

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, 2011 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
 - 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. In our opinion, rate of interest and other terms and conditions of loan taken by the company from the parties covered under section 301 of the Companies Act, 1956 are not prima-facie prejudicial to the interest of the company.



Branches:

- 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. 27,576,134 with a current ratio of 2.03. We have been provided with the business projections for the next two years & management is hopeful of earning 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.

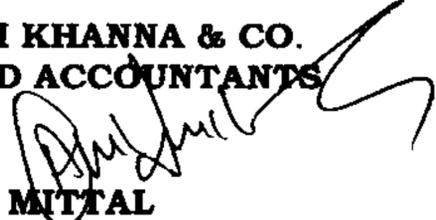


- xvi. In our opinion and according to the information and explanations given to us, the company has not given any guarantee for loans taken by others from banks or financial institutions during the year.
 - xvii. On the basis of an overall examination of the balance sheet of the company, on our opinion 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. Without qualifying of our opinion, we draw your attention to Note 10 of Schedule N regarding the preparation of financial statements on a "going concern basis" based on a letter of support given by NIIT Ltd. that it would provide financial and operational support necessary for the company to continue its operations in future.
5. 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, 2011 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2011 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,2011 and
- (b) In the case of the Profit and Loss Account, of the Loss 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 : 29.04.2011



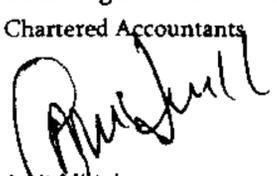
EVOLV SERVICES LIMITED
BALANCE SHEET AS AT MARCH 31, 2011

	Schedule No./ [Note Reference]	As at 31.03.2011		As at 31.03.2010	
		Rs.	Rs.	Rs.	Rs.
I. SOURCES OF FUNDS					
1. Shareholders' Funds					
(a) Share Capital	A	14,120,960		14,120,960	
(b) Stock Option Outstanding Account		486,773		486,773	
(c) Reserves and Surplus	B	<u>78,820,810</u>	93,428,543	<u>78,820,810</u>	93,428,543
2. Loan Funds					
(a) Unsecured Loans	C	<u>25,272,649</u>	25,272,649	<u>16,322,172</u>	16,322,172
TOTAL			<u>118,701,192</u>		<u>109,750,715</u>
II. APPLICATION OF FUNDS					
1. Fixed Assets	D				
(a) Gross Block		11,174,470		5,804,345	
(b) Less : Accumulated Depreciation		<u>3,393,271</u>		<u>2,330,854</u>	
(c) Net Block			7,781,199		3,473,491
2. Capital Work in Progress	D		1,750,893		
3. Current Assets, Loans & Advances	E				
(a) Sundry Debtors		21,873,694		22,806,299	
(b) Cash & Bank Balances		1,278,381		1,711,877	
(c) Other Current Assets		5,781,842		7,192,603	
(d) Loans & Advances		<u>25,315,315</u>		<u>19,196,033</u>	
		<u>54,249,232</u>		<u>50,906,812</u>	
Less : Current Liabilities & Provisions	F				
(a) Current Liabilities		23,330,098		19,605,526	
(b) Provisions		<u>3,343,000</u>		<u>3,440,588</u>	
		<u>26,673,098</u>		<u>23,046,114</u>	
Net Current Assets			27,576,134		27,860,698
4. Profit & Loss Account			81,592,966		78,416,526
TOTAL			<u>118,701,192</u>		<u>109,750,715</u>

Significant Accounting Policies & Notes to Accounts N

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.

