologies Inc., USA	-	50,000
*Less; Investments written off due to closure of NIIT Healthcare Technologies Inc.	<u>-</u>	<u>50,000</u>
Investment in Joint Venture:		
Investment in NIIT Media Technologies LLC Being the 60% Units in NIIT Media Technologies LLC	3,220,000	3,220,000
Other investments		
199.145 (March 31, 2013 : 199.145) Common Shares in Relativity Technologies Inc.	1	1
953.265 (March 31, 2013 : 953.265) Common Shares in Computer Logic Inc.	1	1
500.000 (March 31, 2013 : 953.265) Preference Shares and 189.655 Common Shares in Cokinetic System.Corp.	1	1
2,750 Equity Shares (March 31, 2013 : NIL) of BRL 1 each in NIIT Technologies Brazil	1,165	-
Total	<u>3,321,168</u>	<u>3,320,003</u>

*** Note:**

NIIT Healthcare Technologies Inc. USA was closed on March 30, 2013 and resultant loss of USD 1,151,206 was accounted for in the books of NIIT Technologies Inc. during the year ended March 31, 2013

11 Deferred Tax Asset/Liability

	As At March 31, 2014 US \$	Movement During the Year Us \$	As At March 31, 2013 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.	117,572	7,097	124,669
b) Deferred Tax from Subsidiary/Joint Venture	(232,876)	97,874	(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	30,896	(13,071)	17,825
- Provision for compensated absences	109,049	(29,073)	79,976
- Others	275,897	(225,677)	50,220
Net Deferred Tax Asset: March 31, 2013	<u>300,538</u>	<u>(162,850)</u>	<u>137,688</u>
	<u>137,688</u>	<u>275,713</u>	<u>413,401</u>

Note:

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 March 31, 2014 US \$	As at March 31, 2013 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	144,066	51,329
Others	19,737,980	17,745,234
Total	<u>19,882,046</u>	<u>17,796,563</u>
 14 CASH AND BANK BALANCES		
Cash and Cash equivalents		
Bank balances		
In current accounts	484,068	957,690
Cheques on hand	634,962	744,387
Total	<u>1,119,030</u>	<u>1,702,077</u>
 15 SHORT-TERM LOANS AND ADVANCES		
Unsecured considered good, unless otherwise stated:		
Loans and advances to related party		
- Considered good	3,500,000	3,500,000
Prepaid Expenses	322,487	219,198
Others	331,587	196,438
Total	<u>4,154,074</u>	<u>3,915,636</u>
 16 OTHER CURRENT ASSETS (Unsecured, considered good, unless otherwise stated):		
Unbilled Revenue	434,299	247,636
Total	<u>434,299</u>	<u>247,636</u>



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

	Year Ended March 31, 2014 US \$	Year Ended March 31, 2013 US \$
17 REVENUE		
Sale of Services	136,736,012	120,417,520
	<u>136,736,012</u>	<u>120,417,520</u>
18 Other Income		
Interest Income	106,302	112,185
Miscellaneous Income	100,894	11,263
Dividend Received	1,158,723	-
	<u>1,365,919</u>	<u>123,448</u>
19 Employee Benefits Expense		
Salaries, Wages and Bonus [Refer Note (a) below]	7,001,607	6,124,799
Contribution to Retirement Benefit Funds	121,810	106,700
Staff Welfare Expenses	391,484	171,041
	<u>7,514,901</u>	<u>6,402,540</u>

(a) **Employee Benefit:**
Defined Benefit Plan- Compensated absences (Unfunded): In accordance with Accounting Standard 15 (Revised 2005), an actuarial valuation on the basis of "Projected Unit Credit Method" was carried out in respect of the aforesaid employee benefits based on the following assumptions:

Expense Recognised in the Statement of Profit and Loss	Year ended March 31, 2014 US\$	Year ended March 31, 2013 US\$
Current service cost	85,080	77,654
Interest cost	6,188	5,735
Prior service cost	-	-
Expected return on plan assets	-	-
Curtailment loss / (gain)	-	-
Settlement loss / (gain)	-	-
Net actuarial loss / (gain) recognized in the year	6,335	9,673
Expense recognised in the statement of Profit & Loss	97,603	93,062

