

NOTICE

Notice is hereby given that the Eleventh Annual General Meeting of the Members of M/s NIIT Smart Serve Limited will be held on Monday, 06th day of May, 2013, at 04:30 P.M., at the Registered office of the Company at 8, Balaji Estate, Guru Ravi Das Marg, Kalkaji, New Delhi - 110 019, to transact the following Businesses:

ORDINARY BUSINESSES:

1. To receive, consider and adopt the audited Balance Sheet of the Company as at 31st March, 2013, the Profit and Loss Account for the financial year ended on that date alongwith the Reports of the Directors' and Auditors' thereon.
2. To appoint a Director in place of Mr. Surendra Singh, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint Auditors of the Company to hold office from the conclusion of the annual general meeting to the conclusion of the next annual general meeting and to authorize Board of Directors to fix their remuneration. M/s Ghosh Khanna and Company, Chartered Accountants, the retiring Auditors, being eligible, offer themselves for re-appointment.

By the Order of the Board



Barkha Sharma
Company Secretary

Dated : 06-05-2013

Place : New Delhi

Annual General Meeting May 06, 2013



NIIT SmartServe Ltd.
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Gurgaon, Haryana - 122002
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www.niitmartserve.com

Notes:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.
2. PROXIES, IN ORDER TO BE EFFECTIVE MUST BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY BEFORE THE COMMENCEMENT OF THE MEETING.

By the Order of the Board

A handwritten signature in blue ink, appearing to read "Barkha Sharma", written over a horizontal line.

Barkha Sharma
Company Secretary

Dated : 06-05-2013
Place : New Delhi

Annual General Meeting May 06, 2013

DIRECTORS' REPORT**To,****The Members**

Your Directors have pleasure in presenting the Eleventh Annual Report, alongwith the Audited Statement of Accounts for the period April 01, 2012 to March 31, 2013.

Financial Results

During the period under review, your Company has registered a profit (after tax) of Rs. 28.40 million as against a profit (after tax) of Rs.115.01 million in the previous year. The summarized financial results are given hereunder:

(Rs. Million)

| Particulars | Year 2012-13 | Year 2011-12 |
|------------------------------------|--------------|--------------|
| Income from Operations | 427.11 | 453.66 |
| Profit before Depreciation and Tax | 69.16 | 98.15 |
| Less : Depreciation | 28.99 | 23.43 |
| Profit before Tax | 40.17 | 74.72 |
| Provision for Tax | 11.77 | (40.29) |
| Profit after Tax | 28.40 | 115.01 |

Business update and the year in retrospect and overview:

Your company's Revenue and Profit after tax has declined due to challenging business environment in Europe and USA. Company expects to bounce back as economic environment is expected to recover in FY14.

NIIT BPO has focused on a multifold strategy in the last one year. The focus was to:

- a) Strengthen Delivery
- b) Enable Growth - Sales Enablement
- c) Build a Robust Sales Pipeline
- d) Offer End to end IT-BPO integrated solutions
- e) Offer consulting led solutions. Most notable change has been the shift of the entire BPO practice towards a focused **"go to market"** sales strategy that involves understanding the customer's pain points, leveraging NIIT's deep domain expertise in the chosen verticals (**Travel Transportation & Logistics,**

Directors' Report 2012-13

Banking & Financial services, Insurance, and Media) and utilizing its IT resources to offer a unique, client-centric solution that best resolves client issues and/or enhance their competitive positioning.

Towards the above mentioned strategy the following steps and initiatives have been put in place thereby streamlining the whole BPO Business Unit. Few strategic steps taken in this direction in FY 13 are as follows:

Right Shore Delivery - Leveraged "State of the Art" delivery centre at Greater Noida and recently acquired Manila centre for expansion and growth in existing clients

- Onshore delivery capability through centre in Augusta (USA) is being leveraged for all new and existing customers catering to Voice and Non-voice business processes
- Acquired a center in Manila to deliver English/ Multilingual Voice and Ad-hub services. In quick time established it as center to drive future growth
- Leverage our Spain delivery centre to offer Multi-lingual solutions to European clients

Strengthen Delivery Capability

- Strengthened Migration & Quality Functions
- Focus on improving delivery for current customer's base by increasing productivity and enhancing customer value and creating a zero defect environment by use of Six Sigma practices and NIIT proprietary tools like TermsMonitor® and K-portal® along with exploring strategic alliances with Platform providers to create bundled service proposition
- Implemented the use of both Terms Monitor® and K-Portal® across all Projects and upgraded Terms Monitor to the next version.
- Partnered with strategic platform/software providers to propose value added solution to clients (NICE Actimize – AML & Fraud Mitigation, Black Pearl -Recon Data Management Solution)

Transfer to reserves

As the Company has accumulated losses, there has been no transfer of amounts to the reserves of the Company.

Dividend

No Dividend is recommended by the Board.

Public Deposits

During the year under report, your company has not accepted any deposits from the public in pursuance of provisions of Section 58A of the Companies Act, 1956.

Particulars of Employees

Information as per Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules 1975, is not applicable as there being no employee receiving the remuneration under the limit as prescribed under the Rules and therefore does not form the part of this report.

Employees Stock Option Plan

The details of the Employee Stock Options granted under ESOS 2004 are annexed as Annexure - A to this report. However, during the year under report, your company has not granted any fresh options under the plan to any of the employees of the Company.

Directors

Mr. Surendra Singh, Director of the Company, retires by rotation at the ensuing Annual General Meeting and being eligible offers himself for re-appointment.

Auditors

The Statutory Auditors of the Company, M/s Ghosh Khanna and Company, Chartered Accountants, hold office until the conclusion of the ensuing Annual General Meeting and being eligible have offered themselves for re-appointment.

Auditors' Report

The Report of the Auditors' on the Annual Accounts of your Company forms part of the Annual Report and is self explanatory.

Directors' Report 2012-13

Conservation of Energy, Technology Absorption, Research and Development and Exports and Foreign Exchange Earnings and Outgo

a. Conservation of Energy

The nature of the Companies operations involves low energy consumption. However appropriate measures, wherever possible, have been initiated to conserve energy.

b. Technology Absorption

The nature of the Company's business demands continuous absorption of emerging technologies. During the year, the Company has initiated and taken necessary steps to adopt to the latest technology in the field of ITES in order to address the global market.

c. Research and Development

The Company did not carry out any specific activity relating to Research and Development during the current period.

d. Exports and Foreign Exchange Earnings and Outgo

1. Activities relating to exports; initiatives taken to increase exports; development of new export markets for the product and services; and export plans.

The Company essentially caters to exports to UK & US markets and endeavor to focus on export earnings.

