

GHOSH KHANNA & CO.
CHARTERED ACCOUNTANTS

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AUDITORS' REPORT

THE MEMBERS OF Evolv Services Limited

Report on the Financial Statements

1. We have audited the attached Balance Sheet of M/s **Evolv Services Limited** as at March 31, 2013 and the related Statement of Profit and Loss Account and Cash Flow Statement for the year ended on that date and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

2. Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

3. Our responsibility is to express an opinion on these 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.
4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company'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 the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.
5. In our opinion, and to the best of our information and according to the explanations given to us, the accompanying financial statements give the information required by



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the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- i) In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2013 and
- ii) In the case of the Statement of Profit and Loss, of the Profit for the year ended on that date.
- iii) In the case of the Cash Flow Statement, of the cash flows for the year ended on that date

Report on Other Legal and Regulatory Requirements

6. As required by the Companies (Auditor's Report) Order, 2003 dated 12th June 2003 as amended by the Companies (Auditor's report) (Amendment) Order, 2004 (together "the order") issued by the Central Government of India in terms of sub-section (4A) of Section 227 of The Companies Act, 1956 of India (the 'Act') and on the basis of such checks of the books and records of the company as we considered appropriate and according to the information and explanations given to us. We further report that

- i. a. The Company has maintained proper records to show full particulars including quantitative details and situation of Fixed Assets.
- b. As per information and explanation given to us, Fixed Assets have been physically verified by the management during the year and no material discrepancies between the book records and physical inventory has been noticed during such verification.
- c. In our opinion and according to the information and explanation given to us, a substantial part of fixed assets has not been disposed of by the company during the year.
- ii. The company during the year does not maintain any inventory in its books of accounts.
- iii. As per information and explanations given to us, the company has not granted any loans, secured or unsecured to companies, firms or other parties to be covered in register maintained under section 301 of the Act.
- iv. There are adequate internal control procedures, commensurate with the size of the Company and the nature of its business, for the purchase of plant and machinery, equipment and similar assets and for the sale of goods. Further on the basis of our



examination of the books and records of the company and according to information and explanation given to us, we have neither come across nor have been informed of any continuing major weaknesses in the internal control procedures

- v. a. 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 contracts or arrangements that need to be entered in the register maintained under section 301 have been so entered.
- b. According to information & explanation provided to us, transactions entered in pursuance of contracts or arrangements entered in the register in pursuance of Section 301 of the Act, have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time. The management has informed us that, in case of transactions of a specialized nature, comparable prices are not available.
- vi. The company has not accepted any deposits to which the provisions of section 58-A and 58AA of the Companies Act, 1956 and the rules framed there under are applicable.
- vii. As per the information and explanation obtained from the management, the company has effective and efficient internal audit system.
- viii. The Central Government of India has not prescribed the maintenance of cost records under the clause (d) of section 209 of the Act, for any of the products of the company.
- ix. a. According to the information and explanation given to us and records examined by us, the Company has regularly deposited, during the year, Income Tax and other statutory dues with the appropriate authorities in India. As at the last day of Financial Year, there were no arrears of outstanding statutory dues for a period of more than six months from the date they became payable.
- b. According to the information and explanation given to us and based on records examined by us there are no dues of Income Tax, Wealth Tax, Sales Tax, Custom Duty, Excise Duty and Cess, which have not been paid on account of any dispute.
- x. The company has no accumulated losses as at 31st March 2013 and has not incurred any cash losses in the financial year ended on the date or in the immediately preceding financial year.
- xi. Based on our audit procedures, the company has not obtained any loans from financial institutions or banks or debenture holders.



- xii. The company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- xiii. The provisions of any special statute applicable to chit fund/ nidhi/mutual benefit fund/societies are not applicable to the company.
- xiv. In our opinion, the company is not a dealer or trader in shares, securities, debentures and other investments.
- xv. In our opinion and according to the information and explanations given to us, the company has not given any guarantee for loans taken by others from banks or financial institutions during the year.
- xvi. As per the information and explanation provided by the management, the company did not obtained any term loan during the year.
- xvii. Based on an overall examination of the balance sheet of the company, in our opinion and according to the information and explanations given to us, there are no funds raised on a short-term basis which have been used for long-term investment.
- xviii. The company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Act during the year.
- xix. The company did not have any debentures outstanding during the year.
- xx. The company has not raised any money by public issues during the year.
- xxi. As per information and explanations given to us, no fraud on or by the company has been noticed or reported during the year.

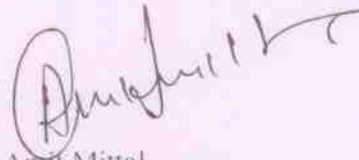
7. As required by section 227(3) of the Act we report that:

- a. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit.
- b. In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books:
- c. The Balance Sheet, statement of profit and loss accounts and cash flow statement dealt with by this report are in agreement with the books of account;



- d. On the basis of written representations received from the Directors as on 31st March, 2013 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2013 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
- e. 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.

