

GHOSH KHANNA & CO.
CHARTERED ACCOUNTANTS

L-2A, Hauz Khas Enclave, New Delhi-110016, India
Phones: +91 (011) 2696 2981/2 Fax: +91 (011) 2696 2985
E-mail: gkc@vsnl.com website: www.gkcindia.com

AUDITORS' REPORT

THE MEMBERS OF EVOLV SERVICES LIMITED

1. We have audited the attached Balance Sheet of M/s **EVOLV SERVICES LIMITED** as at 31st March, 2010 and the related Profit and Loss Account and Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We have conducted our audit in accordance with the auditing standards generally accepted in India. These Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes, examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by Companies (Auditors' Report) Order, 2003, as amended by the Companies (Auditors' 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 showing full particulars Including quantitative details and situation of Fixed Assets.
 - b. The Fixed Assets have been physically verified by the management during the year, which in our opinion is reasonable having regard to the size of the company and its nature of assets and no discrepancies between the book records and physical assets have been noticed.
 - c. In our opinion and according to information and explanation given to us, a substantial part of fixed assets has not been disposed off by the company during the year except that two vehicles with gross value of Rs. 1,555,239/- were sold during the previous year on which total depreciation of Rs. 731,748/- had been charged out and incurring a net loss of Rs. 522,846/-



Branches:

Calcutta : P-5, C. I. T. Road (7th Flr.), Scheme - L V, Kolkata - 700 014, Tel.: +91 (033) 2216 8321, Fax: +91 (033) 2216 8320, Email: gkccal@vsnl.com
Chennai : B-12, Vidhyodhaya Apts. 54 Habibulha Road, T. Nagar, Chennai - 600 017, Tel.: +91 (044) 2825 7832, Fax: +91 (044) 2823 1196, Email: gkcchennai@mail.com
Bangalore : 65, KHB Cly. (FF), 2nd 'A' Cross, Koramangala 5th Block, Bangalore - 560 095, Tel.: +91 (080) 552 2474, Fax: +91 (080) 552 2474 Email: gkcbangalore@mail.com
Trichy : 15 / 8 / 6, A. R. V. Complex, Sastri Road, Tennur, Trichy - 620 017, Tel.: +91 (0431) 276 1807, Fax: +91 (0431) 276 6933, Email: gkctrichy@eth.net

- ii. The Company does not have any inventory. Accordingly we are not commenting on clause (ii) of paragraph 4 of the Order for the current year.
- iii. The company has taken interest free unsecured loans from the following parties covered in the register maintained under section 301 of the Companies Act, 1956.

S. No.	Name of Party	Balance as on 31.03.2010
1.	First American Financial Services Private Limited	67,66,115
2.	Vikram Talwar & Associates	83,885

- iv. Unsecured Loan taken from the parties covered under section 301 of the Companies Act, 1956. In our opinion, rate of interest and other terms and conditions of loan taken by company are not prejudicial to the interest of the company.
- v. 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.
- vi. As per information and explanations given to us, transactions in pursuance of contracts or arrangements that need to be entered into the register in pursuance of Sec.301 of the Companies Act, 1956 have been made at price which are reasonable having regard to the prevailing market prices at the relevant time.
- vii. There is an adequate internal control procedure, commensurate with the size of the Company and the nature of its business, for purchase of plant and machinery, equipment and similar assets and for the sale of services.
- viii. The Company's present internal audit system is commensurate with its size and nature of business.
- ix. The Central Government has not prescribed under section 209 (1) (d) of the Companies Act, 1956 for maintenance of Cost Records by the Company for any of its products.
- x. The Company has regularly deposited, during the year, Provident Fund, Employee State Insurance, Income Tax, Custom Duty and other statutory dues with the appropriate authorities in India.
- xi. According to the information and explanation given to us there are no dues of Income Tax, Wealth Tax, Sales Tax, Service Tax, Custom Duty, Excise Duty and Cess, which have not been paid on account of any dispute.
- xii. The company has not accepted any deposits to which the provisions of section 58-A of the Companies Act, 1956 are applicable.



- xiii. The Networth of the company has been eroded exceeding 50 percent at the end of the financial year. The company has net current assets of Rs.27,860,698 with a current ratio of 2.21. We have been provided with the business projection for the next two years & management is hopeful of earning profit with new business opportunities & cost optimization. The company has cash profit of Rs.1,819,007 for current year.
 - xiv. The company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
 - xv. The provisions of any special statute applicable to chit fund/nidhi/mutual benefit fund/societies are not applicable to the company.
 - xvi. In our opinion, the company is not a dealer or trader in shares, securities. Debentures and other investments.
 - xvii. 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.
 - xviii. On the basis of an overall examination of the balance sheet of the company, on 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.
 - xix. 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.
 - xx. The company did not have any debentures outstanding during the year.
 - xxi. The company has not raised any money by public issues during the year.
 - xxii. As per information and explanations given to us, no fraud on or by the company has been noticed or reported during the year.
 - xxiii. All other provisions of the Order are not applicable to the Company.
4. Further to our comments in Paragraph 3 above, we report that:
- a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit.