2. The details of foreign exchange earnings and outgo are as under:

| | (Rs. Million) | |
|---------------------------|---------------|--------------|
| | Year 2012-13 | Year 2011-12 |
| Foreign Exchange Earnings | 411.89 | 411.20 |
| Foreign Exchange Outflow | 7.03 | 12.86 |

Directors' Report 2012-13

Directors Responsibility Statement

As required under Section 217(2AA) of the Companies Act, 1956, your Board of Directors of the Company hereby state and confirm:

1. That in preparation of Annual Accounts for the financial year, applicable Accounting Standards have been followed along with the proper explanations relating to material departures;
2. That they have selected the accounting policies described in the notes to accounts, which have been consistently applied, except where otherwise stated and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as on March 31, 2013 and of the Profit and Loss of the Company for that year;
3. That they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
4. That the Annual Accounts have been prepared on the historical cost convention as a going concern basis and on accrual basis.

Acknowledgement

The Directors take this opportunity to place on record their appreciation of the support and guidance received from all its staff members, valued Customers, Suppliers, Bankers and the holding Company NIIT Technologies Limited.

For and on behalf of the Board of Directors



Arvind Thakur
Chairman & Managing Director
DIN - 00042534

Place : Noida
Date : May 06, 2013

Directors' Report 2012-13

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 NIIT SmartServe Limited

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

3. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

5. In our opinion, and to the best of our information and according to the explanations given to us, the accompanying financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:



Branches:

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

Report on Other Legal and Regulatory Requirements

6. As required by the Companies (Auditor's Report) Order, 2003 dated 12th June 2003 as amended by the Companies (Auditor's report) (Amendment) Order, 2004 (together "the order") issued by the Central Government of India in terms of sub-section (4A) of Section 227 of 'The Companies Act, 1956 of India (the 'Act) and on the basis of such checks of the books and records of the company as we considered appropriate and according to the information and explanations given to us. We further report that
 - i.
 - a. The Company has maintained proper records to show full particulars including quantitative details and situation of Fixed Assets.
 - b. As per information and explanation given to us, Fixed Assets have been physically verified by the management during the year and no material discrepancies between the book records and physical inventory has been noticed during such verification.
 - c. In our opinion and according to the information and explanation given to us, a substantial part of fixed assets has not been disposed of by the company during the year.
 - ii. The company does not maintain any inventory accordingly clause (ii) of paragraph 4 of order are not applicable to the company.
 - iii. As per information and explanations given to us, the company has not granted any loans, secured or unsecured to companies, firms or other parties to be covered in register maintained under section 301 of the Act.
 - iv. There are adequate internal control procedures, commensurate with the size of the Company and the nature of its business. Further on the basis of our examination of the books and records of the company and according to information and explanation given to us, we have neither come across nor have been informed of any continuing major weaknesses in the internal control procedures



- v. (a). Based on the audit procedures applied by us and as per the information and explanations provided by the management, we are of the opinion that the transactions contracts or arrangements that need to be entered in the register maintained under section 301 have been so entered.
- (b). According to information & explanation provided to us, transactions entered in pursuance of contracts or arrangements entered in the register in pursuance of Section 301 of the Act, have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time. The management has informed us that, in case of transactions of a specialized nature, comparable prices are not available.
- vi. The company has not accepted any deposits to which the provisions of section 58-A and 58AA of the Companies Act, 1956 and the rules framed there under are applicable.
- vii. As per the information and explanation obtained from the management, the company has effective and efficient internal audit system.
- viii. The Central Government of India has not prescribed the maintenance of cost records under the clause (d) of section 209 of the Act, for any of the products of the company.
- ix. (a) According to the information and explanation given to us and records examined by us, the Company has regularly deposited, during the year, Income Tax and other statutory dues with the appropriate authorities in India. As at the last day of Financial Year, there were no arrears of outstanding statutory dues for a period of more than six months from the date they became payable.
- (b). According to the information and explanation given to us and based on records examined by us there are no dues of Income Tax, Wealth Tax, Sales Tax, Custom Duty, Excise Duty and Cess, which have not been paid on account of any dispute.
- x. The net worth of the company as on 31st March 2013 is Rs.426,072,541/-. The loss of the earlier years were Rs.102,327,763/- and during the current year profit of Rs.28,400,304/- has been transferred from Profit and Loss Account.

For financial year 2012-13, company has a cash profit of Rs 69,156,122/-.

Accordingly, the company is not a sick company, as per the clause O sub section (1) of Section 3 of Sick Industrial Companies Act, 1985.



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

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

- a. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit.
- b. In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;



- c. The Balance Sheet ,statement of profit and loss accounts and cash flow statement dealt with by this report are in agreement with the books of account;
- d. On the basis of written representations received from the Directors as on 31st March, 2013 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2013 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act; 1956.
- e. In our opinion, these accounts have been prepared in compliance with the applicable accounting standards referred to in sub-section (3C) of Section 211 of the Act.

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



A handwritten signature in black ink, appearing to read "Amit Mittal".

Amit Mittal
PARTNER
Membership No. 508748

Place: Gurgaon
Date: May 06, 2013

NIIT SMARTSERVE LIMITED

Balance Sheet as at 31st March 2013

| | PARTICULARS | Notes | As at 31st March 2013 Rs. | As at 31st March 2012 Rs. |
|-----------|--------------------------------|-------|---------------------------------|---------------------------------|
| I | EQUITY AND LIABILITIES | | | |
| 1 | Shareholders' funds | | | |
| | Share capital | 3 | 500,000,000 | 500,000,000 |
| | Reserves and surplus | 4 | (73,927,459) | (102,327,763) |
| 2 | Non-current liabilities | | | |
| | Long-term borrowings | 5 | 3,410,602 | 2,716,408 |
| | Long-term provisions | 6 | 1,207,040 | 308,471 |
| 3 | Current liabilities | | | |
| | Trade Payables | 7 | 18,823,842 | 13,844,302 |
| | Other current liabilities | 7 | 14,558,065 | 14,478,297 |
| | Short-term provisions | 6 | 11,950,650 | 10,612,000 |
| | TOTAL | | 476,022,740 | 439,631,715 |
| II | ASSETS | | | |
| 1 | Non-current assets | | | |
| | Fixed assets | 8 | | |
| | Tangible assets | | 56,872,579 | 68,733,961 |
| | Intangible assets | | 4,623,603 | 12,287,770 |
| | Deferred tax assets (net) | 9 | 28,526,583 | 40,295,259 |
| | Long-term loans and advances | 10 | 57,420,466 | 42,982,165 |
| | Other non-current assets | 12 | 164,736,893 | 142,472,922 |
| 2 | Current assets | | | |
| | Trade receivables | 11 | 56,653,068 | 73,925,335 |
| | Cash and bank balances | 13 | 47,040,913 | 14,928,672 |
| | Short-term loans and advances | 10 | 47,152,226 | 37,629,809 |
| | Other current assets | 12 | 12,996,411 | 6,375,822 |
| | TOTAL | | 476,022,740 | 439,631,715 |

The accompanying notes 1-28 are an integral part of the financial statement.
This is the Balance Sheet referred to in our report of even date.