For GHOSH KHANNA & CO.
Firm Registration No: 003366N
CHARTERED ACCOUNTANTS



Amit Mittal
PARTNER
Membership No. 508748

Place: Gurgaon
Date: 15th May, 2013



Evolv Services Limited

Balance Sheet as at Marh 31, 2013

PARTICULARS	Notes	As at March 31, 2013 Rs.	As at March 31, 2012 Rs.
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	3	14,750,960	14,750,960
Reserves and surplus	4	34,187,885	27,917,085
Non-current liabilities			
Long-term provisions	8	1,151,730	1,245,880
Current liabilities			
Short-term borrowings	5	2,467,334	13,180,662
Trade Payables	6	12,677,222	22,908,352
Other current liabilities	7	4,596,193	5,662,038
Short-term provisions	8	932,610	200,120
TOTAL		70,763,934	85,865,097
ASSETS			
Non-current assets			
Fixed assets	9		
Tangible assets		238,085	1,553,193
Intangible assets		8,258,700	11,021,358
Long-term loans and advances	10	19,846,182	15,459,031
Other non-current assets	13	101,063	101,063
Current assets			
Cash and bank balances	14	851,418	1,002,871
Short-term loans and advances	10	3,614,240	373,294
Trade receivables	11	33,677,331	55,254,066
Other current assets	13	4,176,915	1,100,221
TOTAL		70,763,934	85,865,097

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

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

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

Amit Mittal
Partner
Membership No: 508748

For and on behalf of the Board

Vijay K Thadani
Director
DIN : 00042527

Raghavan Govindan
Director
DIN : 00820000

Place: Gurgaon
Date: May 15, 2013



Evolv Services Limited

Statement of Profit & Loss for the year ended March 31, 2013

PARTICULARS	Notes	Year ended March 31, 2013 Rs.	Year ended March 31, 2012 Rs.
INCOME			
Revenue from Operations		69,032,820	107,239,287
Other Income	16	591,366	2,512,196
Total Revenue		69,624,186	109,751,483
EXPENDITURE			
Professional & Technical Outsourcing Expenses	17	28,637,294	24,174,643
Employee Benefits Expense	20	20,542,716	30,059,162
Other Expenses	21	9,404,529	19,872,890
Finance Costs	9	550,965	3,127,619
Depreciation and Amortization Expenses		3,585,824	2,314,703
Total Expenses		62,721,328	79,549,017
Profit before tax		6,902,858	30,202,466
Tax expense:			
Current tax		305,306	5,470,768
MAT Credit Entitlement		(305,306)	(5,470,768)
Provision for Tax relating to earlier years		632,058	-
Profit (Loss) for the year		6,270,800	30,202,466
Earnings per equity share (Face Value Rs. 10 each):	23		
- Basic		4.25	20.62
- Diluted		4.25	20.62

The accompanying notes referred to above form an integral part of the Statement of Profit and Loss

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

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

Amit Mittal
Partner
Membership No: 508748

For and on behalf of the Board


Vijay K Thadani
Director
DIN : 00042527


Raghavan Govindan
Director
DIN : 00820000

Place: Gurgaon
Date : May 15, 2013



Cash Flow Statement for the year ended March 31, 2013

	PARTICULARS	Year ended March 31, 2013 Rs.	Year ended March 31, 2012 Rs.
A.	CASH FLOW FROM OPERATING ACTIVITIES:		
	Profit before tax	6,902,858	30,202,466
	Adjustments for:		
	Depreciation and Amortisation	3,585,824	2,314,703
	Interest Expenses	550,965	3,127,619
	Interest Income	(591,366)	(1,324,882)
	Loss on sale of fixed assets	491,942	85,856
	Provision for Doubtful Debts	128,431	1,304,168
	Advances written off	-	185,458
	Provision for Gratuity & Compensated Absences	658,340	(1,897,000)
	Operating profit before working capital changes	11,706,994	33,998,388
	Add / (Less): (Increase)/ Decrease in operating working capital:		
	(Decrease)/Increase Current Trade Receivables	21,448,304	(34,684,540)
	(Decrease)/Increase Long Term Loans and Advances	54,600	(185,458)
	(Decrease)/Increase Short Term Loans and Advances	(3,240,946)	2,968,626
	(Decrease)/Increase Other Current Assets	(3,067,298)	4,365,082
	Increase/(Decrease) Trade Payables	(10,231,130)	5,036,389
	Increase/(Decrease) in Other Current Liabilities	(1,065,845)	(272,833)
	Cash generated from operations	15,604,679	11,225,654
	Taxes paid (including TDS)	(5,073,809)	7,317,037
	Net cash from Operating activities (A)	10,530,870	18,542,691
B.	CASH FLOW FROM INVESTING ACTIVITIES:		
	Purchase of Fixed Assets (including Capital Work-in-progress)	-	(5,381,685)
	Proceeds from sale of Fixed Assets	-	138,667
	Interest Received	581,970	1,315,486
	Net cash used for Investing activities (B)	581,970	(4,127,532)
C.	CASH FLOW FROM FINANCING ACTIVITIES:		
	Proceeds from fresh issue of Share Capital (including Share Premium)	-	630,000
	Working Capital / Short Term Borrowings (Net)	(10,713,328)	(12,091,987)
	Interest Paid (including financing charges on finance lease arrangements)	(550,965)	(3,127,619)
	Net cash from / (used in) Financing activities (C)	(11,264,293)	(14,589,606)
	Net Increase/(Decrease) in Cash & Cash equivalents (A) + (B) + (C)	(151,453)	(174,447)
	Cash and Cash equivalents as at the beginning of the year (Note 1)	1,103,934	1,278,381
	Cash and cash equivalents as at the end of the year (Note 1)	952,481	1,103,934

Notes:

1	Cash and cash equivalents as on	March 31, 2013	March 31, 2012
	Balances with Banks	Rs. 952,481	Rs. 1,103,934
	Cash and cash equivalents as at the end of the year	952,481	1,103,934

- The above Cash flow statement has been prepared under the indirect method as set out in Accounting Standard 3 as notified under Section 211(3C) of The Companies Act, 1956.
- The schedules from 1 - 29 form an integral part of the Cash Flow Statement.
- Previous year figures, to the extent feasible, have been regrouped/recast wherever necessary to conform to the current year's classification.