- b) In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
- c) The Balance Sheet, Profit & Loss Account and cash flow Statement dealt with by this report are in agreement with the books of account;
- d) 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;
- e) On the basis of written representations received from the Directors as on 31st March, 2010 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2010 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act; 1956.
- f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts together with notes thereto and Statement on Significant Accounting Policies give in the prescribed manner the information required by the Act, and also give, a true and fair view in conformity with the accounting principles generally accepted in India.
 - (a) In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2010 and
 - (b) In the case of the Profit and Loss Account, of the Profit for the period of twelve months ended on that date.
 - (c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

For **GHOSH KHANNA & CO.**
CHARTERED ACCOUNTANTS



Rohit Kohli
ROHIT KOHLI
PARTNER

Membership No.87722
Firm Registration No. 003366N

Place : New Delhi
Date : 23rd April 2010

EVOLV SERVICES LIMITED
BALANCE SHEET AS AT MARCH 31, 2010

Schedule No./		As at 31.03.2010		As at 31.03.2009	
[Note Reference]		Rs.	Rs.	Rs.	Rs.
I. SOURCES OF FUNDS					
1. Shareholders' Funds					
(a) Share Capital	A	14,120,960		10,523,160	
(b) Stock Option Outstanding Account		486,773		486,773	
(c) Reserves and Surplus	B	78,820,810	93,428,543	64,231,731	75,241,664
2. Loan Funds					
(a) Secured Loans	C	-		466,203	
(b) Unsecured Loans	D	16,322,172	16,322,172	26,696,824	27,163,027
TOTAL			109,750,715		102,404,691
II. APPLICATION OF FUNDS					
1. Fixed Assets					
(a) Gross Block	E	5,804,345		6,258,656	
(b) Less : Accumulated Depreciation		2,330,854		2,033,120	
(c) Net Block			3,473,491		4,225,536
2. Deferred Tax Assets					
3. Current Assets, Loans & Advances					
(a) Sundry Debtors	F	22,806,299		6,048,904	
(b) Cash & Bank Balances		1,711,877		4,189,633	
(c) Other Current Assets		7,192,603		10,331,557	
(d) Loans & Advances		19,196,033		20,350,045	
		50,906,812		40,920,139	
Less : Current Liabilities & Provisions					
(a) Current Liabilities	G	19,605,526		18,616,102	
(b) Provisions		3,440,588		3,330,933	
		23,046,114		21,947,035	
Net Current Assets			27,860,698		18,973,104
4. Profit & Loss Account			78,416,526		79,206,051
TOTAL			109,750,715		102,404,691

Significant Accounting Policies & Notes to Accounts O

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

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

Rohit Kohli

Rohit Kohli
Partner
Membership No :87722

New Delhi
Date : 23rd April 2010

For and on behalf of the Board of Directors

Siddharth Palwar
Director
DIN No.-00889349

Vijay Kumar
Director
DIN No.-01264590



EVOLV SERVICES LIMITED
PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2010

	<u>Schedule No./ Note Reference</u>	<u>Year Ended 31.03.2010 Rs.</u>	<u>Year Ended 31.03.2009 Rs.</u>
INCOME			
Operating Revenue	H,O[1(ii)]	89,441,692	82,189,053
Other Income	I	160,533	1,642,577
		<u>89,602,225</u>	<u>83,831,630</u>
EXPENDITURE			
Employees Remuneration & Benefits	J,O[1(vi)]	40,701,305	50,432,352
Development, Production & Execution Charges	K	20,771,953	16,389,786
Administrative & Other Expenses	L	22,857,990	26,993,271
Interest & Finance Charges	M	2,599,664	1,045,097
Marketing	N	852,306	3,535,907
Depreciation	E	1,029,482	863,784
		<u>88,812,700</u>	<u>99,260,197</u>
PROFIT / (LOSS) BEFORE TAX		789,525	(15,428,567)
Tax Expenses			
Current Tax		-	-
Deffered Charge/(Benefit)		-	-
Fringe Benefit Tax		-	759,268
PROFIT / (LOSS) AFTER TAX		789,525	(16,187,835)
(Loss) brought forward		(79,206,051)	(63,018,216)
Balance Carried to Balance Sheet		<u>(78,416,526)</u>	<u>(79,206,051)</u>
Basic Earnings/(Loss) per Share		0.70	(15.38)
Significant Accounting Policies & Notes to Accounts	O		

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

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

Rohit Kohli

Rohit Kohli
Partner
Membership No :87722

New Delhi
Date : 23rd April 2010

For and on behalf of the Board of Directors

Siddharth Talwar
Siddharth Talwar
Director
DIN No.-00889349

Vijay Kumar
Vijay Kumar
Director
DIN No.-01264590



EVOLV SERVICES LIMITED
Schedules annexed to and forming part of the Balance Sheet