For and on behalf of the Board of Directors of NIIT SmartServe Limited

For and on behalf of
Ghosh Khanna & Co.
Chartered Accountants
Firm Registration No.003366N


Amit Mittal
Partner
Membership No. 508748



Place : New Delhi
Date : 06th May, 2013


Rajendra S Pawar
Director
DIN: 00042516


Arvind Thakur
Managing Director
DIN: 00042534


Barkha Sharma
Company Secretary

NIIT SMARTSERVE LIMITED

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

| PARTICULARS | Notes | Year ended 31st March 2013 Rs. | Year ended 31st March 2012 Rs. |
|--|-------|--------------------------------------|--------------------------------------|
| INCOME | | | |
| I. Revenue from Operations | 14 | 427,105,275 | 453,658,268 |
| II. Other Income | 15 | 20,928,673 | 22,838,276 |
| III. Total Revenue (I + II) | | 448,033,948 | 476,496,544 |
| IV. EXPENDITURE | | | |
| Employee Benefit Expenses | 16 | 214,781,046 | 219,303,762 |
| Administration and Other Operating Expenses | 17 | 162,963,111 | 158,393,385 |
| Selling and Marketing Expenses | 18 | 584,364 | 277,070 |
| Finance Expenses | 19 | 549,305 | 371,667 |
| Depreciation and Amortization Expenses | 8 | 28,987,142 | 23,433,335 |
| Total Expenses | | 407,864,968 | 401,779,220 |
| V. Profit before exceptional and extraordinary items and tax (III-IV) | | 40,168,980 | 74,717,324 |
| VI. Exceptional and Extraordinary items | | - | - |
| VII Profit before tax (V- VI) | | 40,168,980 | 74,717,324 |
| VIII Tax expense: | | | |
| (1) Current tax (MAT) | | 5,745,191 | 12,453,095 |
| (2) Deferred tax | | 11,768,676 | (40,295,259) |
| (3) MAT Credit Entitlement | | (5,745,191) | (12,453,095) |
| IX Profit for the year (VII - VIII) | | 28,400,304 | 115,012,583 |
| X Earnings per equity share (Face Value Rs. 10/- each): | | | |
| (1) Basic | | 0.57 | 2.30 |
| (2) Diluted | | 0.57 | 2.30 |

The accompanying notes 1-28 are an integral part of the financial statement.
This is the Profit & Loss Account referred to in our report of even date.

For and on behalf of the Board of Directors of NIIT SmartServe Limited

For and on behalf of
Ghosh Khanna & Co.
Chartered Accountants
Firm Registration No.003366N


Amit Mittal
Partner
Membership No. 508748




Rajendra S Pawar
Director
DIN: 00042516


Arvind Thakur
Managing Director
DIN: 00042534


Barkha Sharma
Company Secretary

Place : New Delhi
Date : 06th May, 2013

NIT SMARTSERVE LIMITED

Cash Flow Statement for the year ended 31st March 2013

| | Year ended 31st March 2013 Rs. | Year ended 31st March 2012 Rs. |
|--|--------------------------------------|--------------------------------------|
| A. CASH FLOW FROM OPERATING ACTIVITIES: | | |
| Profit before Tax and share of Associates' profits but after exceptional items | 40,168,980 | 74,717,324 |
| Non cash adjustment to reconcile profit before tax to net cash flows | | |
| Depreciation and Amortisation | 28,987,142 | 23,433,335 |
| Interest Expenses | 549,305 | 371,667 |
| Interest Income | (17,155,483) | (8,730,201) |
| (Profit)/ Loss on Fixed Assets sold | 79,033 | - |
| Provision for Doubtful Debts | 599,908 | - |
| Provision for Gratuity & Compensated Absences | 3,359,067 | 799,376 |
| Foreign Exchange Adjustments | (3,030,747) | (13,307,658) |
| Operating profit before working capital changes | 53,557,205 | 77,283,843 |
| Movement in Working Capital | | |
| Decrease/(Increase) in Trade Receivables | 16,672,359 | 21,689,980 |
| Loans and Advances & Other Current Assets | (30,581,307) | (11,219,760) |
| Current Liabilities and Provisions | 3,217,571 | (17,176,885) |
| Cash generated from/(Used in) operations | 42,865,829 | 70,577,178 |
| Taxes paid (including TDS) | - | - |
| Net cash Flow from/(Used in) Operating activities (A) | 42,865,829 | 70,577,178 |
| B. CASH FLOW FROM INVESTING ACTIVITIES: | | |
| Purchase of Fixed Assets (including Capital Work-in-progress) | (12,826,483) | (20,096,609) |
| Proceeds from sale of Fixed Assets | 3,285,857 | - |
| Proceeds from Sale of Investments in Subsidiary/Associates | - | 82 |
| Interest Received | 17,155,483 | 7,614,857 |
| Net cash used for Investing activities (B) | 7,614,857 | (20,366,326) |
| C. CASH FLOW FROM FINANCING ACTIVITIES: | | |
| Vehicle Loans repaid during the year | (1,296,141) | (1,844,887) |
| Vehicle Loan raised during the year | 2,710,225 | 3,715,613 |
| Interest Paid (including financing charges on finance lease arrangements) | (549,305) | (371,667) |
| Net cash from / (used in) Financing activities (C) | 864,779 | 1,499,058 |
| Net Increase/(Decrease) in Cash & Cash equivalents (A) + (B) + (C) | 51,345,465 | 51,709,910 |
| Adjustment on account of Foreign Exchange Fluctuations | 3,030,747 | 13,307,658 |
| Cash and Cash equivalents as at the beginning of the year (Note 1) | 157,401,594 | 92,384,027 |
| Cash and cash equivalents as at the end of the year (Note 1) | 211,777,806 | 157,401,594 |

Notes:

| | 31st March 2013 Rs. | 31st March 2012 Rs. |
|---|------------------------|------------------------|
| 1 Cash and cash equivalents as on | | |
| Cash, Cheques & Drafts (in hand) and Remittances in transit | 14,292,040 | - |
| Balances with banks - In Current Account | 10,106,523 | 14,928,672 |
| Balances with banks - In Deposit Account | 187,379,242 | 142,472,922 |
| | 211,777,806 | 157,401,594 |

- 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 Notes 1 - 28 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 and on behalf of the Board of Directors of NIT SmartServe Ltd.

For Ghosh Khanna & Co.
Chartered Accountants
Firm Registration No. - 003266N

Anil Mittal
Partner
Membership No. 0508748

Place : New Delhi
Date : 06th May, 2013



Rajendra S Pawar
Director
DIN - 00042516

Arvind Thakur
Director
DIN - 00042534

Barkha Sharma
Company Secretary

NIIT SMARTSERVE LIMITED
Notes to Financial Statements for the year ended 31st March 2013

1) Basis of Preparation

The financial statements are prepared on an accrual basis under historical cost convention approach and in accordance with the generally accepted accounting principles in India and provisions of the Company Act 1956 read with Companies (Accounting Standard) Rules, 2006. The disclosure requirements as specified in the Schedule VI to the Companies Act, 1956 have been complied with to the extent practicable.