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

For and on behalf of the Board

Vijay K Thadani

Director

DIN : 00042527

Raghavan Govindan

Director

DIN : 00820000

Place: Gurgaon

Date: May 15, 2013



1. BASIS OF PREPARATION OF ACCOUNTS

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 under section 211(3C) of the Companies Act, 1956 and the relevant provisions of the Companies Act, 1956.

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Schedule VI to the Companies Act, 1956. 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. SIGNIFICANT ACCOUNTING POLICIES**i). Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses for the years presented. Actual results may differ from those estimates.

ii). Tangible Fixed Assets and Depreciation

Fixed Assets are stated at acquisition cost except where they are taken over pursuant to an acquisition at a consolidated price. Individual fixed assets taken over pursuant to acquisition are recorded at their fair value on the date of acquisition based on valuation carried out by independent valuers.

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

Plant and Equipments including:	
- Computers, printers and related accessories	3-5 years
- Electronic Equipments	8 years
Office Equipments	8 years
Furniture, Fixtures & Electric Fittings	7-10 years
All other assets	Rates prescribed under Schedule XIV to the Companies Act, 1956

Further, educational content, computer system and software are technically evaluated each year for their useful economic life and the unamortised depreciable amount of the asset is charged to Statement of Profit and Loss as depreciation/ amortisation over their revised remaining useful life.

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

iii). Intangible Fixed Assets and Amortisation

Expenses incurred on internal development of educational content and products are capitalised either individually or as a knowledge bank in the form of software, once their technical feasibility and ability to generate future economic benefits is established in accordance with the requirements of Accounting Standard 26, "Intangible Assets" as notified under section 211(3C) of the Companies Act, 1956. Expenses incurred during the research phase till the establishment of commercial feasibility is charged to the Statement of Profit and Loss.

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

-Internally Generated (Software, Educational Content and Products)	3-5 years
-Patents	3-5 years

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



(iv) **Revenue Recognition**

Revenue from training activity is recognized on accrual basis over the period of course commencing from the start of batch

Revenue from assessment business is recognized on accrual basis to the extent of completion of the assessment as per the terms of the contract

v) **Other Income**

Interest income is recognised on a time proportion basis taking in to account the amount outstanding and the applicable rate of interest

vi) **Foreign Currency Transactions**

Initial recognition: Transactions denominated in foreign currencies are recorded at the exchange rates prevailing on the date of the transaction

Exchange Difference: Any income or expense on account of exchange differences either on settlement or on translation of transactions (including fixed assets) is recognized in the Statement of Profit and Loss

Conversion: Monetary items denominated in foreign currencies at the year-end are translated at the exchange rates prevailing on the date of the Balance Sheet. Non-monetary items denominated in foreign currencies are carried at cost.

vii) **Employee Benefits**

Gratuity

The Company provides for gratuity, a defined benefit retirement plan (the "Gratuity Plan") covering eligible employees in accordance with the Payment of Gratuity Act, 1972. The Gratuity Plan provides a lump sum payment to vested employees at retirement, death, incapacitation or termination of employment, of an amount based on the respective employee's salary and the tenure of employment. Company's liability is actuarially determined (Using the Projected Unit Credit method) at the end of the year and any shortfall in the fund size maintained by the trust set up by the Holding Company with Life Insurance Corporation of India is additionally provided for

Actuarial losses/ gains are charged/ credited to the Statement of Profit and Loss in the year in which such losses/ gains arise.

Compensated Absences

Liability in respect of compensated absences is provided both for encashable leave and those expected to be availed. The Company has benefit plan for compensated absences for employees, the liability for which is determined on the basis of an actuarial valuation (Using the Projected Unit Credit method) at the end of the year. Any gain or loss arising out of such valuation is recognized in the Statement of Profit and Loss

In respect of employees on deputation from other companies, the contribution for the period is recovered by their respective companies and debited to Statement of Profit and Loss based on the actuarial valuation.

Provident Fund

The Company's contribution is charged to the Statement of Profit and Loss. The Contribution in respect of employees is made to the Regional Provident Fund Commissioner. The Company's contribution towards Provident Fund is charged to the Statement of Profit and Loss as a defined contribution plan.

viii) **Earnings per Share**

The earnings considered in ascertaining the Company's Earnings per share ('EPS') comprises the Profit/ (Loss) after Tax. The number of shares used in computing the Basic EPS is the weighted average number of shares outstanding during the year. The Diluted EPS is calculated on the same basis as Basic EPS, after adjusting for the effects of potential Dilutive Equity Shares, if any.

ix) **Leases**

The Company has taken vehicles as well as premises on lease. Lease rental in respect of operating lease arrangements are charged as expense to Statement of Profit and Loss on a straight line over the period of the lease.