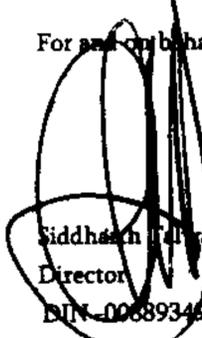
For Ghosh Khanna & CO
Firm Registration No :003366N
Chartered Accountants

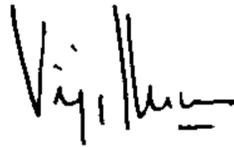

Anrit Mittal
Partner
Membership No :508748



New Delhi
Date : 29.04.2011

For and on behalf of the Board of Directors


Siddhant Talwar
Director
DIN -00889349


Vijay Kumar
Director
DIN -01264590

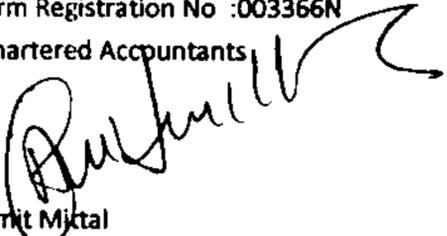


EVOLV SERVICES LIMITED
PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2011

	<u>Schedule No./ Note Reference</u>	<u>Year ended 31.03.2011</u> Rs.	<u>Year ended 31.03.2010</u> Rs.
INCOME			
Operating Revenue	G,N[1(ii)]	97,798,478	89,441,692
Other Income	H	597,826	160,533
		<u>98,396,304</u>	<u>89,602,225</u>
EXPENDITURE			
Employees Remuneration & Benefits	I,N[1(vi)]	36,976,010	40,701,305
Development, Production & Execution Charges	J	40,836,981	20,771,953
Administrative & Other Expenses	K	20,646,018	22,670,543
Interest & Finance Charges	L	1,786,325	2,599,664
Marketing	M	264,993	1,039,753
Depreciation and Amortization	D	1,062,417	1,029,482
		<u>101,572,744</u>	<u>88,812,700</u>
PROFIT / (LOSS) BEFORE TAX		(3,176,440)	789,525
Tax Expenses			
Current Tax		-	-
Deffered Charge/(Benefit)		-	-
PROFIT / (LOSS) AFTER TAX		(3,176,440)	789,525
(Loss) brought forward		(78,416,526)	(79,206,051)
Balance Carried to Balance Sheet		(81,592,966)	(78,416,526)
Basic Earnings/(Loss) per Share	N[2(ix)]	(2.25)	0.70
Diluted Earnings/(Loss) per share		(2.25)	0.70
Significant Accounting Policies & Notes to Accounts	N		

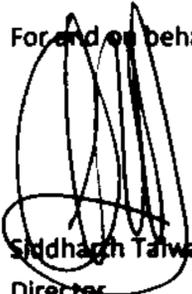
The Schedules referred to above form an integral part of the Profit and Loss Account.
This is the Profit & Loss Account referred to in our report of even date.

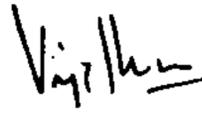
For Ghosh Khanna & CO
Firm Registration No :003366N
Chartered Accountants


Armit Mittal
Partner
Membership No : 508748



For and on behalf of the Board of Directors


Siddhant Talwar
Director
DIN -00889349


Vijay Kumar
Director
DIN -01264590

New Delhi
Date : 29.04.2011

EVOLV SERVICES LIMITED
Schedules forming part of the Balance Sheet

	As at 31.03.2011		As at 31.03.2010	
	Rs.	Rs.	Rs.	Rs.
Schedule A				
SHARE CAPITAL				
[Refer Note 2 (i) on Schedule N]				
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 1,412,096) Equity shares of Rs.10 each		14,120,960		14,120,960
(863,471 (PY 863,471) Equity Shares of Rs 10 each held by NIIT Ltd, Holding Company)		<u>14,120,960</u>		<u>14,120,960</u>
Schedule B				
RESERVES AND SURPLUS				
Securities Premium		78,820,810		78,820,810
		<u>78,820,810</u>		<u>78,820,810</u>
Schedule C				
UNSECURED LOANS				
[Refer Note 7 on Schedule N]				
First American Financial Services Private Limited {Paid during the year Rs 6,766,115/- (Previous year Rs. 1,150,000/-)}		-		6,766,115
NIIT Limited (From Holding Company due within 1 year)		15,500,000		-
Vikram Talwar & Associates {Paid during the year Rs 83,885/- (Previous year Rs. Nil)}		-		83,885
Cash Credit from IOB		9,772,649		9,472,172
		<u>25,272,649</u>		<u>16,322,172</u>