	As at 31.03.2010 Rs.	As at 31.03.2009 Rs.
Schedule A		
SHARE CAPITAL		
[Refer Note 2 (i) on Schedule O]		
Authorised		
1,600,000 Equity Shares (Previous Year 1,600,000 Equity Shares) of Rs.10 each	16,000,000	16,000,000
	<u>16,000,000</u>	<u>16,000,000</u>
Issued, Subscribed and Paid up		
1,412,096 (PY 1,052,316) Equity shares of Rs.10 each	14,120,960	10,523,160
[863,471 (PY 503,691) Equity Shares of Rs 10 each held by NIIT Ltd, Holding Company]	<u>14,120,960</u>	<u>10,523,160</u>
Schedule B		
RESERVES AND SURPLUS		
Securities Premium	78,820,810	64,231,731
	<u>78,820,810</u>	<u>64,231,731</u>
Schedule C		
SECURED LOANS		
ICICI Bank Limited	-	466,203
	<u>-</u>	<u>466,203</u>
Schedule D		
UNSECURED LOANS		
[Refer Note 7 on Schedule O]		
First American Financial Services Private Limited	6,766,115	7,916,115
[Paid during the year Rs 1,150,000/- (Previous year Rs. Nil)]		
NIIT Limited (Holding Company)	-	10,200,000
Vikram Talwar & Associates	83,885	83,885
[Paid during the year Rs Nil (Previous year Rs. Nil)]		
Cash Credit from IOB	9,472,172	8,496,824
	<u>16,322,172</u>	<u>26,696,824</u>



EVOLV SERVICES LIMITED
Schedule annexed to & forming part of the Balance Sheet

Schedule E

FIXED ASSETS

[Refer Note 1 (iii), (iv) on Schedule O]

Particulars	GROSS BLOCK AT COST				DEPRECIATION				NET BLOCK	
	As at 01.04.2009 Rs.	Additions during the Year Rs.	Adjustments/ Sold during the Year Rs.	As at 31.03.2010 Rs.	As on 01.04.2009 Rs.	Provided during the Year Rs.	Adjustments during the Year Rs.	Upto 31.03.2010 Rs.	As at 31.03.2010 Rs.	As at 31.03.2009 Rs.
Computers	281,951	912,017	-	1,193,968	53,128	239,284	-	292,412	901,556	228,823
Office Equipment	151,679	188,911	-	340,590	47,340	28,814	-	76,154	264,436	104,339
Furniture & Fixtures	419,950	-	-	419,950	47,611	58,587	-	106,198	313,752	372,339
Vehicles	5,405,076	-	1,555,239	3,849,837	1,885,041	702,797	731,748	1,856,090	1,993,747	3,520,035
TOTAL	6,258,656	1,100,928	1,555,239	5,804,345	2,033,120	1,029,482	731,748	2,330,854	3,473,491	4,225,536
PREVIOUS YEAR	5,426,911	831,745	-	6,258,656	1,169,336	863,784	-	2,033,120	4,225,536	4,257,575



EVOLV SERVICES LIMITED
Schedules annexed to & forming part of the Balance Sheet (Cont'd.)

	As at 31.03.2010		As at 31.03.2009	
	Rs.	Rs.	Rs.	Rs.
Schedule F				
CURRENT ASSETS, LOANS & ADVANCES				
A. CURRENT ASSETS				
1. Sundry Debtors				
[Refer Note 2 (V), 6 on Schedule O]				
Unsecured considered Doubtful	758,169		70,400	
Unsecured considered good			1,308,544	
Outstanding for more than six months	284,221			
Others	22,522,078		4,740,360	
	<u>23,564,468</u>		<u>6,119,304</u>	
Provision for Doubtful Debts	758,169	22,806,299	70,400	6,048,904
2. Cash and Bank Balances				
Cash in Hand	18,188		2,677	
Balance with Scheduled Banks				
In Current Account	1,674,516		4,150,924	
In Fixed Deposit Account	19,173	1,711,877	36,032	4,189,633
3. Other Current Assets				
Accrued Income	7,037,197		10,266,158	
Prepaid Expenses	155,406	7,192,603	65,399	10,331,557
	<u>7,192,603</u>		<u>10,331,557</u>	
B. LOANS & ADVANCES				
(Unsecured considered good)				
1. Advances recoverable in cash or in kind or for value to be received or pending adjustments	1,596,214		338,644	
2. Security Deposits	3,236,234		4,436,234	
Less : Provision for Security Deposit	(564,220)		(564,220)	
3. Advance Income Tax (including taxes deducted at source)	14,927,805	19,196,033	16,139,387	20,350,045
	<u>14,927,805</u>	<u>19,196,033</u>	<u>16,139,387</u>	<u>20,350,045</u>
		<u>50,906,812</u>		<u>40,920,139</u>
Schedule G				
CURRENT LIABILITIES AND PROVISIONS				
A. CURRENT LIABILITIES				
1. Sundry Creditors				
Holding Company	4,754,102		3,713,575	
Due to micro, small & medium enterprises				
Due to creditors other than micro, small & medium enterprises	7,734,636		5,286,696	
2. Other Liabilities	7,116,788	19,605,526	9,615,831	18,616,102
	<u>7,116,788</u>	<u>19,605,526</u>	<u>9,615,831</u>	<u>18,616,102</u>
B. PROVISIONS				
1. Provision for FBT	1,267,514		1,267,514	
Less : Amount Paid	(1,267,514)		(1,267,514)	
2. Provision for Compensated absences	876,167		927,329	
3. Provision for Gratuity	2,564,421	3,440,588	2,403,604	3,330,933
	<u>2,564,421</u>	<u>3,440,588</u>	<u>2,403,604</u>	<u>3,330,933</u>
		<u>23,046,114</u>		<u>21,947,035</u>