2) Statement on Significant Accounting Policies

The significant accounting policies adopted by the company are detailed below:

(i) Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent liabilities on the date of the financials statements. Actual results could differ from those estimates. Any revision to accounting estimates is recognized prospectively in current and future periods.

(ii) Fixed Assets and Depreciation

Fixed Assets are stated at acquisition cost.

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

| | |
|--|--|
| Leasehold Improvements | 3 years or lease period whichever is lower |
| Desktops/low configuration workstations and related accessories and software | 2-5 years |
| File servers, high ended workstations/servers, networking equipments, related accessories and software | 4-5 years |
| All other assets | Rates prescribed under schedule XIV to the Companies Act, 1956 |

(iii) Investments

Long Term investments are valued at their acquisition cost. Any decline in the value of the said investments, other than a temporary decline is recognized and charged to Profit and Loss Account. Short-term investments are carried at cost or their market value whichever is lower.



NIIT SMARTSERVE LIMITED
Notes to Financial Statements for the year ended 31st March 2013

(iv) **Revenue Recognition**

As a consistent practice, the company recognizes revenue on accrual basis. Revenue in respect of IT enabled services is recognized based on services performed in accordance with specific agreements with the customers.

(v) **Employee Benefits**

a) Retirement Benefit Plans:

- Provident Fund

The company had obtained permission dated 13th August 2009 from the office of Regional Provident Commissioner, New Delhi for participation into NIIT Technologies Limited Employees Provident Fund Trust. Accordingly the company is making Provident Fund contribution to the Trust benefit during the current year. It is a defined benefit plan to the extent that the Company has an obligation to make good the shortfall, if any, between the return from the investment of the Trust and interest rate notified every year by the Government. The Company's obligation in this regard is determined and provided for if the circumstances indicate that the Trust may not be able to generate adequate returns to cover the interest rates notified by the Government.

The Company's contribution towards provident fund is charged to Profit and Loss Account.

- Superannuation

The Company has made defined contribution to a Trust established for the purpose by NIIT Technologies Limited. The Company has no further obligation beyond its monthly contributions.

- Gratuity

Gratuity is a post employment defined benefit plan. The liability recognized in the balance sheet in respect of gratuity is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuary using the projected unit credit method. Actuarial gains and losses arising from changes in actuarial assumptions are charged or credited to the Profit and loss account in the year in which such gains or losses arise.

b) Compensated Absences:

Liability in respect of compensated absences is provided both for encashable leave and those expected to be availed based on actuarial valuation, which considers undiscounted value of the benefits expected to be paid/availed during the next one year and appropriate discounted value for the benefits expected to be paid/availed after one year.



NIIT SMARTSERVE LIMITED

Notes to Financial Statements for the year ended 31st March 2013

(vi) **Foreign Currency Transactions**

Initial Recognition

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

Conversion

All outstanding monetary assets and liabilities in foreign currency are restated at the year end rate.

Exchange Differences

Gain/Loss arising out of fluctuation on realization/repayment/restatement, except those identifiable to acquisition of fixed assets is charged / credited to the Profit and Loss Account. Gain/loss on account of exchange fluctuations identifiable to fixed assets acquired is adjusted against the carrying value of the related fixed asset.

(vii) **Leases**

Lease rental in respect of operating lease arrangements are charged to expense when due as per the terms of the related agreement.

The company has not taken any assets on finance lease.

(viii) **Provisions and contingencies**

The Company creates a provision when there is a 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.

(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.



NIIT SMARTSERVE LIMITED

Notes to Financial Statements for the year ended 31st March 2013

| 3 | SHARE CAPITAL | | As at 31st March 2013 Rs. | | As at 31st March 2012 Rs. |
|---|--|--|---------------------------------|--|---------------------------------|
| | Authorised 50,000,000 Equity Shares of Rs. 10/- each (Previous year 50,000,000 Equity Shares of Rs. 10/- each) | | 500,000,000 | | 500,000,000 |
| | | | 500,000,000 | | 500,000,000 |
| | Issued 50,000,000 Equity Shares of Rs. 10/- each (Previous year - 50,000,000 Equity Shares of Rs. 10/- each) | | 500,000,000 | | 500,000,000 |
| | | | 500,000,000 | | 500,000,000 |
| | Subscribed and fully paid 50,000,000 Equity Shares of Rs. 10/- each (Previous year - 50,000,000 Equity Shares of Rs. 10/- each) | | 500,000,000 | | 500,000,000 |
| | | | 500,000,000 | | 500,000,000 |

| 3.1 | Reconciliation of the number of shares outstanding | | | | |
|-----|--|--|------------|--|------------|
| | Equity Shares | | | | |
| | Shares outstanding at the beginning of the year | | 50,000,000 | | 50,000,000 |
| | Shares issued during the year | | - | | - |
| | Shares bought back during the year | | - | | - |
| | Shares outstanding at the end of the year | | 50,000,000 | | 50,000,000 |

| 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 2013 No. of shares | As at 31st March 2012 No. of shares |
|-----|--|---------------------------|---------------------------------------|---|---|
| | Holding company | NIIT Technologies Limited | Equity | 49,999,940 | 49,999,940 |
| | Others (representative shareholders) | | Equity | 60 | 60 |

| 3.3 | Shares held by each shareholder holding more than 5% shares | 31st March 2013 | | 31st March 2012 | |
|-----|---|-----------------|---------------|-----------------|---------------|
| | | % of holding | No. of shares | % of holding | No. of shares |
| | Equity Shares | | | | |
| | NIIT Technologies Limited | 100% | 50,000,000 | 100% | 50,000,000 |
| | | 100% | 50,000,000 | 100% | 50,000,000 |



