

**Evolv Services Limited**

**Balance Sheet as at 31st March 2012**

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

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

**Amit 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.
<b>A.</b>	<b>CASH FLOW FROM OPERATING ACTIVITIES:</b>		
	<b>Profit before Tax and share of Associates' profits but after exceptional items</b>	<b>30,202,466</b>	<b>(3,176,440)</b>
	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	-	-
	<b>Operating profit before working capital changes</b>	<b>33,998,388</b>	<b>(940,005)</b>
	<b>Add / (Less): (Increase)/ Decrease in operating working capital:</b>		
	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
	<b>Cash generated from operations</b>	<b>11,225,654</b>	<b>(486,821)</b>
	Taxes paid (including TDS)	7,317,037	
	<b>Net cash from Operating activities (A)</b>	<b>18,542,691</b>	<b>(486,821)</b>
<b>B.</b>	<b>CASH FLOW FROM INVESTING ACTIVITIES:</b>		
	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
	<b>Net cash used for Investing activities (B)</b>	<b>(4,127,532)</b>	<b>(7,120,076)</b>
<b>C.</b>	<b>CASH FLOW FROM FINANCING ACTIVITIES:</b>		
	Proceeds from fresh issue of Share Capital (including Share Premium )	630,000	
	Proceeds from Long Term Borrowings		15,500,000
	Long Term Borrowings repaid during the year	-	(6,850,000)
	Working Capital / Short Term Borrowings (Net)	(12,091,987)	300,477
	Interest Paid (including financing charges on finance lease arrangements)	(3,127,619)	(1,777,075)
	<b>Net cash from / (used in) Financing activities (C)</b>	<b>(14,589,606)</b>	<b>7,173,402</b>
	<b>Net Increase/(Decrease) in Cash &amp; Cash equivalents (A) + (B) + (C)</b>	<b>(174,447)</b>	<b>(433,496)</b>
	<b>Cash and Cash equivalents as at the beginning of the year (Note 1)</b>	<b>1,278,381</b>	<b>1,711,877</b>
	<b>Cash and cash equivalents as at the end of the year (Note 1)</b>	<b>1,103,934</b>	<b>1,278,381</b>

**Notes:**

- Cash and cash equivalents as on**  
Balances with Banks  
31st March 2012  
**1,103,934**  
31st March 2011  
**1,278,381**
- 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**

For and on behalf of the Board

Amit Mittal  
Partner  
Membership No: 508748  
  
New Delhi  
Date: 30.04.2012

**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**

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**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: -

-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**

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#### **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 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 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**

<b>3</b>	<b>SHARE CAPITAL</b>	<b>As at 31st March 2012 Rs.</b>	<b>As at 31st March 2011 Rs.</b>
	<b>Authorised</b> 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
		<b>16,000,000</b>	<b>16,000,000</b>
	<b>Issued</b> 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
		<b>14,750,960</b>	<b>14,120,960</b>
	<b>Subscribed and fully paid</b> 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
		<b>14,750,960</b>	<b>14,120,960</b>

<b>3.1</b>	<b>Reconciliation of the number of shares outstanding</b>	<b>31st March 2012</b>		<b>31st March 2011</b>	
		<b>No. of shares</b>	<b>Value Rs.</b>	<b>No. of shares</b>	<b>Value Rs.</b>
	<b>Equity Shares</b>				
	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	-	-
	<b>Shares outstanding at the end of the year</b>	<b>1,475,096</b>	<b>14,750,960</b>	<b>1,412,096</b>	<b>14,120,960</b>

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

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

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

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

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

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

**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			-	-
	- Due to Others	-	-	22,908,352	17,871,963
		-	-	<b>22,908,352</b>	<b>17,871,963</b>

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
		-	-	<b>5,662,038</b>	<b>5,934,871</b>

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.
	<b>Provision for employee benefits :</b>				
	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
		<b>1,245,880</b>	<b>3,250,320</b>	<b>200,120</b>	<b>92,680</b>



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

**9 Fixed Assets**

(Amount in Rs.)

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	Total as on 31.03.2012	As on 01.04.2011	For the year	Sales / Adj. during the year	Total as on 31.03.2012	As on 31.03.2012	As on 31.03.2011
<b>i) Tangible</b>										
Computer	1,262,575	-	-	1,262,575	553,379	324,027	-	877,406	385,169	709,196
Office Equipments	370,290	-	7,190	363,100	119,258	46,865	3,736	162,387	200,713	251,032
Furniture & Fixtures - Owned	419,950	-	419,950	-	164,785	34,096	198,881	-	-	255,165
Vehicles	3,849,837	-	-	3,849,837	2,369,308	513,218	-	2,882,526	967,311	1,480,529
<b>Sub Total (a)</b>	<b>5,902,652</b>	<b>-</b>	<b>427,140</b>	<b>5,475,512</b>	<b>3,206,730</b>	<b>918,206</b>	<b>202,617</b>	<b>3,922,319</b>	<b>1,553,193</b>	<b>2,695,922</b>
<b>ii) Intangible</b>										
Intellectual Property Rights - Internally generated	185,400	-	-	185,400	128,012	21,637	-	149,649	35,751	57,388
Content (Internally Generated)	5,086,418	7,332,578	-	12,418,996	58,529	1,374,860	-	1,433,389	10,985,607	5,027,889
<b>Sub Total (b)</b>	<b>5,271,818</b>	<b>7,332,578</b>	<b>-</b>	<b>12,604,396</b>	<b>186,541</b>	<b>1,396,497</b>	<b>-</b>	<b>1,583,038</b>	<b>11,021,358</b>	<b>5,085,277</b>
<b>Total (a+b)</b>	<b>11,174,470</b>	<b>7,332,578</b>	<b>427,140</b>	<b>18,079,908</b>	<b>3,393,271</b>	<b>2,314,703</b>	<b>202,617</b>	<b>5,505,357</b>	<b>12,574,551</b>	<b>7,781,199</b>
<b>Previous Year</b>	<b>5,804,345</b>	<b>5,370,125</b>	<b>-</b>	<b>11,174,470</b>	<b>2,330,854</b>	<b>1,062,417</b>	<b>-</b>	<b>3,393,271</b>	<b>7,781,199</b>	<b>3,473,491</b>
<b>(iii) Capital work-in-progress</b>									-	1,750,893
<b>(iv) Intangible assets under development</b>									-	-