x) Taxation

Tax expense comprising of both current tax and deferred tax is included in determining the net results for the year. Deferred tax reflects the effect of temporary timing differences between the assets and liabilities recognized for financial reporting purposes and the amounts that are recognized for current tax purposes. As a matter of prudence deferred tax assets are recognized and carried forward only to the extent, there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. Current tax is determined based on the provisions of Income-tax Act, 1961. Minimum Alternate Tax (MAT) paid in excess of normal income tax is recognized as asset (MAT Credit entitlement) only to the extent, there is reasonable certainty that the Company shall be liable to pay tax as per the normal provisions of the Act in future. Such asset is reviewed at each balance sheet date and the carrying amount of the MAT Credit entitlement is written down to the extent there is no longer a convincing evidence to the effect that the company will pay normal income tax during the specified period.

xi) Employee Stock Options

The stock options granted under Employees Stock Option 2007 (ESOP 2007) and Employees Stock Option 2005 (ESOP 2005) are accounted for as per the accounting prescribed by Employees Stock Option Scheme and ESOP purchase guidelines, 1999 issued by Securities Exchange Board of India and is based on the fair value of equity settled share options estimated (as at the date of grant) using Black & Scholes model.

xii) Borrowing Costs

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

xiii) Provisions & Contingencies

The Company creates a provision when there is present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that probably will not require an outflow of resources or where a reliable estimate of the obligation cannot be made.

xiv) Cash and Cash Equivalents

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



3	SHARE CAPITAL	As at March 31, 2013 Rs.	As at March 31, 2012 Rs.
	Authorised 1,600,000 Equity Shares of Rs. 10/- each (Previous year 1,600,000 Equity Shares of Rs. 10/- each)	16,000,000	16,000,000
		16,000,000	16,000,000
	Issued 1,475,096 Equity Shares of Rs. 10/- each (Previous year - 1,475,096 Equity Shares of Rs. 10/- each)	14,750,960	14,750,960
		14,750,960	14,750,960
	Subscribed and fully paid up 1,475,096 Equity Shares of Rs. 10/- each (Previous year - 1,475,096 Equity Shares of Rs. 10/- each)	14,750,960	14,750,960
		14,750,960	14,750,960

3.1	Reconciliation of the number of shares outstanding	As at March 31, 2013		As at March 31, 2012	
		No. of shares	Value Rs.	No. of shares	Value Rs.
	Equity Shares				
	Shares outstanding at the beginning of the year	1,475,096	14,750,960	1,412,096	14,120,960
	Shares Issued during the year	-	-	63,000	630,000
	Shares outstanding at the end of the year	1,475,096	14,750,960	1,475,096	14,750,960

3.2	Shares in respect of each class in the company held by	Name of the company	Class of shares Equity/ Preference	As at March 31, 2013 No. of shares	As at March 31, 2012 No. of shares
	Holding company	NIIT Limited	Equity	1,475,096	1,475,096

3.3	Shares held by each shareholder holding more than 5% shares	As at March 31, 2013		As at March 31, 2012	
		% of holding	No. of shares	% of holding	No. of shares
	Equity Shares				
	NIIT Limited	100%	1,475,096	100%	1,475,096
	Total	100%	1,475,096	100%	1,475,096



Evolv Services Limited

Notes to the financial statement for the year ended March 31, 2013

4	RESERVES AND SURPLUS	As at March 31, 2013 Rs.		As at March 31, 2012 Rs.	
	Share Premium				
	Balance as at beginning of the year	79,307,583		78,820,810	
	Add: Additions during the year on account of exercise of ESOP's	-	79,307,583	486,773	79,307,583
	Employees Stock Option Outstanding				
	Balance as at beginning of the year	-		486,773	
	Add : Transferred to share premium Account	-	-	(486,773)	-
	Surplus/ (Deficit) in the Statement of Profit and Loss				
	Balance Brought Forward from Previous year	(51,390,498)		(81,592,964)	
	Add : Current Year Profit / (Loss)	6,270,800	(45,119,698)	30,202,466	(51,390,498)
			34,187,885		27,917,085

5	SHORT TERM BORROWINGS	As at March 31, 2013 Rs.		As at March 31, 2012 Rs.	
	UNSECURED				
	Inter Corporate Deposits from Holding Company	-		6,750,000	
	Short Term Loan from Banks - Cash Credit	2,467,334		6,430,662	
		2,467,334		13,180,662	



6	Trade Payables	Non-current		Current	
		As at March 31, 2013	As at March 31, 2012	As at March 31, 2013	As at March 31, 2012
		Rs.	Rs.	Rs.	Rs.
	- Due to Others	-	-	12,677,222	22,908,352
		-	-	12,677,222	22,908,352

7	OTHER LIABILITIES	Long-term Liabilities		Current Liabilities	
		As at March 31, 2013	As at March 31, 2012	As at March 31, 2013	As at March 31, 2012
		Rs.	Rs.	Rs.	Rs.
	Advances from Customers	-	-	75,837	201,871
	Payable to Employees	-	-	3,198,571	1,664,699
	Statutory Dues	-	-	1,321,785	3,795,468
		-	-	4,596,193	5,662,038

8	Provisions	Long-term		Short-term	
		As at March 31, 2013	As at March 31, 2012	As at March 31, 2013	As at March 31, 2012
		Rs.	Rs.	Rs.	Rs.
	Provision for employee benefits :				
	Provision for Gratuity	1,040,340	1,108,890	-	34,110
	Provision for Compensated Absences	111,390	136,990	932,610	166,010
		1,151,730	1,245,880	932,610	200,120