NIIT SMARTSERVE LIMITED

Notes to Financial Statements for the year ended 31st March 2013

| 4 | RESERVES AND SURPLUS | As at 31st March 2013 Rs. | | As at 31st March 2012 Rs. | |
|---|--|---------------------------------|--------------|---------------------------------|---------------|
| | | Profit & Loss Account | | | |
| | Balance Brought Forward from Previous year | (102,327,763) | | (217,340,346) | |
| | Add : Current Year Profit / (Loss) attributable to Share Holders | 28,400,304 | | 115,012,583 | |
| | | | (73,927,459) | | (102,327,763) |
| | | | (73,927,459) | | (102,327,763) |

| 5 | LONG TERM BORROWINGS | Non Current Portion | | Current Maturities | |
|---|--|---------------------------------|---------------------------------|---------------------------------|---------------------------------|
| | | As at 31st March 2013 Rs. | As at 31st March 2012 Rs. | As at 31st March 2013 Rs. | As at 31st March 2012 Rs. |
| | SECURED LONG TERM BORROWINGS | | | | |
| | - Vehicle Loans | 3,410,602 | 2,716,408 | 1,719,094 | 999,205 |
| | (Secured By Hypothecation of vehicles) | | | | |
| | (Terms of Repayment 1 to 4 years) | | | | |
| | Sub Total | 3,410,602 | 2,716,408 | 1,719,094 | 999,205 |
| | Amount disclosed under the head "Other Current Liabilities" (Note 7) | - | - | (1,719,094) | (999,205) |
| | | 3,410,602 | 2,716,408 | - | - |

| 6 | PROVISIONS | LONG-TERM | | SHORT-TERM | |
|---|------------------------------------|---------------------------------|---------------------------------|---------------------------------|---------------------------------|
| | | As at 31st March 2013 Rs. | As at 31st March 2012 Rs. | As at 31st March 2013 Rs. | As at 31st March 2012 Rs. |
| | Provision for employee benefits : | | | | |
| | Provision for Gratuity | 1,207,040 | 308,471 | - | - |
| | Provision for Compensated Absences | - | - | 11,950,650 | 10,612,000 |
| | | 1,207,040 | 308,471 | 11,950,650 | 10,612,000 |

| 7 | OTHER CURRENT LIABILITIES | As at 31st March 2013 Rs. | | As at 31st March 2012 Rs. | |
|---|---|---------------------------------|------------|---------------------------------|------------|
| | | Trade Payables | | | |
| | - Due to Micro Enterprises and Small Enterprises | - | - | - | - |
| | - Due to Others | - | 18,823,842 | - | 13,844,302 |
| | | - | 18,823,842 | - | 13,844,302 |
| | Others: | | | | |
| | Current Maturities of Long Term Borrowings (Note 5) | - | 1,719,094 | - | 999,205 |
| | Other Payables | - | 12,838,971 | - | 13,479,092 |
| | | - | 14,558,065 | - | 14,478,297 |
| | | | 33,381,907 | | 28,322,599 |



NIIT SMARTSERVE LIMITED

Notes to Financial Statements for the year ended 31st March 2013

| # | FIXED ASSETS | GROSS BLOCK | | | DEPRECIATION AND AMORTISATION | | | NET BLOCK | | |
|---|--|-----------------------|---------------------------|------------------------------|-------------------------------|--------------------|------------------------------|------------------------|-------------------|-------------------|
| | | Cost As on 01.04.2012 | Additions during the year | Sales / Adj. during the year | Total as on 31.03.2013 | For the year | Sales / Adj. during the year | Total as on 31.03.2013 | As on 31.03.2013 | As on 31.03.2012 |
| | (i) Tangible | | | | | | | | | |
| | Plant & Equipment -Owned | 168,906,507 | 3,724,189 | - | 171,630,696 | 12,888,272 | - | 127,713,932 | 44,916,764 | 54,080,847 |
| | Office Equipments | 4,588,152 | 38,771 | - | 4,626,923 | 202,942 | - | 2,164,788 | 2,462,136 | 2,656,306 |
| | Lease Hold Improvements | 17,334,126 | 484,626 | - | 17,818,752 | 1,224,251 | - | 15,366,448 | 2,452,305 | 3,191,930 |
| | Furniture & Fixtures -Owned | 7,440,695 | 22,224 | - | 7,462,919 | 570,921 | - | 6,835,498 | 627,421 | 1,176,118 |
| | Vehicles | 8,624,091 | 2,812,282 | 4,093,385 | 7,342,988 | 692,198 | 728,495 | 929,034 | 6,413,954 | 7,658,760 |
| | Sub Total (a) | 206,893,571 | 7,083,092 | 4,093,385 | 209,882,279 | 15,878,585 | 728,495 | 153,099,700 | 56,872,579 | 68,733,961 |
| | (ii) Intangible | | | | | | | | | |
| | Software - Acquired | 73,695,294 | 5,744,390 | - | 79,439,685 | 61,407,525 | - | 74,816,082 | 4,623,603 | 12,287,770 |
| | Sub Total (b) | 73,695,294 | 5,744,390 | - | 79,439,685 | 61,407,525 | - | 74,816,082 | 4,623,603 | 12,287,770 |
| | Total (a+b) | 280,588,866 | 12,826,483 | 4,093,385 | 289,321,963 | 28,987,142 | 728,495 | 227,825,781 | 61,496,182 | 81,021,730 |
| | Previous Year | 251,497,237 | 29,096,609 | - | 280,593,846 | 176,133,800 | - | 199,567,135 | 81,021,731 | 75,358,457 |
| | (iii) Capital work-in-progress | - | - | - | - | - | - | - | - | - |
| | (iv) Intangible assets under development | - | - | - | - | - | - | - | - | - |



NHT SMARTSERVE LIMITED

Notes to Financial Statements for the year ended 31st March 2013

| 9 | DEFERRED TAX ASSET (NET) | Opening | Charged/ (Credited) | Closing |
|---|--|---------------------|----------------------------|---------------------|
| | | As on 01.04.2012 | to Profit and Loss Account | As on 31.03.2013 |
| | Deferred Tax Assets/Liabilities | | | |
| | Deferred Tax Liabilities: | | | |
| | a) Tax impact of difference between carrying amount of fixed assets in the financial statements and as per the income tax calculation. | 4,612,676 | (2,905,637) | 1,707,039 |
| | (A) | 4,612,676 | (2,905,637) | 1,707,039 |
| | Deferred Tax Assets: | | | |
| | a) Tax impact of expenses charged in the financial statements but allowable as deductions in future years under income tax: | | | |
| | -Provision for doubtful debts and advances | (6,959) | (187,681) | (194,640) |
| | -Provision for Inventory | - | - | - |
| | -Provision for Compensated Absences, Bonus, Gratuity and other timing differences | (3,568,020) | (714,713) | (4,282,733) |
| | -Deferred Income on sale and lease back transaction | - | - | - |
| | -Provision for Employee Reimbursements on claim basis | - | - | - |
| | -Expenses disallowed u/s 40 (a) (ia) - AY 13-14 | - | (23,432) | (23,432) |
| | b) Others | | | |
| | -Carried Forward Unabsorbed Depreciation and Tax Loss | (41,332,956) | 15,600,139 | (25,732,817) |
| | (B) | (44,907,935) | 14,674,313 | (30,233,622) |
| | Net Deferred Tax Liabilities/ (Assets) (A+B) | (40,295,259) | 11,768,676 | (28,526,583) |
| | Previous Year | - | (40,295,259) | (40,295,259) |

* The company is in profit from the previous 4 financial years.
In accordance to prudence the deferred tax has been recognized on timing difference and other b/f losses of earlier years.