EVOLV SERVICES LIMITED
Schedules forming part of the Balance Sheet

Schedule D

FIXED ASSETS

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

Particulars	GROSS BLOCK AT COST				DEPRECIATION				NET BLOCK	
	As at 01.04.2010 Rs.	Additions during the Year Rs.	Adjustments/ Sold during the Year Rs.	As at 31.03.2011 Rs.	As at 01.04.2010 Rs.	Provided during the Year Rs.	Adjustments during the Year Rs.	Upto 31.03.2011 Rs.	As at 31.03.2011 Rs.	As at 31.03.2010 Rs.
TANGIBLE										
Computers	1,084,327	178,248	-	1,262,575	215,530	337,849	-	553,379	709,196	868,797
Office Equipment	340,590	29,700	-	370,290	76,154	43,104	-	119,258	251,032	264,436
Furniture & Fixtures	419,950	-	-	419,950	106,198	58,587	-	164,785	255,165	313,752
Vehicles	3,849,837	-	-	3,849,837	1,856,090	513,218	-	2,369,308	1,480,529	1,993,747
INTANGIBLE										
Software	109,641	75,759	-	185,400	76,882	51,130	-	128,012	57,388	32,759
Content (Internally Generated)	-	5,086,418	-	5,086,418	-	58,529	-	58,529	5,027,889	-
TOTAL	5,804,345	5,370,125	-	11,174,470	2,330,854	1,062,417	-	3,393,271	7,781,199	3,473,491
PREVIOUS YEAR	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
Capital Work in Progress (Including Capital Advances)									1,750,893	Nil



EVOLV SERVICES LIMITED
Schedules forming part of the Balance Sheet

	As at 31.03.2011		As at 31.03.2010	
	Rs.	Rs.	Rs.	Rs.
Schedule E				
CURRENT ASSETS, LOANS & ADVANCES				
A. CURRENT ASSETS				
1. Sundry Debtors (Refer Note 2(V), 6 on Schedule N)				
Unsecured considered Doubtful	817,167		758,169	
Unsecured considered good				
Outstanding for more than six months	1,400,250		284,221	
Others	20,473,444		22,522,078	
	<u>22,690,861</u>		<u>23,564,468</u>	
Provision for Doubtful Debts	817,167	21,873,694	758,169	22,806,299
2. Cash and Bank Balances				
Cash in Hand	-		18,188	
Balance with Scheduled Banks				
In Current Account	1,277,318		1,674,516	
In Fixed Deposit Account	1,063	1,278,381	19,173	1,711,877
	<u>1,063</u>		<u>19,173</u>	
3. Other Current Assets				
Accrued Income	5,455,907		7,037,197	
Prepaid Expenses	325,935	5,781,842	155,406	7,192,603
	<u>325,935</u>		<u>155,406</u>	
B. LOANS & ADVANCES (Unsecured considered good)				
1. Advances recoverable in cash or in kind or for value to be received or pending adjustments	576,708		1,596,214	
2. Security Deposits	3,310,234		3,236,234	
Less : Provision for Doubtful Security Deposit	(564,220)		(564,220)	
3. Advance Income Tax (including taxes deducted at source)	21,992,593	25,315,315	14,927,805	19,196,033
	<u>21,992,593</u>		<u>14,927,805</u>	
		<u>54,249,232</u>		<u>50,906,812</u>
Schedule F				
CURRENT LIABILITIES AND PROVISIONS				
A. CURRENT LIABILITIES (Refer Notes 2 (v) and 5 on Schedule N)				
1. Sundry Creditors				
Holding Company	6,558,878		4,754,102	
Due to micro & small enterprises	-		-	
Due to Others	11,084,072		7,734,636	
	<u>11,084,072</u>		<u>7,734,636</u>	
2. Other Liabilities	5,687,148	23,330,098	7,116,788	19,605,526
	<u>5,687,148</u>		<u>7,116,788</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	677,000		876,167	
3. Provision for Gratuity	2,666,000	3,343,000	2,564,421	3,440,588
	<u>2,666,000</u>		<u>2,564,421</u>	
		<u>26,673,098</u>		<u>23,046,114</u>