Evolve Services Limited
Notes to the financial statement for the year ended March 31, 2013

9 Fixed Assets

Description of Assets	GROSS BLOCK			DEPRECIATION AND AMORTISATION		NET BLOCK	
	Cost As on 01.04.2012	Additions during the year	Sales / Adj. during the year	As on 01.04.2012	Total as on 31.03.2013	As on 31.03.2013	As on 31.03.2012
(i) Tangible							
Computer	1,292,275	-	105,000	891,784	274,439	1,076,571	385,169
Office Equipments	333,400	-	86,738	148,009	36,920	117,281	200,713
Vehicles	3,849,837	-	3,849,837	2,882,526	511,812	-	967,311
Sub Total (a)	5,475,512	-	4,041,575	3,922,319	823,171	1,195,852	1,553,193
(ii) Intangible							
Intellectual Property Rights - Internally generated	12,418,996	-	-	1,433,389	2,741,016	4,174,405	10,985,607
Software Acquired	185,400	-	100,021	149,649	21,637	71,270	35,751
Sub Total (b)	12,604,396	-	100,021	1,583,038	2,762,653	4,245,675	11,021,358
Total (a+b)	18,079,908	-	4,141,596	5,505,357	3,585,824	5,441,527	12,574,551
Previous Year	11,174,470	7,332,578	427,140	3,393,271	2,314,703	5,808,357	12,574,551

9.1 Note on Capitalization of Internally Generated Intangibles

The Company develops courseware contents for it's new training programs to meet the industry needs and demands and is expected to enhance the marketability and revenue generating capacity of the Company. The Company is confident of its ability to generate future economic benefits from these assets. The cost incurred towards development is as follows:-

Description	Year ended March 31, 2013	Year ended March 31, 2012
	(Rs.)	(Rs.)
Opening Balance	-	1,730,893
Salaries and Benefits (Includes contribution towards Provident and Other Funds)	-	1,794,632
Other Expenses	-	3,787,053
Capitalised during the year	-	7,332,578
Closing balance as at end of the year	Nil	Nil



11	Trade Receivables	Non-current		Current	
		As at	As at	As at	As at
		March 31, 2013	March 31, 2012	March 31, 2013	March 31, 2012
		Rs.	Rs.	Rs.	Rs.
a)	Trade receivables outstanding for a period exceeding six months from the date they are due for payment				
	Unsecured, considered good	-	-	7,266,259	-
	Unsecured, considered doubtful	2,249,766	2,121,335	-	-
	Less: Provision for doubtful debts	(2,249,766)	(2,121,335)	-	-
		-	-	7,266,259	-
b)	Other Trade Receivables				
	Unsecured, considered good	-	-	26,411,072	55,254,066
		-	-	26,411,072	55,254,066
		-	-		
		-	-	33,677,331	55,254,066

12	Provision for Doubtful Debts	Non-current		Current	
		As at	As at	As at	As at
		March 31, 2013	March 31, 2012	March 31, 2013	March 31, 2012
		Rs.	Rs.	Rs.	Rs.
	Opening Provision	2,121,335	817,167	-	-
	Add: Additional Provision Created during the year	128,431	1,304,168	-	-
	Closing Provision	2,249,766	2,121,335	-	-

13	OTHER ASSETS	Non-current		Current	
		As at	As at	As at	As at
		March 31, 2013	March 31, 2012	March 31, 2013	March 31, 2012
		Rs.	Rs.	Rs.	Rs.
	Non Current Bank Balances (Refer Note 14)	101,063	101,063	-	-
	Unbilled revenue	-	-	4,158,123	1,090,825
	Interest Receivable	-	-	18,792	9,396
		101,063	101,063	4,176,915	1,100,221



14 Cash and Bank Balances	Non-current		Current	
	As at March 31, 2013 Rs.	As at March 31, 2012 Rs.	As at March 31, 2013 Rs.	As at March 31, 2012 Rs.
Cash and cash equivalents:				
Balance with banks	-	-	851,418	1,002,871
Current Accounts				
Other bank balances:				
Bank deposits:				
With original maturity of more than 12 months	101,063	101,063	-	-
[Includes Rs. 101,063/- (Previous year Rs. 101,063/-) pledged as margin money]				
	101,063	101,063	851,418	1,002,871
	101,063	101,063	851,418	1,002,871
Amount disclosed under non-current assets (Note 13)	(101,063)	(101,063)	-	-
	-	-	851,418	1,002,871

15 Contingent Liabilities

Income tax demand which may be raised by the Income tax authorities towards disallowance made by the assessing officer amounting to Rs. 33,294,925/-, which were subsequently reduced to Rs. 2,689,369/- vide order passed by CIT(A). This amount shall be adjusted against carry forwarded tax losses of the company. Therefore, Management does not foresee any financial implication based on the advice of the legal consultant.

16 Other Income	Year ended March 31, 2013 Rs.	Year ended March 31, 2012 Rs.
Interest Income	591,366	1,324,882
Other non-operating income (net of expenses)	-	1,187,314
	591,366	2,512,196



17	Employee Benefits Expenses	Year ended March 31, 2013	Year ended March 31, 2012
		Rs.	Rs.
	Salaries and Benefits	19,864,046	29,640,335
	Contribution to Provident and Other Funds	592,356	65,200
	Welfare and Other expenses	86,314	353,627
		20,542,716	30,059,162

18 Disclosure of AS 15**A. Provident Fund**

Company makes contribution towards provident fund and Pension fund, with the office of the Regional Provident Fund Commissioner.

During the year the Company has recognized the following amounts in the Statement of Profit and Loss :-

Nature of Contribution*	Year ended March 31, 2013 (Rs.)	Year ended March 31, 2012 (Rs.)
Employers Contribution to Provident Fund	92,426	418,681
Employers Contribution to Pension Scheme	205,000	341,561

B. Defined Benefit Plans

(a) **Gratuity:** Disclosure as per actuarial report of independent actuary.

i) Change in Present value of Obligation :-

Description	As at March 31, 2013 (Rs.)	As at March 31, 2012 (Rs.)
Present value of obligation as at the beginning of the year	1,143,000	2,666,000
Interest Cost	83,560	174,900
Current Service Cost	253,520	559,000
Benefit paid	(342,760)	(959,430)
Actuarial (gain) / loss on obligations	(41,320)	(1,297,470)
Present value of obligation as at the end of the year	1,096,000	1,143,000

ii) Change in Plan Assets :-

Description	As at March 31, 2013 (Rs.)	As at March 31, 2012 (Rs.)
Fair Value of Plan Assets as at the beginning of the year	-	-
Expected return on plan Assets	2,580	-
Contributions	54,830	-
Actuarial (loss)/ gain on plan Assets	(1,750)	-
Fair value of plan Assets as at the end of the year	55,660	-



iii) Amount of the Asset/(Obligation) recognized in the Balance Sheet :-

Description	As at March 31, 2013 (Rs.)	As at March 31, 2012 (Rs.)
Present value of the defined benefit obligation at the end of the year	1,096,000	1,143,000
Fair value of plan assets at the end of the year	55,660	-
Asset/ (obligation) Recognised in Balance Sheet	(1,040,340)	(1,143,000)

iv) Amount of gratuity expense recognized in the Statement of Profit and Loss :-

Description	Year ended March 31, 2013 (Rs.)	Year ended March 31, 2012 (Rs.)
Current service cost	253,520	559,000
Interest Cost	83,560	174,900
Expected return on plan assets	(2,580)	-
Actuarial (gain) / loss recognized during the year	(39,570)	(1,297,470)
Expense Recognised in Statement of Profit and Loss	294,930	(563,570)
Actual return on plan Assets	833	-

(b) Compensated Absences

Amount of obligation as at the year end is determined as under:

Description	Year ended March 31, 2013 (Rs.)	Year ended March 31, 2012 (Rs.)
Present value of obligation as at the beginning of the year	303,000	677,000
Benefit Paid	(127,640)	(388,350)
Current Service Cost	398,200	238,000
Actuarial (gain) / loss on obligations	449,870	(145,650)
Curtailment Cost/(Credit)	-	(145,000)
Interest Cost	20,570	39,000
Plan amendment/(Credit)	-	28,000
Present value of obligation as at the end of the year	1,044,000	303,000
Amount debited/(Credited) to the Statement of Profit and Loss*	868,640	14,352

*This has been debited in Statement of Profit and Loss under Employees Remuneration & Benefits

Assumptions used:-	Year ended March 31, 2013	Year ended March 31, 2012
Discount Rate (per annum)	8.25%	8.6%
Future Salary Increase	5.5%	5.5%



19 Employee Stock Option Plan

The company has launched Employee Stock Option 2005 (ESOP 2005) and Employees Stock Option 2007 (ESOP 2007) for the issue of stock options in respect of 45,000 and 18,000 Equity Shares of Rs. 10 each respectively, to the Directors and Employees of the company. These options were granted on 1st April 2005 and 1st April 2007 respectively. Pursuant to the provisions of the approved ESOP 2005, the stock options were granted at face value i.e. Rs. 10 each.

The fair value of equity-settled share options is estimated (as at the date of grant) using a Black scholes model, taking into account the terms and conditions upon which the options were granted. The following table lists the inputs to the model used for the option granted

	ESOP 2005	ESOP 2007
Dividend yield (%)	NIL	NIL
Historical volatility (%)	NIL	NIL
Risk-free interest rate (%)	6.00%	7.95%
Stock Price as at the date of grant	Rs. 18	Rs. 4.98

The vesting period for the options has been disclosed in the table hereunder. The Exercise Period of the Options is 5 years for ESOP-2005 scheme & 3 years for ESOP-2007 from the date of vesting.

Vesting Date	No. of Options Vested	Estimated Life of Option	Fair Value of Options (Rs./share)
ESOP 2005			
April 1, 2006	9,000 Shares	6 Years	22.88
April 1, 2007	13,500 Shares	7 Years	22.88
April 1, 2008	13,500 Shares	8 Years	22.88
April 1, 2009	9,000 Shares	9 Years	22.88
ESOP 2007			
April 1, 2008	3,600 shares	4 Years	22.88
April 1, 2009	5,400 shares	5 Years	22.88
April 1, 2010	5,400 shares	6 Years	22.88
April 1, 2011	3,600 shares	7 Years	22.88



The following table illustrates the number (No.) of, and movements in, share options during the year :-

Particulars	Grant 2								Grant 1							
	2012-13				2011-12				2011-12				2011-12			
	Vest4	Vest3	Vest2	Vest1	Vest4	Vest3	Vest2	Vest1	Vest4	Vest3	Vest2	Vest1	Vest4	Vest3	Vest2	Vest1
Date of Grant	-	-	-	-	1-Apr-07	1-Apr-07	1-Apr-07	1-Apr-07	-	-	-	-	1-Apr-05	1-Apr-05	1-Apr-05	1-Apr-05
Date of Vesting	-	-	-	-	1-Apr-11	1-Apr-10	1-Apr-09	1-Apr-08	-	-	-	-	1-Apr-09	1-Apr-08	1-Apr-07	1-Apr-06
Live options at the beginning of the year (Nos.)	-	-	-	-	3,600	5,400	5,400	3,600	-	-	-	-	9,000	13,500	13,500	9,000
Granted during the year (Nos.)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Forfeited/ lapsed till vesting period (Nos.)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Options Vested (Nos)	-	-	-	-	3,600	-	-	-	-	-	-	-	-	-	-	-
Forfeited/ lapsed post vesting (Nos)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Options exercised (Nos)	-	-	-	-	3,600	5,400	5,400	3,600	-	-	-	-	9,000	13,500	13,500	9,000
Outstanding/ exercisable at the end of the year (Nos)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Exercise Price (Rs.)	-	-	-	-	10	10	10	10	-	-	-	-	10	10	10	10
Remaining Contractual Life (Days)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fair value of the options based on Black and Scholes Model (Rs.)	-	-	-	-	23.88	23.88	23.88	23.88	-	-	-	-	23.88	23.88	23.88	23.88
Intrinsic Value of the options granted (Rs.)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-



20	Other Expenses	Year ended March 31, 2013 Rs.	Year ended March 31, 2012 Rs.
	Equipment Hiring	265,216	448,806
	Freight and Cartage	23,399	16,606
	Rent	683,165	7,729,565
	Power & Fuel	333,058	684,769
	Communication	245,983	988,275
	Legal and Professional	574,496	760,930
	Management Cost Recovery by Holding Company	1,851,116	-
	Traveling and Conveyance	2,109,672	4,754,577
	Provision for Doubtful Debts	128,431	1,304,168
	Advances Written off	-	185,458
	Doubtful Debts Written off	405,323	-
	Repairs and Maintenance:		
	- Plant and Machinery	54,858	341,384
	- Buildings	2,999	84,270
	- Others	274,762	842,619
	Loss on Sale of Fixed Assets (Net)	491,942	85,856
	Loss on foreign currency translation and transaction (net)	-	449
	Security and Administration Services	233,874	272,251
	Bank Charges	27,984	1,682
	Marketing & Advertising Expenses	549,423	19,357
	Sundry Expenses	1,148,828	1,351,868
		9,404,529	19,872,890

20.1	Payment to Auditors	Year ended March 31, 2013 Rs.	Year ended March 31, 2012 Rs.
	- As auditors	163,500	150,000
	- For other services	25,000	25,000
	-For reimbursement of expenses (including Service Tax)	23,299	18,025
		211,799	193,025

21	Finance costs	Year ended March 31, 2013 Rs.	Year ended March 31, 2012 Rs.
	Interest Expense	550,965	3,127,619
		550,965	3,127,619



22 Taxation**Accounting Standard – 22 – Deferred Tax Asset / Liability**

Deferred tax Asset has not been recognised as a matter of prudence.

23 Earnings Per Share

Particulars	Year Ended March 31, 2013	Year Ended March 31, 2012
Profit/(Loss) as per the Statement of Profit & Loss	6,270,800	30,202,466
Profit/(Loss) attributable to Equity	6,270,800	30,202,466
Weighted Average Number of Equity Shares	1,475,096	1,464,811
Nominal value Of Equity shares(Rs.)	10	10
Basic /Diluted (Loss) per Share (Rs.) (B/c)	4.25	20.62

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

24 Related Party Disclosures**Related party relationship where control exists :****A) Holding Company - NIIT Limited****B) Fellow Subsidiaries**

- 1 NIIT Online Learning Limited
- 2 Hole-in-the-Wall Education Limited
- 3 Scantech Evaluation Services Limited
- 4 NIIT Institute of Finance Banking and Insurance Training Limited
- 5 NIIT Institute of Process Excellence Limited
- 6 NIIT Yuva Jyoti Limited (w.e.f May 25, 2011)
- 7 NIIT Limited, UK
- 8 NIIT Antilles NV, Netherlands Antilles
- 9 NIIT Malaysia Sdn. Bhd, Malaysia
- 10 NIIT GC Ltd (formerly NIIT TVE Limited, Mauritius)
- 11 NIIT China (Shanghai) Limited, Shanghai
- 12 NIIT Wu Xi Service Outsourcing Training School, China
- 13 Chongqing NIIT Education Consulting Limited, China
- 14 Wu Xi NIIT Information Technology Consulting Limited, China
- 15 Changzhou NIIT Information Technology Consulting Limited, China
- 16 Su Zhou NIIT Information Technology Consulting Limited, China
- 17 NIIT (USA) Inc, USA
- 18 NIIT Ventures Inc, USA
- 19 Element K Corporation, USA (Ceased to be fellow subsidiary company w.e.f. October 14, 2011)
- 20 Element K India Private Limited, India (Ceased to be fellow subsidiary company w.e.f. October 14, 2011)
- 21 Element K (UK) Limited, United Kingdom (Ceased to be fellow subsidiary company w.e.f. October 14, 2011)
- 22 Element K, Canada (ceased to be fellow subsidiary w.e.f. October 14, 2011)
- 23 PT NIIT Indonesia, Indonesia (Under Liquidation)
- 24 NIIT West Africa Limited, Nigeria
- 25 Qingdao NIIT Information Technology Co. Limited (fellow subsidiary w.e.f. May 14, 2012), China
- 26 Chongqing An Dao Education Consulting Limited (fellow subsidiary w.e.f. June 5, 2012), China
- 27 Zhangjiagang NIIT Information Services Limited (fellow subsidiary w.e.f. September 1, 2012), China
- 28 Chongqing BeiBuXinQu AnDao Software Out-Source Education School (fellow subsidiary w.e.f. January 11, 2013), China

C) Other related parties with whom the Company has transacted:**Key Managerial Personnel**

Siddharth Talwar (Wholtime Director) (Ceased to be whole time director w.e.f. June 23, 2011)



D) Details of transaction and balances with related parties*

Nature of Transactions	Holding Company	Fellow Subsidiaries	Key Managerial Personnel	Total
	(Rs.)	(Rs.)	(Rs.)	(Rs.)
Rendering of Services (Note 1)	23,378,886 (22,431,634)	393,600 (2,720,163)	Nil (Nil)	23,772,486 (25,151,797)
Recovery of Expenses from (Note 2)	1,882,627 (1,164,618)	18,800 (27,618)	Nil (Nil)	1,901,427 (1,192,236)
Remuneration to key Managerial Personnel	Nil (Nil)	Nil (Nil)	Nil (2,184,027)	Nil (2,184,027)
Interest Expenses	121,593 (2,092,313)	Nil (Nil)	Nil (Nil)	121,593 (2,092,313)
Receiving of Services (Note 3)	Nil (Nil)	Nil (45,000)	Nil (Nil)	Nil (45,000)
Other Expenses (Note 4)	3,357,854 (1,587,832)	Nil (417,988)	Nil (Nil)	3,357,854 (2,005,820)
Loan Taken	Nil (6,750,000)	Nil (Nil)	Nil (Nil)	Nil (6,750,000)
Repayment Of Loan	6,750,000 (15,500,000)	Nil (Nil)	Nil (Nil)	6,750,000 (15,500,000)
Issue of share Capital	Nil (630,000)	Nil (Nil)	Nil (Nil)	Nil (630,000)

E) Balances as on March 31, 2013*

Receivables (Note 5)	11,155,728 (3,068,339)	358,787 (Nil)	Nil (Nil)	11,514,515 (3,068,339)
Payable	1,322,748 (7,272,022)	Nil (Nil)	Nil (Nil)	1,322,748 (7,272,022)

*Previous year figures are shown in parenthesis

Note

1 Includes transactions for the year mainly with;

NIIT Institute of Process Excellence Ltd. Rs. 57,600/- (Previous Year Rs. 2,495,163/-)

NIIT Institute of Finance Banking & Insurance Training Ltd. Rs. 336,000/- (Previous Year Rs. 225,000/-)

2 Includes transactions for the year mainly with;

NIIT Institute of Process Excellence Ltd. Rs. NIL (Previous Year Rs. 27,618/-)

NIIT Institute of Finance Banking & Insurance Training Ltd. Rs. 18,800/- (Previous Year Rs. NIL)

3 Includes transactions for the year mainly with;

NIIT Institute of Process Excellence Ltd. Rs. NIL (Previous Year Rs. 45,000/-)

4 Includes transactions for the period mainly with;

NIIT Institute of Finance Banking & Insurance Training Ltd. Rs. NIL (Previous Year Rs. 417,988/-)

5 Includes balance receivables from;

NIIT Institute of Finance Banking & Insurance Training Ltd. Rs. 358,787/- (Previous Year Rs. NIL)



25 Leases - Operating

The Company has entered into leases for office premises and employee accommodations which are cancelable at the option of the Company by giving the requisite notice. Aggregate payments during the year under operating leases are as shown hereunder

Particulars	Year ended March 31, 2013 (Rs.)	Year ended March 31, 2012 (Rs.)
In respect of Premises	683,165	7,729,565

26 Due to micro and small enterprises

Based on the information available with the company, there is no vendor covered under Micro, Small and Medium Enterprises Development Act, 2006. Hence there are no applicable disclosures required under the act.

27 The Company has availed fund based limits from a bank which are covered within the working capital limits of the holding company, NIIT Limited. The outstanding in respect of such facility as at the year end is Rs 2,467,334/- (Previous Year Rs. 6,430,662/-)

28 The Company is in the business of imparting education and training in the fields of Soft Skills and BPO Training which is viewed by the management as a single segment in accordance with AS 17 'Segment Reporting' as notified under section 211(3C) of the Companies Act, 1956. The Company operates in a single geography, India, thus the secondary segment reporting is not applicable.

29 Previous period figures have been reclassified to confirm the current year classification. Reclassification of previous period figures does not impact recognition and measurement principles followed for preparation of financial statements.

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

Amit Mittal
Partner
Membership No: 508748

For and on behalf of the Board

Vijay K Thadani
Director
DIN : 00042527

Raghavan Govindan
Director
DIN : 00820000

Place: Gurgaon
Date : May 15, 2013