| 10 | LONG TERM LOANS AND ADVANCES | Non Current | | Current | |
|----|--|---------------------------------|---------------------------------|---------------------------------|---------------------------------|
| | | As at 31st March 2013 Rs. | As at 31st March 2012 Rs. | As at 31st March 2013 Rs. | As at 31st March 2012 Rs. |
| | i) Security Deposits | | | | |
| | Secured, considered good | | | | |
| | Unsecured, considered good | 22,218,126 | 21,189,558 | - | - |
| | (A) | 22,218,126 | 21,189,558 | - | - |
| | ii) Advances recoverable in cash or in kind (refer note 1) | | | | |
| | Secured, considered good | | | | |
| | Unsecured, considered good | - | - | 47,152,226 | 37,629,809 |
| | (B) | - | - | 47,152,226 | 37,629,809 |
| | iii) Other Advances | | | | |
| | Advance tax | 42,596,102 | 29,186,368 | - | - |
| | Less: Provision for tax | (25,592,048) | (19,846,856) | - | - |
| | MAT Credit entitlement | 18,198,286 | 12,453,095 | - | - |
| | (C) | 35,202,340 | 21,792,607 | - | - |
| | (A+B+C) | 57,420,466 | 42,982,165 | 47,152,226 | 37,629,809 |

Note 1: Advances recoverable includes Rs.35,504,874/- (Previous Year Rs.28,233,218/-) Service tax claimable.

| Loans and advances due by | As at 31st March 2013 Rs. | As at 31st March 2012 Rs. | As at 31st March 2013 Rs. | As at 31st March 2012 Rs. |
|---|---------------------------------|---------------------------------|---------------------------------|---------------------------------|
| Directors * | - | - | - | - |
| Other officers of the Company * | - | - | - | - |
| Firm in which director is a partner * | - | - | - | - |
| Private Company in which director is a member | - | - | - | - |

*Either severally or jointly



NIIT SMARTSERVE LIMITED
Notes to Financial Statements for the year ended 31st March 2013

| 11 | TRADE RECEIVABLES | Non Current | | Current | |
|----|--|---------------------------------|---------------------------------|---------------------------------|---------------------------------|
| | | As at 31st March 2013 Rs. | As at 31st March 2012 Rs. | As at 31st March 2013 Rs. | As at 31st March 2012 Rs. |
| a) | Trade receivables outstanding for a period exceeding six months from the date they are due for payment Unsecured, considered good | - | - | - | 302,773 |
| b) | Other Trade Receivables Unsecured, considered good | - | - | 56,653,068 | 73,622,562 |
| | | - | - | 56,653,068 | 73,622,562 |
| | | - | - | 56,653,068 | 73,925,335 |
| c) | Trade Receivable stated above include debts due by: | | | | |
| | Directors * | - | - | - | - |
| | Other officers of the Company * | - | - | - | - |
| | Firm in which director is a partner * | - | - | - | - |
| | Private Company in which director is a member | - | - | - | - |
| | Holding Company | - | - | 3,569,204 | 2,105,428 |
| | Fellow Subsidiary Companies | - | - | 47,071,115 | 55,353,189 |
| | Associate Companies | - | - | - | 1,036,717 |
| | | - | - | 50,640,319 | 58,495,334 |

*Either severally or jointly

| 12 | OTHER ASSETS | Non Current | | Current | |
|----|-------------------------------------|---------------------------------|---------------------------------|---------------------------------|---------------------------------|
| | | As at 31st March 2013 Rs. | As at 31st March 2012 Rs. | As at 31st March 2013 Rs. | As at 31st March 2012 Rs. |
| | Non Current Bank Balances (Note 13) | 164,736,893 | 142,472,922 | - | - |
| | Interest Receivable | - | - | 12,996,411 | 6,375,822 |
| | | 164,736,893 | 142,472,922 | 12,996,411 | 6,375,822 |

| 13 | CASH AND CASH EQUIVALENTS | Non Current | | Current | |
|----|--|---------------------------------|---------------------------------|---------------------------------|---------------------------------|
| | | As at 31st March 2013 Rs. | As at 31st March 2012 Rs. | As at 31st March 2013 Rs. | As at 31st March 2012 Rs. |
| | Cash and cash equivalents: | | | | |
| | Balance with banks | | | | |
| | Current Accounts | - | - | 24,398,564 | 14,928,672 |
| | Exchange Earners' Foreign Currency Account | - | - | - | - |
| | Bank deposits with original maturity of 3 months or less [Includes Rs. 5,343,334 (Previous year Rs.NIL.) pledged as margin money] | - | - | 22,642,349 | - |
| | | - | - | 47,040,913 | 14,928,672 |
| | Other bank balances: | | | | |
| | Balance with banks | | | | |
| | Bank deposits: | | | | |
| | With original maturity of more than 3 months and upto 12 months [Includes Rs. 10,883,302 (Previous year Rs.NIL.) pledged as margin money] | 162,298,951 | 110,360,231 | - | - |
| | With original maturity of more than 12 months [Includes Rs. 1,505,342/- (Previous year Rs.6,848,676/-) pledged as margin money] | 2,437,942 | 32,112,691 | - | - |
| | | 164,736,893 | 142,472,922 | - | - |
| | | 164,736,893 | 142,472,922 | 47,040,913 | 14,928,672 |
| | Amount disclosed under non-current assets (Note12) | (164,736,893) | (142,472,922) | - | - |
| | | - | - | 47,040,913 | 14,928,672 |



NIT SMARTSERVE LIMITED
Notes to Financial Statements for the year ended 31st March 2013

| 14 | REVENUE FROM OPERATIONS | Year ended 31st March 2013 Rs. | Year ended 31st March 2012 Rs. |
|----|-------------------------|--------------------------------------|--------------------------------------|
| | Sale of Services | 427,103,275 | 453,658,268 |
| | | 427,103,275 | 453,658,268 |

| 15 | OTHER INCOME | Year ended 31st March 2013 Rs. | Year ended 31st March 2012 Rs. |
|----|---|--------------------------------------|--------------------------------------|
| | Interest Income | 17,155,483 | 8,730,201 |
| | Gain/(loss) on foreign currency translation and transaction (net) | 3,030,747 | 13,307,658 |
| | Other non-operating income* | 742,443 | 800,416 |
| | | 20,928,673 | 22,838,276 |

* Other non-operating income includes Staff recovery, Foreign VAT refund and Sale of Scrap

| 16 | EMPLOYEE BENEFIT EXPENSES | Year ended 31st March 2013 Rs. | Year ended 31st March 2012 Rs. |
|----|---|--------------------------------------|--------------------------------------|
| | Salaries and Benefits | 196,106,135 | 199,799,275 |
| | Contribution to Provident and Other Funds | 10,502,128 | 9,841,499 |
| | Welfare and Other expenses | 8,172,783 | 9,662,988 |
| | | 214,781,046 | 219,303,762 |

16.1 Employee Benefits:

The company has calculated the various benefits provided to employees as under:

| A. Defined Contribution Plans | 2012-2013 | 2011-2012 |
|--|-----------|-----------|
| Employers Contribution to Provident Fund * | 3,026,446 | 3,186,406 |
| Employers Contribution to Superannuation Fund * | - | 3,608 |
| B. State Plans | 2012-2013 | 2011-2012 |
| Employers Contribution to Employee State Insurance * | 2,176,683 | 2,491,888 |
| Employers Contribution to Employee's Pension Scheme 1995 * | 3,040,329 | 3,412,092 |

* Included in Contribution towards Provident and Other Funds under Personnel Expenditure (Refer Note 16)

C. Defined Benefit Plans

Contribution to Gratuity Funds – Employee's Gratuity Fund

Disclosures as per actuarial report of independent actuary

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

| Description | Year ended 31 st March 2013 (Rs.in Thousand) | Year ended 31 st March 2012 (Rs.in Thousand) |
|---|--|--|
| Present value of obligation as at the beginning of the year | 3,787.00 | 3,517.00 |
| Interest Cost | 305.88 | 267.08 |
| Current Service Cost | 1,223.14 | 1,379.38 |
| Benefit paid | (749.19) | (439.44) |
| Actuarial (gain) / loss on obligations | 779.50 | (937.02) |
| Present value of obligation as at the end of the year | 5,346.33 | 3,787.00 |



NIIT SMARTSERVE LIMITED
Notes to Financial Statements for the year ended 31st March 2013

Change in Plan Assets:

| Description | Year ended 31 st March 2013 (Rs.in Thousand) | Year ended 31 st March 2012 (Rs.in Thousand) |
|---|--|--|
| Plan assets at the beginning at fair value | 3,478.53 | 3,492.91 |
| Expected return on plan assets | 335.33 | 304.79 |
| Contributions | 1,121.85 | 115.62 |
| Benefit paid | (749.19) | (439.44) |
| Actuarial gain / (loss) on plan assets | (47.25) | 4.65 |
| Present value of Assets as at the end of the year | 4,139.29 | 3,478.53 |

Amount of the obligation recognized in the Balance Sheet:

| Description | As at 31 st March 2013 (Rs. in Thousand) | As at 31 st March 2012 (Rs. in Thousand) |
|--|--|--|
| Present value of the defined benefit obligation at the end of the year | 5,346.33 | 3,787.00 |
| Fair value of plan assets at the end of the year | 4,139.29 | 3,478.53 |
| Net Asset/(Liability) recognized in the Balance Sheet | 1,207.04 | 308.47 |

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

| Description | Year ended 31 st March 2013 (Rs.in Thousand) | Year ended 31 st March 2012 (Rs.in Thousand) |
|--|--|--|
| Current service cost | 1,223.14 | 1,379.38 |
| Interest Cost | 305.88 | 267.08 |
| Expected return on plan assets | (335.33) | (304.79) |
| Actuarial (gain) / loss recognized during the year | 826.73 | (941.67) |
| Total | 2,020.42 | 400.00 |

D. Compensated Absences

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

| Description | Year ended 31 st March 2013 (Rs.in Thousand) | Year ended 31 st March 2012 (Rs.in Thousand) |
|---|--|--|
| Present value of defined benefit obligation as at the beginning of the year | 10,612.00 | 10,097.00 |
| Interest Cost | 781.16 | 817.86 |
| Current Service Cost | 5,018.47 | 6,544.51 |
| Benefit paid | - | - |
| Actuarial (gain) / loss on obligations | (4,460.97) | (6,847.37) |
| Present value of obligation as at the end of the year | 11,950.65 | 10,612.00 |

Change in Plan Assets:

| Description | Year ended 31 st March 2013 (Rs.in Thousand) | Year ended 31 st March 2012 (Rs.in Thousand) |
|---|--|--|
| Plan assets at the beginning at fair value | - | - |
| Expected return on plan assets | - | - |
| Contributions | - | - |
| Benefit paid | - | - |
| Actuarial gain / (loss) on plan assets | - | - |
| Present value of Assets as at the end of the year | - | - |

Amount of the obligation recognized in the Balance Sheet:

| Description | As at 31 st March 2013 (Rs. in Thousand) | As at 31 st March 2012 (Rs. in Thousand) |
|--|--|--|
| Present value of the defined benefit obligation at the end of the year | 11,950.65 | 10,612.00 |
| Fair value of plan assets at the end of the year | - | - |
| Net Asset/(Liability) recognized in the Balance Sheet | (11,950.65) | (10,612.00) |

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

| Description | Year ended 31 st March 2013 (Rs.in Thousand) | Year ended 31 st March 2012 (Rs.in Thousand) |
|--|--|--|
| Current service cost | 5,018.47 | 6,544.51 |
| Interest Cost | 781.16 | 817.86 |
| Expected return on plan assets | - | - |
| Actuarial (gain) / loss recognized during the year | (4,460.97) | (6,847.37) |
| Total | 1,338.65 | 515.00 |



NIIT SMARTSERVE LIMITED
Notes to Financial Statements for the year ended 31st March 2013

Investment details of plan assets:

The plan assets are maintained with Life Insurance Corporation Gratuity Scheme. The details of investment maintained by Life Insurance Corporation are not available with the company and have not been disclosed.

Principal actuarial assumptions at the Balance sheet date:

| Description | 2012-13 | 2011-12 |
|--|---------|---------|
| Discounting Rate | 8.10% | 8.60% |
| Expected Rate of return on plan assets | 9.15% | 9.15% |

The estimates of the future salary increases considered in actuarial valuation take account of inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market.

| 17 | ADMINISTRATION AND OTHER OPERATING EXPENSES | Year ended 31st March 2013 Rs. | Year ended 31st March 2012 Rs. |
|----|---|--------------------------------------|--------------------------------------|
| | Rent (net of recoveries) | 48,503,021 | 43,208,280 |
| | Rates and Taxes | 382,265 | 179,804 |
| | Power & Fuel | 18,265,419 | 6,884,557 |
| | Communication | 15,267,989 | 10,327,706 |
| | Legal and Professional | 10,692,735 | 9,382,452 |
| | Travelling and Conveyance | 47,696,425 | 67,067,592 |
| | Provision for Doubtful Debts | 599,908 | - |
| | Equipment Hiring | - | 704,046 |
| | Insurance | 1,349,941 | 864,582 |
| | Repairs and Maintenance | 6,646,393 | 4,998,335 |
| | - Plant and Machinery | 2,722 | 22,395 |
| | - Buildings | 1,467,826 | 4,053,856 |
| | - Others | - | - |
| | Loss on Sale of Fixed Assets (Net) | 79,033 | - |
| | Security and Administration Services | 10,116,423 | 8,766,996 |
| | Bank Charges | 556,510 | 510,347 |
| | Sundry Expenses | 1,336,501 | 1,422,437 |
| | | 162,963,111 | 158,393,385 |
| | | | |
| 18 | SELLING AND MARKETING EXPENSES | Year ended 31st March 2013 Rs. | Year ended 31st March 2012 Rs. |
| | Advertisement and Publicity | 395,500 | 102,501 |
| | Other Marketing Expenses | 188,864 | 174,569 |
| | | 584,364 | 277,070 |
| | | | |
| 19 | FINANCE EXPENSES | Year ended 31st March 2013 Rs. | Year ended 31st March 2012 Rs. |
| | Interest Expense On Vehicle Loan | 549,305 | 371,667 |
| | | 549,305 | 371,667 |
| | | | |



NIIT SMARTSERVE LIMITED
Notes to Financial Statements for the year ended 31st March 2013

20) Contingent Liabilities

Counter guarantees issued by bankers in favour of Custom Department , Sales Tax Department and Department of Telecommunications which is outstanding at 31st March 2013 amount to Rs.16,100,000 (Previous Year Rs.6,100,000).