Changes in Present Value of Obligation	Year ended March 31, 2014 US\$	Year ended March 31, 2013 US\$
Defined benefit obligation at end of prior year	201,908	185,000
Current service cost	85,080	77,654
Interest cost	6,188	5,735
Prior service cost	-	-
Curtailements	-	-
Settlements	-	-
Benefits paid	(24,205)	(76,154)
Net transfer in / (out) (including the effect of any business combinations / divestures)	-	-
Actuarial loss / (gain)	6,335	9,673
Defined benefit obligation at end of year	275,306	201,908



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

	Year Ended March 31, 2014 US \$	Year Ended March 31, 2013 US \$
Actuarial Loss / (Gain) Recognised		
Actuarial loss / (gain) for the year - Obligation	6,335	9,673
Actuarial loss / (gain) for the year - Plan Assets	-	-
Total actuarial loss / (gain) for the year	6,335	9,673
Less: Actuarial loss / (gain) recognised in the year	6,335	9,673
Unrecognised actuarial loss / (gain) at the end of the year	-	-

	Year ended March 31, 2014 US\$	Year ended March 31, 2013 US\$
Amount to be recognised in Balance Sheet		
Present value of defined benefit obligations	275,306	201,908
Less: Fair value of plan assets	-	-
Funded status - deficit / (surplus)	275,306	201,908
Less: Unrecognised prior service cost	-	-
Less: Unrecognised net loss / (gain)	-	-
Net liability / (asset) recognised in balance sheet	275,306	201,908

	Year ended March 31, 2014 US\$	Year ended March 31, 2013 US\$
Reconciliation of Net Liability / (Asset) Recognised		
Net liability / (asset) recognised at end of prior year	201,908	185,000
Add: Expense recognised in the statement of profit & loss	97,603	93,062
Less: Contributions made and benefits paid directly by company	24,205	76,154
Net liability / (asset) recognised at end of year	275,306	201,908

Assumptions		
Discount Rate (per annum)	4.00%	3.50%
Future Salary Increase (per annum)	4.00%	4.00%
Expected Rate of return on Plan assets (per annum)	NA	NA
Retirement Age	65 years	65 years
Mortality Rate	8.26 per thousand	8.26 per thousand

	2009-10	2010-11	2011-12	2012-13	2013-14
Experience Adjustments					
Benefit Obligation	134,000	133,870	185,000	201,908	275,306
Fair Value of plan assets	-	-	-	-	-
Funded status - deficit / (surplus)	134,000	133,870	185,000	201,908	275,306
Experience adjustments on plan liabilities	157,060	189,500	163,970	12,442	9,471
% of plan liabilities	117.21%	141.56%	88.63%	6.16%	3.44%
Experience adjustments on plan assets	NA	NA	NA	NA	NA
% of plan assets	NA	NA	NA	NA	NA



NIIT Technologies Inc., USA

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

	Year Ended March 31, 2014 US \$	Year Ended March 31, 2013 US \$
20 FINANCE COST		
Interest on short term borrowings	44,319	-
Bank Charges and Other Expenses	117,983	74,952
	<u>162,302</u>	<u>74,952</u>
21 DEPRECIATION AND AMORTIZATION EXPENSE		
Depreciation on Tangible assets	57,431	64,231
Amortization on Intangible assets	145,239	33,597
	<u>202,670</u>	<u>97,828</u>



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

	Year Ended March 31, 2014 US \$	Year Ended March 31, 2013 US \$
22 Development Cost		
Development Expenses	120,077,859	106,792,637
	<u><u>120,077,859</u></u>	<u><u>106,792,637</u></u>
23 OTHER EXPENSES		
Electricity and Water		
Rent	13,217	13,425
Repairs to machinery	224,155	201,288
Repairs - others	742	5,674
Insurance	18,264	43,377
Rates and taxes	106,353	38,368
Travelling	4,415	7,898
Payment to Auditors	1,043,933	850,748
- Audit Fee		
Professional fees	28,565	31,500
Communication	2,841,550	1,115,834
Advertisement and Publicity	145,518	126,205
Subscription and Membership Fees	887,617	960,115
Discount	91,245	144,551
Provision for diminution in the value of investments	202,071	478,213
Loss due to closure of NIIT Healthcare Technologies Inc., USA (Subsidiary)	-	680,000
Miscellaneous Expenses	-	1,151,206
	29,358	45,020
	<u><u>5,637,003</u></u>	<u><u>5,893,422</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#

Joint Venture

- 1 NIIT Media Technologies LLC (JV) (60% units are held by NIIT Technologies Inc., USA)