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

	Year ended 31.03.2011 Rs.	Year ended 31.03.2010 Rs.
Schedule G		
OPERATING REVENUE		
Training Fees	97,798,478	89,441,692
	<u>97,798,478</u>	<u>89,441,692</u>
Schedule H		
OTHER INCOME		
Other Income	34,300	160,533
Liabilities written back	563,526	-
	<u>597,826</u>	<u>160,533</u>
Schedule I		
EMPLOYEES REMUNERATION & BENEFITS		
Salaries & Wages	35,461,819	38,993,285
Contribution to Provident Fund and Other funds	814,712	823,012
Staff Welfare Expenses	289,170	237,293
Compensated Absences	114,932	384,228
Gratuity	295,377	263,487
	<u>36,976,010</u>	<u>40,701,305</u>
Schedule J		
DEVELOPMENT, PRODUCTION & EXECUTION CHARGES		
Training Facility & Hire Charges	29,550,912	12,112,954
Training Material Expenses	-	1,005,674
Consultancy Charges	11,286,069	7,653,325
	<u>40,836,981</u>	<u>20,771,953</u>
Schedule K		
ADMINISTRATIVE & OTHER EXPENSES		
Rent	8,716,361	6,237,883
Security Charges	337,285	383,560
Electricity & Water	750,410	722,042
Insurance	235,560	144,295
Legal & Professional Charges	369,555	665,008
Repairs & Maintenance		
Plant & Machinery	226,149	209,511
Others	<u>542,672</u>	<u>632,079</u>
Communication Expenses	1,254,254	1,332,107
Travelling, Conveyance & Transportation	5,957,262	9,959,437
Printing & Stationery	1,123,229	828,598
Auditors' Remuneration	170,000	170,000
Bad Debts	14,472	9
Provision for Doubtful Debts	58,998	687,769
Postage & Courier	158,423	97,358
Recruitment & Training Expenses	645,675	37,250
Loss on sale of Fixed Assets	-	522,846
Miscellaneous Expenses	85,713	40,791
	<u>20,646,018</u>	<u>22,670,543</u>



Schedule L

INTEREST & FINANCE CHARGES

Bank Charges		
Interest on Loan	10,191	8,030
Interest on Late Deposit of Statutory Dues	1,777,076	2,874,359
	-	56,035
	<u>1,787,267</u>	<u>2,938,424</u>
Less: Interest Received	942	338,760
	<u>1,786,325</u>	<u>2,599,664</u>

Schedule M

Marketing Expenses		
Business Promotion Expenses		
Sales & Marketing Expenses	264,993	187,447
	-	852,306
	<u>264,993</u>	<u>1,039,753</u>