EVOLV SERVICES LIMITED
Schedules annexed to and forming part of the Profit & Loss Account

	year ended on 31.03.2010 Rs.	year ended on 31.03.2009 Rs.
<u>Schedule H</u>		
OPERATING REVENUE		
Training Fees	89,441,692	82,189,053
	<u>89,441,692</u>	<u>82,189,053</u>
<u>Schedule I</u>		
OTHER INCOME		
Other Income	160,533	1,642,577
	<u>160,533</u>	<u>1,642,577</u>
<u>Schedule J</u>		
EMPLOYEES REMUNERATION & BENEFITS		
Salaries & Wages	38,993,285	47,641,978
Contribution to Provident Fund and Other funds	823,012	946,972
Staff Welfare Expenses	237,293	477,150
Compensated Absences	384,228	708,121
Gratuity	263,487	658,131
	<u>40,701,305</u>	<u>50,432,352</u>
<u>Schedule K</u>		
DEVELOPMENT, PRODUCTION & EXECUTION CHARGES		
Training Facility & other Charges	12,112,954	11,320,967
Training Material Expenses	1,005,674	1,122,617
Consultancy Charges	7,653,325	3,946,202
	<u>20,771,953</u>	<u>16,389,786</u>
<u>Schedule L</u>		
ADMINISTRATIVE & OTHER EXPENSES		
Rent	6,237,883	8,204,651
Security Charges	383,560	319,246
Electricity & Water	722,042	1,018,789
Insurance	144,295	153,073
Legal & Professional Charges	835,008	759,385
Repairs & Maintenance		
Computers	209,511	280,008
Others	<u>632,079</u>	<u>1,602,878</u>
Communication Expenses	841,590	1,882,886
Travelling, Conveyance & Transportation	1,332,107	1,212,461
Printing & Stationery	9,959,437	9,712,308
Bad Debts	828,598	1,794,422
Provision for Doubtful Debts	9	745,938
Business Promotion Expenses	687,769	634,620
Postage & Courier	187,447	99,624
Recruitment Expenses	97,358	126,934
Loss on sales of Fixed Assets	37,250	252,220
Miscellaneous Expenses	522,846	
	<u>40,791</u>	<u>76,714</u>
	<u>22,857,990</u>	<u>26,993,271</u>
<u>Schedule M</u>		
INTEREST & FINANCE CHARGES		
Bank Charges	8,030	9,686
Interest on Loan	2,874,359	1,204,169
Interest on Late Deposit of Statutory Dues	<u>56,035</u>	<u>51,870</u>
	2,938,424	1,265,725
Less Interest Received	<u>338,760</u>	<u>220,628</u>
	<u>2,599,664</u>	<u>1,045,097</u>
<u>Schedule N</u>		
Marketing Expenses		
Sales & Marketing Expenses	852,306	3,535,907
	<u>852,306</u>	<u>3,535,907</u>



EVOLV SERVICES LIMITED

SCHEDULE – O

SIGNIFICANT ACCOUNTING POLICIES & NOTES TO ACCOUNTS

1. SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared on an accrual basis under the historical cost convention in accordance with generally accepted accounting principles in India and provisions of the Companies act, 1956 read with Companies (Accounting Standard) Rules 2006.

The Company follows the mercantile system of accounting and recognizes items of income and expenditure on accrual basis.

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) Revenue Recognition

Revenue from training is recognized on accrual basis to the extent it is certain that program would be completed and there is no uncertainty about the amount to be collected.

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

Interest on bank deposits is recognized on accrual basis.

iii) Fixed Assets

Fixed assets are stated at cost, less accumulated depreciation. Cost includes original cost of acquisition, including incidental expenses related to such acquisition and installation.

iv) Depreciation

During the year, depreciation on all fixed assets is charged on the basis of Straight Line method over the estimated useful life of the assets determined as follows:



Computers, Printers and related accessories	2-5 Years
Software	3 – 5 years
Furniture & Fixtures	7 years
Electronic & Office Equipments	8 years
All other assets	Rates prescribed under schedule XIV to the Companies Act, 1956

Depreciation on additions to Fixed Assets is provided on pro-rata basis from the date asset is put to use. Depreciation on sale/deletion from Fixed Assets is provided for up to the date of sale, deletion and discardment as the case may be.

v) 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 Profit and Loss Account.