Fellow Subsidiaries

- 1 NIIT GIS Ltd, India
- 2 NIIT Smart Serve 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
- 18 NIIT Technologies Services Limited (Erstwhile Adecco NIIT Technologies Limited)
- 19 NIIT Technologies Brazil

Entity Closed on March 30, 2013

@ Entity Closed on March 31, 2013

B Other related parties with whom the company has transacted during the year:

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	Joint Venture	Key Managerial Personnel	Total
		(US\$)	(US\$)	(US\$)	(US\$)	(US\$)	(US\$)
Payment of Dividend (Note 1)	March 31,2014	1,870,000	-	-	-	-	1,870,000
	March 31,2013	-	-	-	-	-	-
Rendering of Services (Note 2)	March 31,2014	-	197,729	-	-	-	197,729
	March 31,2013	-	-	-	-	-	-
Receiving of Services (Note 3)	March 31,2014	110,850,472	-	9,086,707	-	-	119,937,179
	March 31,2013	100,499,210	-	6,736,592	-	-	107,235,802
Recovery of Expenses from the company (Note 4)	March 31,2014	961,437	-	275,555	-	-	1,236,992
	March 31,2013	667,074	-	33,948	-	-	701,022
Recovery of Expenses by the company (Note 5)	March 31,2014	344,558	-	7,518	955,515	-	1,307,591
	March 31,2013	345,791	534,894	12,021	-	-	892,706
Dividend Received	March 31,2014	-	-	-	1,158,723	-	1,158,723
	March 31,2013	-	-	-	-	-	-
Loans Given	March 31,2014	-	-	-	-	-	-
	March 31,2013	-	175,000	1,000,000	-	-	1,175,000
Loans Written Off	March 31,2014	-	-	-	-	-	-
	March 31,2013	-	1,075,000	-	-	-	1,075,000
Interest received (Note 6)	March 31,2014	-	-	105,000	-	-	105,000
	March 31,2013	-	9,321	104,577	-	-	113,898
Interest written off	March 31,2014	-	-	-	-	-	-
	March 31,2013	-	26,067	-	-	-	26,067
Remuneration (Note 9)	March 31,2014	-	-	-	-	347,310	347,310
	March 31,2013	-	-	-	-	332,233	332,233

Notes :

- Includes Payment of Dividend to NIIT Technologies Ltd. USD\$1,870,000 (March 31, 2013 : NIL)
- Includes transactions in Rendering of Services for the year mainly with; NIIT Technologies KK, Japan, US\$ 197,729/- (March 31, 2013 NIL)
- Includes transactions in Receiving of Services for the year mainly with; NIIT Technologies Ltd., UK US\$ 135,582/- (March 31, 2013 US\$ 169,975/-) NIIT Technologies Australia US\$ 51,024/- (March 31, 2013 140,505/-) NIIT GIS Limited US\$ 1,174,460/- (March 31, 2013 US\$ 984,209/-) NIIT Smart Serve Limited US\$ 4,183,210/- (March 31, 2013 US\$ 2,848,539/-) NIIT Technologies Ltd., Canada US\$ 71,578/- (March 31, 2013 US\$ 362,873/-) NIIT Technologies Philippines US\$ 3,404,771/- (March 31, 2013 US\$ 2,212,990/-) NIIT Technologies GmbH, Germany US\$ 66,082/- (March 31, 2013 US\$ 17,500)
- Includes transactions in recovery of expenses from the company for the year mainly with; NIIT Technologies GmbH, Germany US\$ 7,734/- (March 31, 2013 US\$ 6,700) NIIT Technologies Australia US\$ 10,422/- (March 31, 2013 US\$ 6,518/-) NIIT Technologies Philippines US\$ 13,285/- (March 31, 2013 US\$ 18,977) NIIT Technologies Ltd., UK US\$ 219,585/- (March 31, 2013 US\$ 877) NIIT Technologies BV, US\$ 18,090/- (March 31, 2013 NIL)
- Includes transactions in recovery of expenses by the company for the year mainly with; NIIT Technologies GmbH, Germany US\$ 1,190/- (March 31, 2013 US\$ 1,947) NIIT TECHNOLOGIES PTE LTD, US\$ 2,217/- (March 31, 2013 NIL) NIIT Technologies Ltd., UK US\$ 4,111/- (March 31, 2013 NIL) NIIT Smart Serve Limited US\$ NIL (March 31, 2013 US\$ 1,671/-) NIIT Media Technologies LLC US\$ NIL (March 31, 2013 US\$ 534,894/-) NIIT Insurance Technologies Limited, UK US\$ NIL (March 31, 2013 US\$ 8,403/-)
- Transactions in interest received for in the year with; NIIT Technologies Pty Ltd, Australia US\$ 105,000/- (March 31, 2013 US\$ 104,577/-)
- Includes transactions in loan given for the year mainly with; NIIT Technologies Pty Ltd, Australia US\$ NIL (March 31, 2013 US\$ 1,000,000)
- Transactions in loans given written off for the year with; NIIT Healthcare Technologies US\$ NIL (March 31, 2013 US\$ 1,075,000)
- Remuneration of: Mr. Lalit Kumar Dhingra – US\$ 347,310/- (March 31, 2013 US\$ 332,233/-)