Cash Flow Statement for the year ended 31st March 2011

	Year Ended 31.03.2011	Year Ended 31.03.2010
A) CASH FLOWS FROM OPERATING ACTIVITIES:		
Net Profit/(Loss) before Tax	(3,176,440)	789,525
Add/(Less)		
Depreciation and amortization	1,062,417	1,029,482
Loss/(Profit) on Disposal of Fixed Assets	-	522,846
Provision for Gratuity & Compensated Absences	410,309	647,715
Gratuity & Compensated Absences Paid	(507,897)	(486,898)
Interest Expenses	1,777,076	2,874,359
Liabilities Written Back	(563,526)	-
Provision for Doubtful Debts	58,998	687,769
Interest Received	(942)	(338,760)
	<u>2,236,435</u>	<u>4,936,513</u>
Operating Profit/(Loss) before Working Capital Changes	(940,005)	5,726,038
Add/(Less) : Increase/Decrease in Operating Working Capital		
Trade Receivable	873,607	(17,445,164)
Other Current Assets	1,410,761	3,138,954
Loans & Advances	(6,119,282)	1,154,012
Provision Written Back	563,526	-
Gratuity & Compensated Absences Paid	507,897	486,898
Current Liabilities & Provisions	3,216,675	451,364
	<u>453,184</u>	<u>(12,213,936)</u>
Net Cash from Operating Activities (A)	(486,821)	(6,487,898)
B. CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(7,121,018)	(1,100,928)
Sale of Fixed Assets	-	300,645
Interest received	942	338,760
Net cash from Investing Activities (B)	<u>(7,120,076)</u>	<u>(461,523)</u>
C. CASH FLOWS FROM FINANCING ACTIVITIES		
Issue of Share Capital (Including Share Premium)	-	18,186,879
Interest Paid	(1,777,076)	(2,874,359)
Repayment of Loan ICICI Bank	-	(466,203)
Loan From Holding Company (NIIT Ltd.)	15,500,000	-
Repayment of Loan to First American Financial Services	(6,766,115)	(1,150,000)
Repayment of Loan to Vikram Tahwar & Associates	(83,885)	-
Repayment of Loan to Holding Company (NIIT Ltd.)	-	(10,200,000)
Cash Credit From Bank	300,477	975,348
Net Cash from Financing Activities (C)	<u>7,173,401</u>	<u>4,471,645</u>
Net Increase/(Decrease) in Cash & Cash Equivalents (A+B+C)	<u>(433,496)</u>	<u>(2,477,756)</u>
Cash and Cash Equivalents as at the beginning of the year (Refer Note 1 below)	1,711,877	4,189,633
Cash and Cash Equivalents as at the end of the year (Refer Note 1 below)	<u>1,278,381</u>	<u>1,711,877</u>
Notes :		
1. Cash and cash equivalents Comprise of		
Cash/Cheques in hand	-	18,188
Balance with banks in		
-Current Account	1,277,318	1,674,516
-Fixed Deposit Account	1,063	19,173
	<u>1,278,381</u>	<u>1,711,877</u>
2. The Above Cash Flow statement has been prepared under the indirect method as set out in Accounting Standard -3 "Cash Flow Statements", as notified under Companies (Accounting Standards) Rules, 2006 by the Government of India.		
3. The Schedule Nos. A to N form an integral part of the Cash Flow Statement.		

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 :29.04.2011



For and on behalf of the Board of Directors

Vidhant
Director
DIN - 00889349

Vijay Kumar
Director
DIN-01264590

EVOLV SERVICES LIMITED

Audit for the year ended on 31st March 2011

Share Holding Pattern

Equity Share	As on 31.03.2010	Conversion of preference share to equity	Fresh Issue	Transfer	As on 31.03.2011	Percentage holding as on 31.03.2010	Percentage holding as on 31.03.2011
Allbiz	381,122	-	-	-	381,122	26.99%	26.99%
Vikram Talwar Associates	167,483	-	-	-	167,483	11.86%	11.86%
Siddharth Talwar	17	-	-	-	17	0.00%	0.00%
NIIT	863,471	-	-	-	863,471	61.15%	61.15%
S K Rawat	1	-	-	-	1	0.00%	0.00%
Vijay Kumar	1	-	-	-	1	0.00%	0.00%
Praveen Jain	1	-	-	-	1	0.00%	0.00%
	1,412,096	-	-	-	1,412,096		



**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 2011

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

Public Issue: NIL
 Rights Issue: NIL
 Bonus Issue: NIL
 Private Placement: NIL
 Others: NIL

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

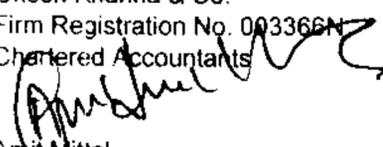
Total Liabilities:	Rs	118,701
Total Assets:	Rs	118,701
Sources of Funds		
Paid up Capital:	Rs	14,121
Stock Option Outstanding	Rs	487
Reserves & Surplus:	Rs	78,820
Secured Loans:	Rs	-
Unsecured Loans:	Rs	25,273
Application of Funds		
Net Fixed Assets:	Rs	9,532
Investments:	Rs	NIL
Net Current Assets:	Rs	27,576
Miscellaneous Expenditure:	Rs	NIL
Accumulated Losses:	Rs	81,593

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

Turnover:	Rs	98,396
Total Expenditure:	Rs	101,572
Profit/Loss before Tax:	Rs	(3,176)
Profit/Loss after Tax:	Rs	(3,176)
Earning per share in Rs:		(2.25)
Dividend Rate %		NIL