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.

vi) Employee Benefits

All employee benefits, which are defined benefits, are being accrued based on actual basis at the Balance Sheet date.

The company contributes to the Provident fund scheme administrated by the Regional Provident Fund Commissioner Office. The Company's contributions to fund are charged to revenue.

The cost of providing benefits under gratuity is determined by actuarial valuation. Actuarial gains and losses are recognized in full in the period in which they occur.

Provision for compensated absences is recorded in the books based on actuarial valuation carried out as on 31st March 2010.

vii) Earnings per Share

Earnings per Share is calculated in accordance with AS 20.

viii) Leases

Lease rentals on operating leases are expensed in accordance with lease terms and provisions are created accordingly.

ix) 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.

x) 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.

xi) Borrowing Costs

Borrowing costs are recognized in the Profit and Loss Account 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 capitalised.

xii) 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.

2. NOTES TO ACCOUNTS

- i) During the year, NIIT Ltd. (Holding Company), acquired 359,780 Equity Shares of par value Rs. 10/- each at a premium of Rs. 40.55 per Equity Share through conversion of Share Warrants issued pursuant to agreement dated 15th January 2008, thereby increasing their shareholding in the Company to 61.15% (previous year 47.86%). (Earlier the Company was a subsidiary of NIIT Ltd. u/s 4(1) (a) of Companies Act by virtue of NIIT Ltd. controlling the composition of its Board of Directors.)
- ii) There are no contingent liabilities as on the date of the financial statements.

iii) Employee Benefits

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 Profit and Loss account:-



Employers Contribution to Provident Fund.	2009-2010 485,572	2008-2009 493,202
Employers Contribution to Pension Fund.	254,075	351,274

B. Defined Benefit Plans

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

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

Description	Year ended 31 st March 2010 (Rs.)	Year ended 31 st March 2009 (Rs.)
Present value of obligation as at the beginning of the year	2,403,604	1,780,608
Interest Cost	192,288	142,449
Current Service Cost	493,794	598,439
Benefit paid	(102,670)	(35,135)
Actuarial (gain) / loss on obligations	(422,595)	(82,757)
Present value of obligation as at the end of the year	2,564,421	2,403,604

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

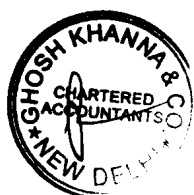
Description	As at 31 st March 2010 (Rs.)	As at 31 st March 2009 (Rs.)
Present value of the defined benefit obligation at the end of the year	2,564,421	2,403,604
Fair value of plan assets at the end of the year	-	-
Net Asset/(Liability) recognized in the Balance Sheet	2,564,421	2,403,604

Amount of gratuity expense recognized in the Profit and Loss account:

Description	Year Ended 31 st March 2010 (Rs.)	Year Ended 31 st March 2009 (Rs.)
Current service cost	4,93,794	5,98,439
Interest Cost	1,92,288	1,42,449
Expected return on plan assets	-	-
Actuarial (gain) / loss recognized during the year	(422,595)	(82,757)
Total	2,63,487	6,58,131

Assumptions Used

	Year Ended 31st March 2010	Year Ended 31st March 2009
Discount Rate (per annum)	8.00%	8.00%
Future Salary Increase	5.50%	5.50%



(b) Compensated Absences

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

Description	Year ended 31 st March 2010 (Rs.)	Year ended 31 st March 2009 (Rs.)
Present value of obligation as at the beginning of the year	927,329	710,080
Benefit Paid	(435,390)	(490,872)
Current Service Cost	253,274	340,852
Actuarial (gain) / loss on obligations	56,974	310,463
Present value of obligation as at the end of the year	876,167	927,329
Amount debited/(Credited) to the Profit & Loss Account	384,228	708,121

Assumptions Used

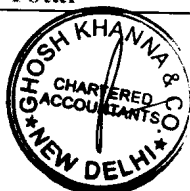
	Year Ended 31st March 2010	Year Ended 31st March 2009
Discounted Rate (per annum)	8.00%	8.00%
Future Salary Increase	5.50%	5.50%

iv) Managerial Remuneration under Section 198 of the Companies Act, 1956 paid to the whole time directors is as follows:

An amount of Rs. 3,097,710/- (Previous year 2,980,200/-) has been paid as remuneration to the Whole-time Director of the Company for the period April 01, 2009 to March 31, 2010. Since the remuneration paid exceeds the limits prescribed under Schedule XIII of the Companies Act, 1956, The Company has obtained Central Government approval, which is valid till 4th February 2011.