D Details of balances with related parties:

Particulars	Receivable As at March 31, 2014	Payable As at March 31, 2014	Receivable As at March 31, 2013	Payable As at March 31, 2013
	US\$	US\$	US\$	US\$
Holding Company	18,284	9,210,348	36,331	10,056,757
Subsidiaries	291,565	-	217,999	3,783
Fellow Subsidiaries	3,591,787	758,194	3,486,242	486,406
Joint Venture	70,586	-	136,130	-
Key Managerial Personnel	-	-	-	20,000

- 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 during the year	
	Year Ended March 31, 2014	Year Ended March 31, 2013	As at March 31, 2014	As at March 31, 2013	Year Ended March 31, 2014	Year Ended March 31, 2013
America	136,736,012	120,417,520	29,032,079	27,154,446	328,972	273,187
Asia	-	-	291,565	114,216	-	-
Total	136,736,012	120,417,520	29,323,644	27,268,662	328,972	273,187

** Excluding deferred tax

26 Joint Venture:

The Company has the following investment in a jointly controlled entity:

Name of Joint Venture	Country of Incorporation	Proportion of ownership	
		As at March 31, 2014	As at March 31, 2013
NIIT Media Technologies, LLC	Augusta, US	60%	60%

The Company's share of each of the assets, liabilities, income and expenses in the joint venture, based on the audited financial statements are as follows:

(a) Assets:	Amount in USD	
	As at March 31, 2014	As at March 31, 2013
Tangible Assets	950,698	1,263,046
Intangible Assets	178,522	236,626
Trade Receivables	124,939	565,383
Cash and Bank balances	2,850,859	1,240,034
Short-term loans and advances	818,376	968,722
(b) Liabilities	As at March 31, 2014	As at March 31, 2013
Trade Payables	948,693	621,254
Other current liabilities	270,923	221,370
(c) Income	As at March 31, 2014	As at March 31, 2013
Revenue from Operations	14,211,584	12,719,909
Other Income	405	614
(d) Expenses	As at March 31, 2014	As at March 31, 2013
Employee benefits expense	4,979,616	3,737,364
Depreciation and amortization expense	420,908	438,355
Development Charges	2,863,294	2,345,976
Other expenses	4,516,858	4,920,888



27 Earning Per Share :

Basic and Diluted	Year ended	Year ended
	March 31, 2014	March 31, 2013
Profit/(Loss) after tax for the year (US \$) (A)	2,580,190	(139,106)
Weighted Average number of Equity shares Outstanding during the year (B)	2,837,887	2,837,887
Basic and Diluted Earning/(Loss) per share US\$ (A/B)	0.91	(0.05)

28 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 for the year ended March 31, 2013 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 (Joint Venture), 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. NIIT Healthcare Technologies INC. USA was closed on March 30, 2013 and accordingly, current year's tax expense does not include any tax in relation to this entity.

29 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 \$	
	Year Ended March 31, 2014	Year Ended March 31, 2013
Lease expenses recognised in the statement of profit and loss during the year	224,155	201,288

30 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. During the year USD 64,961 was charged to NIIT technologies Inc. by the parent company and accordingly, the expenses towards ESOP for current year is USD 64,961 (March 31 2013 : Nil).

31 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
Usha Rajeev
Partner
Membership No. 87191

Place : New Delhi
Date : May 09, 2014

For and on behalf of the board of directors

Arvind Thakur
Arvind Thakur
(Director)

Rajendra S Pawar
Rajendra S Pawar
(Director)