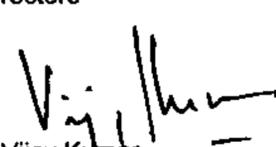
V. GENERIC NAMES OF THREE PRINCIPAL PRODUCTS/SERVICES OF COMPANY

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

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

 Amit Mittal
 Partner
 Membership No : 508748

For and on behalf of the Board of Directors


 Siddharth Talwar
 Director
 DIN-00889349


 Vijay Kumar
 Director
 DIN-01264590

Place : New Delhi
 Date :29.04.2011



EVOLV SERVICES LIMITED

SCHEDULE – N

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

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. Expenses incurred on internal development of courseware and products are being shown as Capital Work In progress and will be capitalized following the completion of the project. after establishing the technical feasibility in accordance with the requirement of Accounting Standard 26, "Intangible Assets" as notified under section 211(3C) of the Companies Act, 1956. Expenses incurred during the research phase have already been charged to the profit and loss account.



iv) **Depreciation and Amortization**

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	3-5 Years
Software	3 - 5 years
Intangible acquired internally generated	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 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 2011.

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 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 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.

2. NOTES TO ACCOUNTS

- i) The holding company has a shareholding of 61.15% (P.Y. 61.15)
- 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:-

	<u>2010-2011</u>	<u>2009-2010</u>
Employers Contribution to Provident Fund.	462,896	485,572
Employers Contribution to Pension Fund.	268,021	254,075

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 2011 (Rs.)	Year ended 31 st March 2010 (Rs.)
Present value of obligation as at the beginning of the year	2,564,421	2,403,604
Interest Cost	197,400	192,288
Current Service Cost	517,587	493,794
Benefit paid	(193,798)	(102,670)
Actuarial (gain) / loss on obligations	(419,610)	(422,595)
Present value of obligation as at the end of the year	2,666,000	2,564,421

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

Description	As at 31 st March 2011 (Rs.)	As at 31 st March 2010 (Rs.)	As at 31 st March 2009 (Rs.)	As at 31 st March 2008 (Rs.)
Present value of the defined benefit obligation at the end of the year	(2,666,000)	(2,564,421)	(2,403,604)	(1,780,608)
Fair value of plan assets at the end of the year	-	-	-	-
Net Asset/(Liability) recognized in the Balance Sheet	(2,666,000)	(2,564,421)	(2,403,604)	(1,780,608)

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

Description	Year Ended 31 st March 2011 (Rs.)	Year Ended 31 st March 2010 (Rs.)	Year Ended 31 st March 2009 (Rs.)	Year Ended 31 st March 2008 (Rs.)
Current service cost	517,587	493,794	598,439	35,371
Interest Cost	197,400	192,288	142,449	11,513
Expected return on plan assets	-	-	-	-
Actuarial (gain) / loss recognized during the year	(419,610)	(422,595)	(82,757)	6,718
Total	295,377	263,487	658,131	53,602



Assumptions Used

Year Ended 31st March 2011	Year Ended 31st March 2010
-------------------------------	-------------------------------

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 2011 (Rs.)	Year ended 31 st March 2010 (Rs.)
Present value of obligation as at the beginning of the year	876,167	927,329
Benefit Paid	(314,099)	(435,390)
Current Service Cost	206,362	253,274
Actuarial (gain) / loss on obligations	(91,430)	56,974
Present value of obligation as at the end of the year	677,000	876,167
Amount debited/(Credited) to the Profit & Loss Account*	114,932	384,228

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

Assumptions Used

Year Ended 31st March 2011	Year Ended 31st March 2010
-------------------------------	-------------------------------

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. 4,253,643/- (Previous year 3,097,710/-) has been paid as remuneration to the Whole-time Director of the Company for the period April 01, 2010 to March 31, 2011. 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 2014.