21) (a) Estimated amount of contracts remaining to be executed on capital account for Rs.15,471,715 (Previous Year Rs.6,481,750).

(b) CIF Value of Imports (on accrual basis)

| | 31 st March 2013 (Rs.) | 31 st March 2012 (Rs.) |
|---------------|-----------------------------------|-----------------------------------|
| Capital Goods | 137,128 | 4,478,637 |

22) (a) Expenditure in Foreign Currency -Net of Taxes (on accrual basis)

| | 31 st March 2013 (Rs.) | 31 st March 2012 (Rs.) |
|-------------------|-----------------------------------|-----------------------------------|
| Foreign Travel | 4,401,047 | 5,606,216 |
| Legal Expenses | 76,272 | 122,557 |
| Training Expenses | 169,168 | 314,925 |
| Others | 2,245,036 | 2,341,452 |

(b) Earnings in Foreign Currency (on accrual basis)

| | 31 st March 2013 (Rs.) | 31 st March 2012 (Rs.) |
|---------------------|-----------------------------------|-----------------------------------|
| IT Enabled Services | 411,885,670 | 411,198,106 |

23) Payment to Auditors (excluding Service tax)

| | 31 st March 2013 (Rs.) | 31 st March 2012 (Rs.) |
|----------------|-----------------------------------|-----------------------------------|
| Audit Fees | 137,500 | 125,000 |
| Tax Audit Fees | 93,500 | 85,000 |
| Others | 71,500 | 65,000 |
| Total | <u>3,02,500</u> | <u>2,75,000</u> |

24) There are no amounts outstanding as at 31st March 2013 towards any enterprise as covered under Micro, Small and Medium Enterprises Development Act, 2006.



NIIT SMARTSERVE LIMITED
Notes to Financial Statements for the year ended 31st March 2013

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

Related Parties Disclosures for the year 2012-13

A. Key Managerial Personnel

| Sr No. | Name | Remarks |
|--------|------------------|-------------------------|
| 1. | Mr Arvind Thakur | Managing Director |
| 2. | Ms. Ritu Singh | Chief Operating Officer |

B. Relatives of Key Managerial Personnel

| Sr. No. | Name | Remarks |
|---------|--------------------|--------------------------------------|
| 1. | Ms. Rati Thakur | Spouse of Mr. Arvind Thakur |
| 2. | Mr. G.R.S. Thakur | Father of Mr. Arvind Thakur |
| 3. | Ms. Sneh Thakur | Mother of Mr. Arvind Thakur |
| 4. | Mr. Ankur Thakur | Son of Mr. Arvind Thakur |
| 5. | Ms. Seema Arora | Daughter-in-law of Mr. Arvind Thakur |
| 6. | Ms. Mallika Thakur | Daughter of Mr. Arvind Thakur |
| 7. | Ms. Mala Singh | Sister of Mr. Arvind Thakur |
| 8. | Mr. Ajay Kumar | Spouse of Ms. Ritu Singh |
| 9. | Ms. Gurlene Mehta | Sister of Ms. Ritu Singh |
| 10. | Ms. Jaya Oberoi | Sister of Ms. Ritu Singh |

C. Holding Company

| Sr. No. | Name of Company | Remarks |
|---------|---------------------------|-----------------|
| 1. | NIIT Technologies Limited | Holding Company |

D. Fellow Subsidiaries

| Sr. No. | Name of Company | Remarks |
|---------|--|--|
| 1. | NIIT GIS Limited | First Generation Subsidiary Company of NIIT Technologies Ltd. |
| 2. | NIIT Technologies Services Limited | First Generation Subsidiary Company of NIIT Technologies Ltd. |
| 3. | NIIT Technologies Limited, UK | First Generation Subsidiary Company of NIIT Technologies Ltd. |
| 4. | NIIT Technologies Pte Limited, Singapore | First Generation Subsidiary Company of NIIT Technologies Ltd. |
| 5. | NIIT Technologies Inc, USA | First Generation Subsidiary Company of NIIT Technologies Ltd. |
| 6. | NIIT Technologies GmbH, Germany | First Generation Subsidiary Company of NIIT Technologies Ltd. |
| 7. | NIIT Technologies Co. Ltd., Japan | Second/Third Generation Subsidiary Company of NIIT Technologies Ltd. |
| 8. | NIIT Technologies BV, Netherlands | Second/Third Generation Subsidiary Company of NIIT Technologies Ltd. |
| 9. | NIIT Technologies NV, Belgium | Second/Third Generation Subsidiary Company of NIIT Technologies Ltd. |
| 10. | NIIT Technologies Ltd, Thailand | Second/Third Generation Subsidiary Company of NIIT Technologies Ltd. |
| 11. | NIIT Technologies Pty Ltd, Australia | Second/Third Generation Subsidiary Company of NIIT Technologies Ltd. |
| 12. | NIIT Technologies AG, Austria | Second/Third Generation Subsidiary Company of NIIT Technologies Ltd. |
| 13. | NIIT Technologies AG, Switzerland | Second/Third Generation Subsidiary Company of NIIT Technologies Ltd. |



NIIT SMARTSERVE LIMITED
Notes to Financial Statements for the year ended 31st March 2013

| | | |
|-----|---|--|
| 14. | NIIT Insurance Technologies Limited, U.K. | First Generation Subsidiary Company of NIIT Technologies Ltd. |
| 15. | NIIT Technologies Limited, Canada | First Generation Subsidiary Company of NIIT Technologies Ltd. |
| 16. | NIIT Airline Technologies GmbH, Germany | First Generation Subsidiary Company of NIIT Technologies Ltd. |
| 17. | NIIT Healthcare Technologies Inc. USA | Second/Third Generation Subsidiary Company of NIIT Technologies Ltd. |
| 18. | NIIT Technologies FZ-LLC, Dubai | First Generation Subsidiary Company of NIIT Technologies Ltd. |
| 19. | NIIT Media Technologies LLC., USA | