

GHOSH KHANNA & CO.

CHARTERED ACCOUNTANTS

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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, 2012 and the related Statement of Profit and Loss 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
- 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 unsecured loan from a company covered in the register, maintained under Section 301 of the Act. The Maximum amount involved during the year 21,250,000/- and the year end balance is Rs. 6,750,000/- in our opinion, rate of interest and other terms and conditions of such loan are not prima-facie prejudicial to the interest of the company.



- iv. 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.
- v. 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 Section 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.
- vi. 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.
- vii. The Company's present internal audit system is commensurate with its size and nature of business.
- viii. 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.
- ix. 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.
- x. 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.
- xi. The company has not accepted any deposits to which the provisions of section 58-A of the Companies Act, 1956 are applicable.
- xii. The Net worth of the company has been eroded exceeding 50 percent at the end of the financial year. The company has net current assets of Rs. 16,562,755 with a current ratio of 1.40. During the year company made the profit with new business opportunities & cost optimization.
- xiii. The company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- xiv. The provisions of any special statute applicable to chit fund/nidhi/mutual benefit fund/societies are not applicable to the company.
- xv. In our opinion, the company is not a dealer or trader in shares, securities. Debentures and other investments.



- xvi. 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.
- xvii. 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.
- 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.
- xxii. All other provisions of the Order are not applicable to the Company.

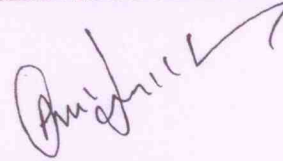
4. Further to our comments in Paragraph 3 above, we report that:

- 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, 2012 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2012 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, 2012 and



- (b) In the case of the Statement of Profit & Loss, of the Profit for the year 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



AMIT MITTAL
PARTNER

Membership No.508748
Firm Registration No. 003366N

Place : New Delhi
Date : 30th April 2012



Evolv Services Limited

Balance Sheet as at 31st March 2012

		Notes	As at 31st March 2012 Rs.	As at 31st March 2011 Rs.
I	EQUITY AND LIABILITIES			
1	Shareholders' funds	3	14,750,960	14,120,960
	Share capital	4	27,917,085	(2,285,381)
	Reserves and surplus			
2	Non-current liabilities	8	1,245,880	3,250,320
	Long-term provisions			
3	Current liabilities	5	13,180,662	25,272,649
	Short-term borrowings	6	22,908,352	17,871,963
	Trade Payables	7	5,662,038	5,934,871
	Other current liabilities	8	200,120	92,680
	Short-term provisions			
	TOTAL		85,865,097	64,258,062
II	ASSETS			
1	Non-current assets			
	Fixed assets	9	1,553,193	2,695,922
	Tangible assets	9	11,021,358	5,085,277
	Intangible assets			1,750,893
	Capital work-in-progress			
	Intangible assets under development	10	14,675,556	21,992,593
	Long-term loans and advances	11		
	Trade Receivables	13	101,063	1,063
	Other non-current assets			
2	Current assets	14	1,002,871	1,277,318
	Cash and bank balances	10	1,156,769	4,125,395
	Short-term loans and advances	11	55,254,066	21,873,694
	Trade receivables	13	1,100,221	5,455,907
	Other current assets			
	TOTAL		85,865,097	64,258,062

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 and on behalf of the Board

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

Amit Mittal
Partner
Membership No: 508748

New Delhi
Date : April 30, 2012

Vijay K. Thadani
Director
DIN-00042527

Vijay Kumar
Director
DIN 01264590



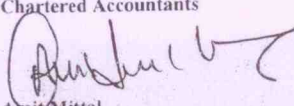
Evolv Services Limited				
Statement of Profit & Loss for the year ended 31st March 2012				
		Notes	Year ended 31st March 2012 Rs.	Year ended 31st March 2011 Rs.
	INCOME			
I.	Revenue from Operations		107,239,287	97,798,478
II.	Other Income	16	2,512,196	606,400
III.	Total Revenue (I + II)		109,751,483	98,404,878
	IV. EXPENDITURE			
	Professional & Technical Outsourcing Expenses		24,174,643	40,329,612
	Employee Benefits Expense	17	30,059,162	37,475,722
	Other Expenses	20	19,872,890	20,936,492
	Finance Costs	21	3,127,619	1,777,076
	Depreciation and Amortization Expenses	9	2,314,703	1,062,417
	Total Expenses		79,549,017	101,581,319
V.	Profit before tax (III-IV)		30,202,466	(3,176,441)
VI.	Tax expense:			
	(1) Current tax		5,470,768	-
	(2) MAT Credit Entitlement		(5,470,768)	-
VII.	Profit (Loss) for the year (V- VI)		30,202,466	(3,176,441)
VIII.	Earnings per equity share (Face Value Rs. 10 each):			
	(1) Basic	23	20.62	(2.25)
	(2) Diluted	23	20.62	(2.25)

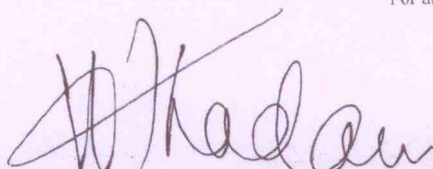
The accompanying notes referred to above form an integral part of the Statement of Profit and Loss

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

For and on behalf of the Board

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


Anil Mittal
Partner
Membership No: 508748


Vijay K. Thadani
Director
DIN-00042527


Vijay Kumar
Director
DIN: 01264590

New Delhi
Date : April 30, 2012



Evolv Services Limited
Cash Flow Statement for the year ended 31st March 2012

		Year ended 31st March 2012 Rs.	Year ended 31st March 2011 Rs.
A.	CASH FLOW FROM OPERATING ACTIVITIES:		
	Profit before Tax and share of Associates' profits but after exceptional items	30,202,466	(3,176,440)
	Adjustments for		
	Depreciation and Amortisation	2,314,703	1,062,417
	Interest Expenses	3,127,619	1,777,076
	Interest Income	(1,324,882)	(942)
	(Profit)/ Loss on Fixed Assets sold	85,856	
	Provision for Doubtful Debts	1,304,168	58,998
	Advances written off	185,458	
	Liabilities / Provisions no longer required written back		(563,526)
	Provision for Gratuity & Compensated Absences	(1,897,000)	(97,589)
	Employees Stock Option Expenses		
	Operating profit before working capital changes	33,998,388	(940,005)
	Add / (Less): (Increase)/ Decrease in operating working capital:		
	Trade Receivables	(34,684,540)	356,167
	Loans and Advances & Other Current Assets	7,148,250	(4,191,081)
	Current Liabilities and Provisions	4,763,556	4,288,098
	Cash generated from operations	11,225,654	(486,821)
	Taxes paid (including TDS)	7,317,037	
	Net cash from Operating activities (A)	18,542,691	(486,821)
B.	CASH FLOW FROM INVESTING ACTIVITIES:		
	Purchase of Fixed Assets (including Capital Work-in-progress)	(5,581,685)	(7,121,018)
	Proceeds from sale of Fixed Assets	138,667	
	Interest Received	1,315,486	942
	Net cash used for Investing activities (B)	(4,127,532)	(7,120,076)
C.	CASH FLOW FROM FINANCING ACTIVITIES:		
	Proceeds from fresh issue of Share Capital (including Share Premium)	630,000	15,500,000
	Proceeds from Long Term Borrowings		(6,850,000)
	Long Term Borrowings repaid during the year		300,477
	Working Capital / Short Term Borrowings (Net)	(12,091,987)	
	Interest Paid (including financing charges on finance lease arrangements)	(3,127,619)	(1,777,075)
	Net cash from / (used in) Financing activities (C)	(14,589,606)	7,173,402
	Net Increase/(Decrease) in Cash & Cash equivalents (A) + (B) + (C)	(174,447)	(433,496)
	Cash and Cash equivalents as at the beginning of the year (Note 1)	1,278,381	1,711,877
	Cash and cash equivalents as at the end of the year (Note 1)	1,103,934	1,278,381

Notes:

- 1 Cash and cash equivalents as on
Balances with Banks
- 2 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.
- 3 The schedules from 1 - 29 form an integral part of the Cash Flow Statement.
- 4 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.

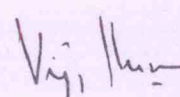
For Ghosh Khanna & CO
Firm Registration No: 003366N
Chartered Accountants

Amit Mittal
Partner
Membership No: 508748

New Delhi
Date: 30.04.2012

For and on behalf of the Board


Vijay K. Thadani
Director
DIN-00042527


Vijay Kumar
Director
DIN: 01264590



Evolv Services Limited
Notes to the financial statement for the year ended March 31, 2012

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

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: -

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

Further, educational content, computer system 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 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 business is recognized on accrual basis to the extent of completion of the assessment as per the terms of the contract.



Evolv Services Limited

Notes to the financial statement for the year ended March 31, 2012

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 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.

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 administered 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 2012.

vii) Earnings per Share

Earning 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 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.

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.

xiii) 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.



Evolv Services Limited

Notes to the financial statement for the year ended March 31, 2012

3	SHARE CAPITAL	As at 31st March 2012 Rs.	As at 31st March 2011 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 - 1,412,096 Equity Shares of Rs. 10/- each)	14,750,960	14,120,960
		14,750,960	14,120,960
	Subscribed and fully paid 1,475,096 Equity Shares of Rs. 10/- each (Previous year - 1,412,096 Equity Shares of Rs. 10/- each)	14,750,960	14,120,960
		14,750,960	14,120,960

3.1	Reconciliation of the number of shares outstanding	31st March 2012		31st March 2011	
		No. of shares	Value Rs.	No. of shares	Value Rs.
	Equity Shares				
	Shares outstanding at the beginning of the year	1,412,096	14,120,960	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	1,412,096	14,120,960

3.2	Shares in respect of each class in the company held by	Name of the company	Class of shares Equity/ Preference	As at 31st March 2012 No. of shares	As at 31st March 2011 No. of shares
	Holding company	NIIT Limited	Equity	1,475,096	863,471

3.3	Shares held by each shareholder holding more than 5% shares	31st March 2012		31st March 2011	
		% of holding	No. of shares	% of holding	No. of shares
	Equity Shares				
	NIIT Ltd	100%	1,475,096	61%	863,471
	Allbiz Private Limited			27%	381,122
	Vikram Talwar & Associates			12%	167,483
	Total	100%	1,475,096	100%	1,412,076

3.4	Shares reserved for issue under Option / Contracts	As at 31st March 2012		As at 31st March 2011	
		No. of shares	Amount (Rs.)	No. of shares	Amount (Rs.)
	Equity shares				
	ESOP	-	-	63,000	630,000
	Total	-	-	63,000	630,000



Evolve Services Limited
Notes to the financial statement for the year ended March 31, 2012

4	RESERVES AND SURPLUS	As at 31st March 2012 Rs.		As at 31st March 2011 Rs.	
	Share Premium				
	As per Last Balance Sheet	78,820,810		78,820,810	
	Add : Additions during the year on account of exercise of ESOP's	486,773	79,307,583		78,820,810
	Employees Stock Option Outstanding				
	As per Last Balance Sheet	486,773		486,773	486,773
	Add : Transferred to share premium Account	(486,773)	-		
	Profit & Loss Account				
	Balance Brought Forward from Previous year	(81,592,964)		(78,416,523)	
	Add : Current Year Profit / (Loss) attributable to Share Holders	30,202,466	(51,390,498)	(3,176,441)	(81,592,964)
			27,917,085		(2,285,381)

5	SHORT TERM BORROWINGS	As at 31st March 2012 Rs.		As at 31st March 2011 Rs.	
A)	SECURED				
	Short Term Loan from Banks		6,430,662		9,772,649
	Cash Credit				
	Sub Total (A)		6,430,662		9,772,649
B)	UNSECURED				
	Inter Corporate Deposits from Subsidiaries		6,750,000		15,500,000
	Sub Total (B)		6,750,000		15,500,000
	Total (A+B)		13,180,662		25,272,649



Evolv Services Limited

Notes to the financial statement for the year ended March 31, 2012

6	Trade Payables	Non Current		Current	
		As at 31st March 2012 Rs.	As at 31st March 2011 Rs.	As at 31st March 2012 Rs.	As at 31st March 2011 Rs.
	- Due to Micro Enterprises and Small Enterprises	-	-	22,908,352	17,871,963
	- Due to Others	-	-	22,908,352	17,871,963

7	OTHER LIABILITIES	Long Term Liabilities		Current Liabilities	
		As at 31st March 2012 Rs.	As at 31st March 2011 Rs.	As at 31st March 2012 Rs.	As at 31st March 2011 Rs.
	Security Deposits Payable	-	-	-	525,000
	Advances from Customers	-	-	201,871	-
	Payable to Employees	-	-	1,664,699	2,906,173
	Statutory Dues	-	-	3,795,468	2,503,698
		-	-	5,662,038	5,934,871

8	Provisions	LONG-TERM		SHORT-TERM	
		As at 31st March 2012 Rs.	As at 31st March 2011 Rs.	As at 31st March 2012 Rs.	As at 31st March 2011 Rs.
	Provision for employee benefits :				
	Provision for Gratuity	1,108,890	2,600,260	34,110	65,740
	Provision for Compensated Absences	136,990	650,060	166,010	26,940
		1,245,880	3,250,320	200,120	92,680



Evolv Services Limited
Notes to the financial statement for the year ended March 31, 2012

9 Fixed Assets

Description of Assets	GROSS BLOCK			DEPRECIATION AND AMORTISATION			NET BLOCK	
	Cost As on 01.04.2011	Additions during the year	Sales / Adj. during the year	As on 01.04.2011	For the year	Total as on 31.03.2012	As on 31.03.2012	As on 31.03.2011
(i) Tangible								
Computer	1,262,575	-	-	553,379	324,027	877,406	385,169	709,196
Office Equipments	370,290	-	7,190	119,258	46,865	162,387	200,713	251,032
Furniture & Fixtures	419,950	-	419,950	164,785	34,096	-	-	255,165
-Owned	3,849,837	-	-	2,369,308	513,218	2,882,526	967,311	1,480,529
Vehicles	-	-	-	-	-	-	-	-
Sub Total (a)	5,902,652	-	427,140	3,206,730	918,206	3,922,319	1,553,193	2,695,922
(ii) Intangible								
Intellectual Property Rights	185,400	-	-	128,012	21,637	149,649	35,751	57,388
- Internally generated	5,086,418	7,332,578	-	58,529	1,374,860	1,433,389	10,985,607	5,027,889
Content (Internally Generated)	-	-	-	-	-	-	-	-
Sub Total (b)	5,271,818	7,332,578	-	186,541	1,396,497	1,583,038	11,021,358	5,085,277
Total (a+b)	11,174,470	7,332,578	427,140	3,393,271	2,314,703	5,505,357	12,574,551	7,781,199
Previous Year	5,804,345	5,370,125	-	2,330,854	1,062,417	3,393,271	7,781,199	3,473,491
(iii) Capital work-in-progress								1,750,893
(iv) Intangible assets under development								

9.1 Note of Capitalization of Intangibles

During the year, the company had further developed courseware content for its training programme. The management estimates that the new content added will enhance the marketability and will increase the revenue generating capacity of the company. The company is confident of ability to generate further economic benefit from these assets. The contribution during the year towards development is as follows

Description	Year ended 31 st March, 2012	Year ended 31 st March, 2011
	(Rs.)	(Rs.)
Opening Balance	1,750,893	-
Salaries and Benefits (Includes contribution towards Provident and Other Expenses)	1,794,632	1,758,495
Capitalised during the year	3,787,053	5,078,816
CWIP Balance	7,332,578	5,086,418
	Nil	1,750,893

Evolv Services Limited

Notes to the financial statement for the year ended March 31, 2012

10	LOANS AND ADVANCES	Long Term		Short Term	
		As at 31st March 2012 Rs.	As at 31st March 2011 Rs.	As at 31st March 2012 Rs.	As at 31st March 2011 Rs.
	i) Security Deposits Receivable Unsecured, considered good	-	-	783,475	3,310,234
	(A)	-	-	783,475	3,310,234
	ii) Advances recoverable in cash or in kind Unsecured, considered good	-	-	373,294	815,161
	Unsecured, considered doubtful	-	-	564,220	564,220
	Less: Provision for doubtful advances	-	-	(564,220)	(564,220)
	(B)	-	-	373,294	815,161
	iii) Other Advances				
	a) Advance payment of Fringe Benefit Tax	1,455,353	1,455,353	-	-
	Less: Provision for Fringe Benefit Tax	(1,267,514)	(1,267,514)	-	-
		187,839	187,839	-	-
	b) Advance Tax	14,487,717	21,804,754	-	-
	Less: Provision for Tax	(5,470,768)	-	-	-
		9,016,949	21,804,754	-	-
	c) MAT Credit entitlement - Created during the Year	5,470,768	-	-	-
		5,470,768	-	-	-
	(C)	14,675,556	21,992,593	-	-
	Total (A+B+C)	14,675,556	21,992,593	1,156,769	4,125,395



Evolv Services Limited

Notes to the financial statement for the year ended March 31, 2012

11 Trade Receivables	Non Current		Current	
	As at 31st March 2012 Rs.	As at 31st March 2011 Rs.	As at 31st March 2012 Rs.	As at 31st March 2011 Rs.
a) Trade receivables outstanding for a period exceeding six months from the date they are due for payment				
Unsecured, considered good	2,121,335	817,167	-	1,400,250
Unsecured, considered doubtful	-	-	-	-
Less: Provision for doubtful debts	(2,121,335)	(817,167)	-	-
	-	-	-	1,400,250
b) Other Trade Receivables				
Unsecured, considered good	-	-	55,254,066	20,473,444
	-	-	55,254,066	20,473,444
	-	-	-	-
	-	-	55,254,066	21,873,694
	-	-	-	-

12 Provision for Doubtful Debts	Non Current		Current	
	As at 31st March 2012 Rs.	As at 31st March 2011 Rs.	As at 31st March 2012 Rs.	As at 31st March 2011 Rs.
Opening Provision	817,167.0	758,169	-	-
Add: Additional Provision Created	1,304,168.0	58,998	-	-
Closing Provision	2,121,335	817,167	-	-

13 OTHER ASSETS	Non Current		Current	
	As at 31st March 2012 Rs.	As at 31st March 2011 Rs.	As at 31st March 2012 Rs.	As at 31st March 2011 Rs.
Non Current Bank Balances	101,063	1,063	-	-
Unbilled revenue	-	-	1,090,825	5,455,907
Interest Receivable	-	-	9,396	-
	101,063	1,063	1,100,221	5,455,907



Evolv Services Limited

Notes to the financial statement for the year ended March 31, 2012

14	Cash and Bank Balances	Non Current		Current	
		As at 31st March 2012 Rs.	As at 31st March 2011 Rs.	As at 31st March 2012 Rs.	As at 31st March 2011 Rs.
	Cash and cash equivalents: Balance with banks Current Accounts	-	-	1,002,871	1,277,318
	Other bank balances: Bank deposits: With original maturity of more than 12 months [Includes Rs. 101,063 (Previous year Rs. Nil) pledged as margin money]	101,063	1,063	-	-
		101,063	1,063	1,002,871	1,277,318
		101,063	1,063	1,002,871	1,277,318
	Amount disclosed under non-current assets (Note 13)	(101,063)	(1,063)	-	-
		-	-	1,002,871	1,277,318

15 Contingent Liabilities

There is an assessment order for AY 2008-09 where in AO have passed an order disallowing the expenses of Rs. 33,294,925. After disallowing the expenses, returned losses got converted into assessed income of Rs. 1,76,33,245/- which was set off by the brought forward losses of the same amount. Against that order the company has made an appeal to CIT (Appeals). Date of hearing was 21st March 2012. Since the additions are of arbitrary nature, the management and the legal counsels are hopeful that the case shall be decided in favour of the company.

16	Other Income	Year ended 31st March 2012 Rs.	Year ended 31st March 2011 Rs.
	Interest Income	1,324,882	942
	Gain on foreign currency translation and transaction (net)	-	7,632
	Other non-operating income (net of expenses)	1,187,314	597,826
		2,512,196	606,400



17	Employee Benefits Expenses	Year ended 31st March 2012 Rs.	Year ended 31st March 2011 Rs.
	Salaries and Benefits	29,640,335	35,812,311
	Contribution to Provident and Other Funds	65,200	1,026,294
	Welfare and Other expenses	353,627	637,117
		30,059,162	37,475,722

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 Profit and Loss account:-

Nature of Contribution *	For the year ended 31 st March 2012 (Rs.)	For the year ended 31 st March 2011 (Rs.)
Employers Contribution to Provident Fund	418,681	462,896
Employers Contribution to Pension Fund	341,561	268,021

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 2012 (Rs.)	Year ended 31 st March 2011 (Rs.)
Present value of obligation as at the beginning of the year	2,666,000	2,564,421
Interest Cost	174,900	197,400
Current Service Cost	559,000	517,587
Benefit paid	(959,430)	(193,798)
Actuarial (gain) / loss on obligations	(1,297,470)	(419,610)
Present value of obligation as at the end of the year	1,143,000	2,666,000

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

Description	As at 31 st March 2012 (Rs.)	As at 31 st March 2011 (Rs.)	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	(1,143,000)	(2,666,000)	(2,564,421)	(2,403,604)
Net Asset/(Liability) recognized in the Balance Sheet	(1,143,000)	(2,666,000)	(2,564,421)	(2,403,604)

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

Description	Year Ended 31 st March 2012 (Rs.)	Year Ended 31 st March 2011 (Rs.)	Year Ended 31 st March 2010 (Rs.)	Year Ended 31 st March 2009 (Rs.)
Current service cost	559,000	517,587	493,794	598,439
Interest Cost	174,900	197,400	192,288	142,449
Actuarial (gain) / loss recognized during the year	(1,297,470)	(419,610)	(422,595)	(82,757)
Total	(563,570)	295,377	263,487	658,131

(b) Compensated Absences

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

Description	Year ended 31 st March 2012 (Rs.)	Year ended 31 st March 2011 (Rs.)
Present value of obligation as at the beginning of the year	677,000	876,167
Benefit Paid	(388,350)	(314,099)
Current Service Cost	238,000	206,362
Actuarial (gain) / loss on obligations	(145,650)	(91,430)
Curtailment Cost/(Credit)	(145,000)	-
Interest Cost	39,000	-
Plan amendment/(Credit)	28,000	-
Present value of obligation as at the end of the year	303,000	677,000
Amount debited/(Credited) to the Profit & Loss Account*	14,352	114,932

*This has been debited in Profit & Loss Account under Employees Remuneration & Benefits

Assumptions used:-	Year ended March 31, 2012	Year ended March 31, 2011
Discount Rate (per annum)	8.6%	8%
Future Salary Increase	5.5%	5.5%

19 Employee Stock Option Plan

The company has launched Employee Stock Option 2007 (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 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							
	2011-12				2010-2011				2011-12				2010-2011			
	Vest4 1-Apr-07 1-Apr-11	Vest3 1-Apr-07 1-Apr-10	Vest2 1-Apr-07 1-Apr-09	Vest1 1-Apr-07 1-Apr-08	Vest4 1-Apr-07 1-Apr-11	Vest3 1-Apr-07 1-Apr-10	Vest2 1-Apr-07 1-Apr-09	Vest1 1-Apr-07 1-Apr-08	Vest4 1-Apr-05 1-Apr-09	Vest3 1-Apr-05 1-Apr-08	Vest2 1-Apr-05 1-Apr-07	Vest1 1-Apr-05 1-Apr-06	Vest4 1-Apr-05 1-Apr-09	Vest3 1-Apr-05 1-Apr-08	Vest2 1-Apr-05 1-Apr-07	Vest1 1-Apr-05 1-Apr-06
Date of Grant																
Date of Vesting																
Live options at the beginning of the year (Nos.)	3,600	5,400	5,400	3,600	3,600	5,400	5,400	3,600	9,000	13,500	13,500	9,000	9,000	13,500	13,500	9,000
Granted during the year (Nos.)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Forfeited/ lapsed till vesting period (Nos.)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Options Vested (Nos.)	3,600	0	0	0	0	5,400	5,400	3,600	0	0	0	0	9,000	13,500	13,500	9,000
Forfeited/ lapsed post vesting (Nos.)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Options exercised (Nos.)	3,600	5,400	5,400	3,600	3,600	0	0	0	9,000	13,500	13,500	9,000	0	0	0	0
Outstanding/ exercisable at the end of the year (Nos.)	0	0	0	0	3,600	5,400	5,400	3,600	0	0	0	0	9,000	13,500	13,500	9,000
Exercise Price (Rs.)	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10
Remaining Contractual Life (Days)	0	0	0	0	0	2,190	1,825	1,460	3,285	2,920	2,555	2,190	3,285	2,920	2,555	2,190
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	23.88	23.88	23.88	23.88	23.88	23.88	23.88	23.88
Intrinsic Value of the options granted (Rs.)																



Evolv Services Limited
Notes to the financial statement for the year ended March 31, 2012

20	Other Expenses	Year ended 31st March 2012 Rs.	Year ended 31st March 2011 Rs.
	Equipment Hiring	448,806	507,369
	Freight and Cartage	16,606	-
	Rent (net of recoveries)	7,729,565	8,716,361
	Power & Fuel	684,769	728,453
	Communication	988,275	1,412,677
	Legal and Professional	760,930	921,078
	Traveling and Conveyance	4,754,577	5,957,263
	Provision for Doubtful Debts	1,304,168	73,470
	Advances Written off	185,458	-
	Repairs and Maintenance		226,148
	- Plant and Machinery	341,384	29,969
	- Buildings	84,270	512,703
	- Others	842,619	-
	Loss on Sale of Fixed Assets (Net)	85,856	-
	Loss on foreign currency translation and transaction (net)	449	-
	Security and Administration Services	272,251	337,285
	Bank Charges	1,682	10,191
	Marketing & Advertising Expenses	19,357	264,993
	Sundry Expenses	1,351,868	1,238,532
		19,872,890	20,936,492

20.1	Payment to Auditors	Year ended 31st March 2012 Rs.	Year ended 31st March 2011 Rs.
	Audit fee	135,000	135,000
	Tax Audit fees	15,000	15,000
	Others	25,000	20,000
	Reimbursement of expenses (including Service Tax)	18,025	17,510
		193,025	187,510

21	Finance costs	Year ended 31st March 2012 Rs.	Year ended 31st March 2011 Rs.
	Interest Expense	3,127,619	1,777,076
		3,127,619	1,777,076



Evolv Services Limited
Notes to the financial statement for the year ended March 31, 2012

22 Taxation

Accounting Standard – 22 – Deferred Tax Asset / Liability

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

23 Earnings Per Share

Particulars	Year Ended 31st March, 2012	Year Ended 31st March, 2011
Profit/(Loss) as per the Statement of Profit & Loss	30,202,466	(3,176,441)
Profit/(Loss) attributable to Equity	30,202,466	(3,176,441)
Weighted Average Number of Equity Shares	1,464,811	1,412,096
Nominal value Of Equity shares(Rs.)	10	10
Basic /Diluted (Loss) per Share (Rs.) (B/c)	20.62	(2.25)

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 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 NEO Multimedia Ltd (formerly known as NIIT Multimedia Limited) (Ceased to be Subsidiary company w.e.f 31/3/2011)
- 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 Malaysia Sdn. Bhd, Malaysia
- 10 NIIT GC Ltd (formerly NIIT TVE Ltd, Mauritius)
- 11 NIIT China (Shanghai) Limited, Shanghai
- 12 NIIT Wu Xi Service Outsourcing Training School
- 13 Chongqing NIIT Education Consulting Limited, China
- 14 Wu Xi NIIT Information Technology Consulting Limited.
- 15 Changzhou NIIT Information Technology Consulting Limited
- 16 Su Zhou NIIT Information Technology Consulting Ltd
- 17 PCEC NIIT Institute of Information Technology, Shanghai- (Liquidated)
- 18 NIIT (USA) Inc, USA
- 19 NIIT Ventures Inc, USA
- 20 Element K Corporation, USA (Ceased to be Subsidiary company w.e.f 14/10/2011)
- 21 Element K India Private Limited, India (Ceased to be Subsidiary company w.e.f 14/10/2011)
- 22 Element K (UK) Limited, United Kingdom (Ceased to be Subsidiary company w.e.f 14/10/2011)
- 23 Element K, Canada
- 24 PT NIIT Indonesia, Indonesia (Under Liquidation)
- 25 NIIT West Africa Ltd. Nigeria
- 26 NIIT Yuva Jyoti Limited (w.e.f May 25, 2011)



Evolv Services Limited

Notes to the financial statement for the year ended March 31, 2012

C) Key Managerial Personnel

Siddharth Talwar (Wholetime 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	Fellow Subsidiaries	Key Managerial Personnel	Companies in which the Key Managerial Personnel are interested	Holding Company	Total
	(Rs.)	(Rs.)	(Rs.)	(Rs.)	(Rs.)
Rendering of Services (Note 1)	2,720,163 (8,435,667)	Nil (Nil)	Nil (Nil)	22,431,634 (19,818,131)	25,151,797 (28,253,798)
Recovery of Expenses from (Note 2)	27,618 (2,078,663)	Nil (Nil)	Nil (Nil)	1,164,618 (758,936)	1,192,236 (2,837,599)
Remuneration to key Managerial Personnel	Nil -	2,184,027 (4,253,643)	Nil (Nil)	Nil (Nil)	2,184,027 (4,253,643)
Interest Expenses	Nil (Nil)	Nil (Nil)	Nil (Nil)	2,092,313 (122,548)	2,092,313 (122,548)
Receiving of Services (Note 3)	45,000 (552,974)	Nil (Nil)	Nil (Nil)	Nil (606,711)	45,000 (1,159,685)
Other Expenses (Note 4)	417,988 (422,228)	Nil (177,691)	Nil (Nil)	1,587,832 (676,143)	2,005,820 (1,276,062)
Loan Taken	Nil (Nil)	Nil (Nil)	Nil (Nil)	6,750,000 (15,500,000)	6,750,000 (15,500,000)
Repayment Of Loan	Nil (Nil)	Nil (Nil)	Nil (83,885)	15,500,000 (Nil)	15,500,000 (83,885)
Issue of share Capital	Nil (Nil)	Nil (Nil)	Nil (Nil)	630,000 (Nil)	630,000 (Nil)
Total	3,210,769 (11,489,532)	2,184,027 (4,431,334)	Nil (83,885)	50,156,397 (37,482,469)	55,551,193 (53,487,220)
Balances as on 31.03.2012					
Receivables	Nil (1,854,601)	Nil (Nil)	Nil (Nil)	3,068,339 (7,017,159)	3,068,339 (8,871,760)
Payable	Nil (548,937)	Nil (460,900)	Nil (Nil)	7,272,022 (6,009,941)	7,272,022 (7,019,778)

*Previous year figures are shown in parenthesis

Note

1 Includes transactions for the year mainly with;

NIIT Institute of Finance Banking & Insurance, Rs. 225,000 (Previous Year 228,000)
NIIT Institute of Process Excellence Ltd. Rs. 2,495,163 (Previous Year 8,207,667)

2 Includes transactions for the year mainly with;

NIIT Institute of Process Excellence Ltd. Rs. 27,618 (Previous Year 2,078,663)

3 Includes transactions for the year mainly with;

NIIT Institute of Process Excellence Ltd. Rs. 45,000 (Previous Year 552,974)

4 Includes transactions for the period mainly with;

NIIT Institute of Finance Banking & Insurance, Rs. 417,988 (Previous Year 422,228)



Evolv Services Limited**Notes to the financial statement for the year ended March 31, 2012****25 Leases - Operating & Financial**

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	Year ended
	31 st March, 2012	31 st March, 2011
	(Rs.)	(Rs.)
In respect of Premises	7,729,565	8,716,361

26 Dues 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 6,430,662

28 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.

29 Previous Year Figures

The financial statements for the year ended March 31, 2011 had been prepared as per the applicable, pre-revised Schedule VI to the Companies Act, 1956. Consequent to the notification of Revised Schedule VI under the Companies Act, 1956, the financial statements for the year ended March 31, 2012 are prepared as per Revised Schedule VI. Accordingly, the previous year figures have also been reclassified to conform to this year's classification. The adoption of Revised Schedule VI for previous year 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

Vijay Kumar
Director
DIN: 01264590

Place: Gurgaon
Date : April 30, 2012