Details of remuneration paid to the Whole-time Director:

Particulars	Year ended 31st March, 2011 (Rs.)	Year ended 31st March, 2011 Rs.)
Salary, perquisites and allowances	3,774,710	2,964,912
Contribution to provident fund and other funds	Nil	Nil
Performance Linked Bonus	478,933	132,798
Total	4,253,643	3,097,710



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	NEO Multimedia Ltd (formerly known as NIIT Multimedia Limited) (Till 30 th March 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 Ltd
17	PCEC NIIT Institute of Information Technology, Shanghai- (Liquidated in April 2010)
18	NIIT (USA) Inc, USA
19	NIIT Ventures Inc, USA
20	Element K Corporation, USA
21	Element K India Private Limited, India
22	Element K (UK) Limited, United Kingdom
23	Element K, Canada
24	PT NIIT Indonesia, Indonesia (Under Liquidation)

C	Key Managerial Personnel
1	Siddharth Talwar (Wholetime Director)
2	Vikram Talwar (Director)
D	Associate
1	NIIT Technologies Ltd. India
2	NIIT Smart Serve Limited
3	NIIT GIS Ltd
4	NIIT Institute of Information Technology

E	Companies in which the Key Managerial Personnel are interested
1	Vikram Talwar & Associates



F Details of transaction and balances with related parties*

Nature of Transactions	Associates	Fellow Subsidiaries	Key Managerial Personnel	Companies in which the Key Managerial Personnel are interested	Holding Company	Total
	(Rs.)	(Rs.)	(Rs.)	(Rs.)	(Rs.)	(Rs.)
Rendering of Services (Note 1)	900,000 (651,500)	8,435,667 (5,946,666)			19,818,131 (21,755,346)	29,153,798 (28,353,512)
Recovery of Expenses from	123,446 (146,432)	2,078,663 (3,001,045)			758,936 (517,172)	2,961,045 (3,664,649)
Remuneration to key Managerial Personnel			4,253,643 (3,097,710)			4,253,643 (3,097,710)
Interest Expenses					122,548 (1,092,615)	122,548 (1,092,615)
Receiving of Services		552,974 (Nil)			606,711 (852,306)	1,159,685 (852,306)
Other Expenses (Note 2)		422,228 (422,220)	177,691 (649,122)		676,143 (213,638)	1,276,062 (1,284,980)
Loan Taken					15,500,000 (1,300,000)	15,500,000 (1,300,000)
Repayment Of Loan				83,885 (Nil)	Nil (11,500,000)	83,885 (11,500,000)
Issue of share Capital					Nil (18,186,879)	Nil (18,186,879)
Total	1,023,446 (797,932)	11,489,532 (9,369,931)	4,431,334 (3,746,832)	83,885 (Nil)	37,482,469 (55,417,956)	54,510,666 (69,332,651)
Balances as on 31.03.2011*						
Receivables (Note3)	65,687 (168,730)	1,854,601 (2,026,229)			70,17,159 (4,283,817)	8,937,447 (6,478,776)
Payable		548,937 (Nil)	460,900 (249,957)		6,009,941 (4,754,102)	7,019,778 (5,004,059)

*Previous year figures are shown in parenthesis



Notes

1) Includes transactions for the year with

	Year Ended on 31 st March 2011	Year Ended on 31 st March 2010
Associates		
NIIT Technologies Ltd.	884,000	241,500
NIIT Institute of Information Technology	---	410,000
NIIT Smart Serve Ltd.	16,000	---
Fellow Subsidiaries		
NIIT China (Shanghai) Ltd.	---	84,000
NIIT Institute of Finance Banking & Insurance Training Limited	228,000	1,242,371
NIIT Institute of Process Excellence Ltd	8,207,667	4,620,295

2) Includes transactions for the year with

Fellow Subsidiaries		
NIIT Institute of Finance banking & Insurance Training Limited	422,228	422,220

3) Associates

NIIT Technologies Ltd.	47,379	78,088
NIIT Institute of Information Technology	---	90,642
NIIT Smart Serve Ltd	18,308	---

Fellow Subsidiaries

NIIT Institute of Finance banking & Insurance	---	293,827
NIIT Institute of Process Excellence Ltd	1,854,601	1,586,084
NIIT China (Shanghai) Ltd.	---	146,318

vi) AUDITORS REMUNERATION

Remuneration paid to statutory auditors is as follows:

	Year ended on 31.03.2011 Rs.	Year ended on 31.03.2010 Rs.
Statutory Audit Fees	1,35,000	1,35,000
Tax Audit Fee	15,000	15,000
Other Services	20,000	20,000
Auditor Remuneration	170,000	170,000
Service Tax	17,510	17,510
Auditor Remuneration including service tax	1,87,510	1,87,510



- vii) a) Earnings in Foreign Currency: The Company has earned revenue of Rs. 157,500/- (P.Y. Rs. 3,16,998) in foreign currency.
 b) Expenditure in Foreign Currency: The Company has incurred expenses 74,592/-(P.Y. Rs. 8,93,200) 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, 2011 and year ended March 31, 2010 was Rs. 8,716,361/- and Rs. 6,237,883/- respectively.

Particulars	In respect of Premises Amount in Rs. 31.03.2011	In respect of Premises Amount in Rs. 31.03.2010
Amount payable	32,756,885	17,152,164

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:

	31.3.2011	31.03.2010
a) Profit/(Loss) attributable to Equity Share Holders (Rs.)	(3,176,440)	789,525
b) weighted average number of equity shares outstanding	14,12,096	11,27,270
c) Nominal Value of Equity Shares (Rs.)	10	10
d) Basic/Diluted Earnings/ (Loss) per Share (Rs.)	(2.25)	0.70

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 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	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. Nil) 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 2011 Nos.	31 March 2010 Nos.
ESOP (2005)		
Outstanding at the beginning of the year	45,000	36,000
Granted during the year	Nil	9,000
Expired during the year/ period	Nil	Nil
Exercised during the year	Nil	Nil
Outstanding at the end of the year	45,000	45,000
Exercisable at the end of the year	45,000	45,000
ESOP (2007)		
Outstanding at the beginning of the year	9,000	3,600
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	14,400	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**

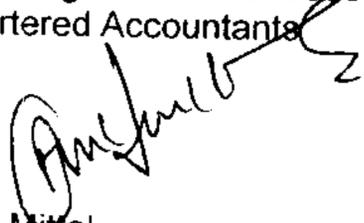
Particulars	Year ended 31 st March, 2011 (Rs.)	Year ended 31 st March, 2010 (Rs.)
Opening Provision	758,169	70,400
Add : Additional Provision created during the year	58,998	687,769
Less : Provision written off	--	--
Less : Provision reversed	--	--
Closing Provision	817,167	758,169

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.97,72,649.
8. There is an assessment order for AY 2008-09 where in AO have passed an order disallowing the expenses of Rs 27,180,921/-. After disallowing the expenses, returned losses got converted into assessed income of Rs 17,633,245/- which was set off by the brought forward losses of the same amount. The Company has filed an appeal to CIT(Appeals). 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.
9. 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.
10. The accumulated losses of the Company as at March 31, 2011 amounting to Rs.81,592,966/- have eroded a substantial parts of its net worth. The company has received a letter of support from NIIT Ltd. confirming their financial and operational support for its continued operations in future. Accordingly these financial statements are prepared on a going concern basis.



11. Previous year's figures have been regrouped and/or re-arranged wherever necessary to confirm to current year's groupings and classifications.

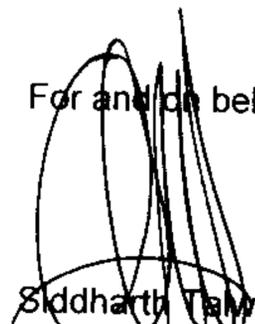
For Ghosh Khanna & CO
Firm Registration No: 003366N
Chartered Accountants



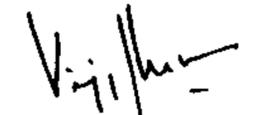
Amit Mittal
Partner
Membership No: 508748

New Delhi
Date: 29.04.2011

For and on behalf of the Board of Directors



Siddharth Talwar
Director
DIN: 00889349



Vijay Kumar
Director
DIN: 01264590