Details of remuneration paid to the Whole-time Director:

Particulars	Year ended 31 st March, 2010 (Rs.)	Year ended 31 st March, 2009 (Rs.)
Salary, perquisites and allowances	2,964,912	2,560,200
Contribution to provident fund and other funds	Nil	Nil
Performance Linked Bonus	132,798	420,000
Total	3,097,710	2,980,200



v) **Related Party Disclosure as per Accounting Standard (AS) - 18**

A) Holding Company

NIIT Limited

B	Fellow Subsidiaries
1	NIIT Online Learning Ltd
2	Scantech Evaluation Services Ltd
3	NIIT Multimedia Limited
4	NIIT Institute of Finance Banking and Insurance Training Ltd
5	NIIT Institute of Process Excellence Limited
6	Hole-In-The-Wall Education Limited
7	NIIT Ltd, UK
8	NIIT Antilles NV, Netherlands Antilles
9	NIIT Middle East LLC, Bahrain - (Liquidated on May 26, 2009)
10	NIIT Malaysia Sdn. Bhd, Malaysia
11	NIIT GC Ltd (formerly NIIT TVE Ltd, Mauritius)
12	NIIT China (Shanghai) Limited, Shanghai
13	NIIT Wu Xi Service Outsourcing Training School
14	Chongqing NIIT Education Consulting Limited, China
15	Wu Xi NIIT Information Technology Consulting Limited. (w.e.f. June 19, 2009)
16	Changzhou NIIT Information Technology Consulting Limited (w.e.f. September 02, 2009)
17	Imperia China (Shanghai) Limited (Till May 28, 2009)
18	PCEC NIIT Institute of Information Technology, Shanghai- (Under Liquidation)
19	NIIT (USA) Inc, USA
20	NIIT Ventures Inc, USA
21	Element K Corporation, USA
22	Element K India Private Limited, India
23	Element K (UK) Limited, United Kingdom
24	Element K, Canada
25	PT NIIT Indonesia, Indonesia (Under Liquidation)

C	Key Managerial Personnel
1	Siddharth Talwar (Wholetime Director)

D	Associate Company
1	NIIT Technologies Ltd. India
2	NIIT GIS Ltd.
3	NIIT Institute of Information Technology

E	Companies in which the Key Managerial Personnel are interested
1	Nil



F. Details of transaction and balances with related parties*

Nature of Transactions	Associates	Fellow Subsidiaries	Key Managerial Personnel	Holding Company	Total
	(Rs.)	(Rs.)	(Rs.)	(Rs.)	(Rs.)
Rendering of Services (Note 1)	651,500 (244,000)	5,946,666 (1,489,273)	-	21,755,346 (6,428,900)	28,353,512 (8,162,173)
Recovery of Expenses from	146,432 (46,025)	3,001,045 (2,133,852)	-	517,172 (278,090)	3,664,649 (2,457,967)
Remuneration to key Managerial Personnel	-	-	3,097,710 (2,980,200)	-	3,097,710 (2,980,200)
Interest Expenses	-	-	-	1,092,615 (1,107,249)	1,092,615 (1,107,249)
Receiving of Services	-	-	-	8,52,306 (3,575,449)	852,306 (3,575,449)
Other Expenses (Note 2)	-	422,220 (Nil)	649,122 (514,479)	213,638 (264,061)	1,284,980 (778,540)
Loan Taken	-	-	-	1,300,000 (13,700,000)	1,300,000 (13,700,000)
Repayment of Loan	-	-	-	11,500,000 (3,500,000)	11,500,000 (3,500,000)
Issue of Share Capital	-	-	-	18,186,879 (Nil)	18,186,879 (Nil)
Total	797,932 (290,025)	9,369,931 (3,623,125)	3,746,832 (3,494,679)	55,417,956 (28,853,749)	69,332,651 (36,261,578)

* Previous year figures are shown in parenthesis

Balances as on 31st March 2010 *

Receivables (Note3)	168,730 (54,289)	2,026,229 (4,190)	-	4,283,817 (1,297,185)	6,478,776 (1,355,664)
Payable	-	-	249,957 (7,95,002)	4,754,102 (3,713,575)	5,004,059 (4,508,577)

* Previous year figures are shown in parenthesis

Notes:

1) Includes transactions for the year with

	Year Ended on 31 st March 2010	Year Ended on 31 st March 2009
Associates		
NIIT Technologies Ltd.	241,500	228,000
The NIIT Institute	410,000	-
NIIT GIS Ltd.	-	16,000
Fellow Subsidiaries		
NIIT China (Shanghai) Ltd.	84,000	-
NIIT Institute of Finance Banking & Insurance Training Limited	1,242,371	837,000
NIIT Institute of Process Excellence Ltd.	4,620,295	502,273
Element K India Pvt. Ltd.	-	150,000

2) Includes transactions for the year with

Fellow Subsidiaries

NIIT Institute of Finance Banking & Insurance Training Limited	422,220	-
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3) Includes transactions for the year with

Associates

NIIT Technologies Ltd.	78,088	54,289
NIIT Institute of Information Technology	90,642	

Fellow Subsidiaries

NIIT Institute of Finance banking & Insurance	293,827	---
NIIT Institute of Process Excellence	1,586,084	4,190
NIIT China (Shanghai) Ltd.	146,318	---

vi) AUDITORS REMUNERATION

Remuneration paid to statutory auditors is as follows:

	Year ended on 31.03.2010 Rs.	Year ended on 31.03.2009 Rs.
Statutory Audit Fees	1,35,000	1,21,500
Tax Audit Fee	15,000	13,500
Other Services	20,000	18,000
Auditor Remuneration	170,000	153,000
Service Tax	17,510	15,759
Auditor Remuneration including service tax	1,87,510	1,68,759

- vii) a) Earnings in Foreign Currency: The Company has earned revenue of Rs. 3,16,998/- (P.Y. Rs. 10,99,952) in foreign currency.
b) Expenditure in Foreign Currency: The Company has incurred expenses 8,93,200/-(P.Y. Rs. 5,46,068) in foreign currency.

viii) Leases

Operating Lease

The company is a lessee under various operating leases. Rental expense for operating leases for the period ended March 31, 2010 and year ended March 31, 2009 was Rs. 62,37,883/- and Rs. 82,04,651 respectively.