**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:

Capitalisation of internally generated intangible:

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

**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	-	-	-	1,400,250
	Unsecured, considered doubtful	2,121,335	817,167	-	-
	Less: Provision for doubtful debts	(2,121,335)	(817,167)	-	-
		-	-	-	<b>1,400,250</b>
b)	Other Trade Receivables				
	Unsecured, considered good	-	-	55,254,066	20,473,444
		-	-	<b>55,254,066</b>	<b>20,473,444</b>
		-	-		
		-	-	<b>55,254,066</b>	<b>21,873,694</b>

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	758169	-	-
	Add: Additional Provision Created	1,304,168.0	58998	-	-
	Closing Provision	2121335	817167	-	-

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	-
		<b>101,063</b>	<b>1,063</b>	<b>1,100,221</b>	<b>5,455,907</b>

**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.
	<b>Cash and cash equivalents:</b> Balance with banks Current Accounts	-	-	1,002,871	1,277,318
	<b>Other bank balances:</b> 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	-	-
		<b>101,063</b>	<b>1,063</b>	<b>1,002,871</b>	<b>1,277,318</b>
		<b>101,063</b>	<b>1,063</b>	<b>1,002,871</b>	<b>1,277,318</b>
	<b>Amount disclosed under non-current assets (Note13 )</b>	(101,063)	(1,063)	-	-
		-	-	<b>1,002,871</b>	<b>1,277,318</b>

**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 21<sup>st</sup> 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
		<b>2,512,196</b>	<b>606,400</b>

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

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
		<b>30,059,162</b>	<b>37,475,722</b>

**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 <sup>st</sup> March 2012 (Rs.)	For the year ended 31 <sup>st</sup> 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 <sup>st</sup> March 2012 (Rs.)	Year ended 31 <sup>st</sup> 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 <sup>st</sup> March 2012 (Rs.)	As at 31 <sup>st</sup> March 2011 (Rs.)	As at 31 <sup>st</sup> March 2010 (Rs.)	As at 31 <sup>st</sup> 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 <sup>st</sup> March 2012 (Rs.)	Year Ended 31 <sup>st</sup> March 2011 (Rs.)	Year Ended 31 <sup>st</sup> March 2010 (Rs.)	Year Ended 31 <sup>st</sup> 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 <sup>st</sup> March 2012 (Rs.)	Year ended 31 <sup>st</sup> March 2011 (Rs.)
<b>Present value of obligation as at the beginning of the year</b>	<b>677,000</b>	<b>876,167</b>
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	-
<b>Present value of obligation as at the end of the year</b>	<b>303,000</b>	<b>677,000</b>
<b>Amount debited/(Credited) to the Profit &amp; Loss Account*</b>	<b>14,352</b>	<b>114,932</b>

\*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)
<b>ESOP 2005</b>			
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
<b>ESOP 2007</b>			
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 :-

[illegible]

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

<b>20</b>	<b>Other Expenses</b>	<b>Year ended 31st March 2012 Rs.</b>		<b>Year ended 31st March 2011 Rs.</b>
	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			
	- Plant and Machinery	341,384		226,148
	- Buildings	84,270		29,969
	- Others	842,619		512,703
	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
		<b>19,872,890</b>		<b>20,936,492</b>

<b>20.1</b>	<b>Payment to Auditors</b>	<b>Year ended 31st March 2012 Rs.</b>		<b>Year ended 31st March 2011 Rs.</b>
	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
		<b>193,025</b>		<b>187,510</b>

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



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

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**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**

<b>Particulars</b>	<b>Year Ended 31st March, 2012</b>	<b>Year Ended 31st March, 2011</b>
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
<b>Basic /Diluted (Loss) per Share (Rs.) (B/c)</b>	<b>20.62</b>	<b>(2.25)</b>

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)
<b>Total</b>	<b>3,210,769</b> <b>(11,489,532)</b>	<b>2,184,027</b> <b>(4,431,334)</b>	<b>Nil</b> <b>(83,885)</b>	<b>50,156,397</b> <b>(37,482,469)</b>	<b>55,551,193</b> <b>(53,487,220)</b>
<b>Balances as on 31.03.2012</b>					
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**

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**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 <sup>st</sup> March, 2012	31 <sup>st</sup> 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

For and on behalf of the Board

Amit Mittal  
Partner  
Membership No. 508748

Vijay K. Thadani  
Director  
DIN-00042527

Vijay Kumar  
Director  
DIN: 01264590

Place: Gurgaon  
Date : April 30, 2012