Particulars	In respect of Premises Amount in Rs. 31.03.2010	In respect of Equipment Amount in Rs. 31.03.2010
Amount payable within the next 1 year	6,027,375	NIL
Amount payable within the next 2 to 5 years	11,124,789	NIL
Amount payable beyond 5 years	NIL	NIL



Finance Lease

The company has not acquired any assets under finance lease.

ix) **Earnings per Share**

The following is the computation of earnings per share:

	31.3.2010	31.03.2009
a) Profit attributable to Equity Share Holders (Rs.)	789,525	(1,61,87,835)
b) weighted average number of equity shares outstanding	11,27,270	10,52,316
c) Nominal Value of Equity Shares (Rs.)	10	10
d) Basic/Diluted Earnings/ (Loss) per Share (Rs.)	0.70	(15.38)

As the exercise price of employee stock option is higher than the fair value of the shares, the stock options are not considered as dilutive instruments. Hence basic and diluted earnings per share are same.

3. **Employees Stock Option Scheme:**

The company has launched Employee Stock Option 2 007 (ESOP 2007) and Employees Stock Option 2005 (ESOP 2005) for the issue of stock options in respect of 18,000 and 45,000 Equity Shares of Rs. 10 each respectively, to the Directors and Employees of the company (on the shareholders' approval). These options were granted on 1st April 2007 and 1st April 2005 respectively. Pursuant to the provisions of the approved ESOP 2005, the stock options were granted at face value i.e. Rs. 10 each, as the Exercise Price of options.

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 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	10.15
April 1,2007	13,500 Shares	7 Years	10.61
April 1,2008	13,500 Shares	8 Years	11.04
April 1,2009	9,000 Shares	9 Years	11.45
ESOP 2007			
April 1,2008	3,600 shares	4 Years	Nil
April 1,2009	5,400 shares	5 Years	Nil
April 1,2010	5,400 shares	6 Years	Nil
April 1,2011	3,600 shares	7 Years	Nil

Accordingly employee compensation expenses of Rs. NIL (PY Rs. 25,761) has been recognized and grouped under salaries & wages.

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

	31 March 2010 Nos.	31 March 2009 Nos.
ESOP (2005)		
Outstanding at the beginning of the year	9,000	22,500
Granted during the year	9,000	13,500
Expired during the year/ period	Nil	Nil
Exercised during the year	Nil	Nil
Outstanding at the end of the year	Nil	9,000
Exercisable at the end of the year	45,000	36,000
ESOP (2007)		
Outstanding at the beginning of the year	9,000	14,400
Granted during the year	5,400	5,400
Expired during the year/ period	Nil	Nil
Exercised during the year	Nil	Nil
Outstanding at the end of the year	3,600	9,000
Exercisable at the end of the year	14,400	9,000

4. **Accounting Standard – 22 – Deferred Tax Asset / Liability**

Deferred tax Asset has not been recognized in view of conservative approach towards virtual certainty of Profits.

5. **Disclosure on Micro, Small and Medium-Enterprises Development Act, 2006**

Based on information available with the Company, there is no vendor covered under the Micro, Small and Medium Enterprises Development Act, 2006.



6. **MOVEMENT OF PROVISION FOR DOUBTFUL DEBTS**

Particulars	Year ended 31 st March, 2010 (Rs.)	Year ended 31 st March, 2009 (Rs.)
Opening Provision	70,400	2,107,351
Add : Additional Provision created during the year	687,769	70,400
Less : Provision written off	-	1,575,726
Less : Provision reversed	-	531,625
Closing Provision	758,169	70,400

7. 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.94,72,172.
8. The Company is in the business of imparting education and training in the fields of Soft Skills, Product, 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.
9. Previous year's figures have been regrouped and/or re-arranged wherever necessary to conform to current year's groupings and classifications.

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

Rohit Kohli

Rohit Kohli
Partner
Membership No. : 87722

Place: New Delhi
Dated: 23rd April 2010



For and on behalf of the Board of Directors

Siddharth Taiwar

Siddharth Taiwar
Director
DIN: 00889349

Vijay Kumar

Vijay Kumar
Director
DIN: 01264590



EVOLV SERVICES LTD.
BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I. REGISTRATION DETAILS:

Registration No. 78086
State Code: 55
Balance Sheet Date: 31st March 2010

**II. CAPITAL RAISED DURING THE YEAR
(Amount in Rs Thousand)**

Public Issue: NIL
Rights Issue: NIL
Bonus Issue: NIL
Private Placement: NIL
Others: 3,598

**III. POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS
(Amount in Rs Thousand)**

Total Liabilities:	Rs	109,751
Total Assets:	Rs	109,751
Sources of Funds		
Paid up Capital:	Rs	14,121
Stock Option Outstanding	Rs	487
Reserves & Surplus:	Rs	78,821
Secured Loans:	Rs	-
Unsecured Loans:	Rs	16,322
Application of Funds		
Net Fixed Assets:	Rs	3,473
Investments:	Rs	NIL
Net Current Assets:	Rs	27,861
Miscellaneous Expenditure:	Rs	NIL
Accumulated Losses:	Rs	78,417

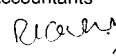
**IV. PERFORMANCE OF COMPANY
(Amount in Rs Thousand)**

Turnover:	Rs	89,602
Total Expenditure:	Rs	88,813
Profit/Loss before Tax:	Rs	789
Profit/Loss after Tax:	Rs	789
Earning per share in Rs:		0.70
Dividend Rate %		NIL


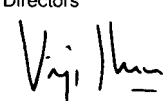
**V. GENERIC NAMES OF THREE PRINCIPAL
PRODUCTS/SERVICES OF COMPANY**

Item Code No:	N.A.
(ITC Code)	
Product Description:	Training & Placement Services
Item Code No:	N.A.
(ITC Code)	
Product Description:	Training & Placement Services

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


Rohit Kohli
Partner
Membership No. : 87722

For and on behalf of the Board of Directors

 Siddharth Palwar Director DIN No.-00889349	 Vijay Kumar Director DIN No.-01264590
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Place : New Delhi
Date : 23rd April 2010

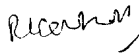


EVOLV SERVICES LIMITED

Cash Flow Statement for the year ended 31st March 2010

	Year Ended 31.03.2010	Year Ended 31.03.2009
A) CASH FLOWS FROM OPERATING ACTIVITIES:		
Net Profit/(Loss) before Tax		
Add/(Less)	789,525	(16,187,835)
Depreciation and amortization	1,029,482	863,784
Loss/(Profit) on Disposal of Fixed Assets	522,846	-
Provision for Gratuity & Compensated Absences	160,817	840,245
Interest Expenses	2,874,359	1,204,169
Employee Stock Option Expenses	-	25,761
Liability Written Back	-	618,259
Provision for Doubtful Debts	687,769	1,380,558
Interest Received	(338,760)	(220,628)
	<u>4,936,513</u>	<u>4,712,148</u>
Operating Profit/(Loss) before Working Capital Changes	5,726,038	(11,475,687)
Add/(Less) :Increase/Decrease in Operating Working Capital		
Trade Receivable	(17,445,164)	1,679,240
Other Current Assets	3,138,954	(9,792,455)
Loan & Advances	1,154,012	(3,818,350)
Current Liabilities & Provisions	938,262	7,475,358
	<u>(12,213,936)</u>	<u>(4,456,207)</u>
Net Cash from Operating Activities (A)	(6,487,898)	(15,931,894)
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(1,100,928)	(831,745)
Sale of Fixed Assets	300,645	-
Interest received	338,760	220,628
Net cash used in Investing activities (B)	(461,523)	(611,117)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Issue of Share Capital (Including Share Premium)	18,186,879	-
Interest Expenses	(2,874,359)	(1,204,169)
Repayment of Loan ICICI Bank	(466,203)	-
Loan From Holding Company (NIIT Ltd.)	-	10,200,000
Repayment of Loan to First American Financial Services	(1,150,000)	-
Repayment of Loan to Holding Company (NIIT Ltd.)	(10,200,000)	-
Cash Credit From Bank	975,348	7,174,751
Net Cash from Financing Activities (C')	4,471,665	16,170,582
Net Increase/(Decrease) in Cash & Cash Equivalents (A+B+C)	<u>(2,477,756)</u>	<u>(372,429)</u>
Cash and Cash Equivalents as at the beginning of the year	4,189,633	4,562,062
Cash and cash Equivalents as at the end of the year	1,711,877	4,189,633
Balance with scheduled Banks	1,711,877	4,189,633
Cash and cash equivalents as at the end of the Year	<u>1,711,877</u>	<u>4,189,633</u>

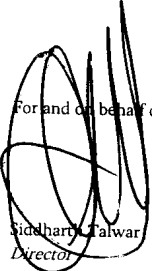
For Ghosh Khanna & CO
Firm Registration No :003366N
Chartered Accountants

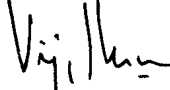

Rohit Kohli
Partner
Membership No :87722

New Delhi
Date :23rd April 2010



For and on behalf of the Board of Directors


Sidharth Talwar
Director
DIN No.-00889349


Vijay Kumar
Director
DIN No.-01264590

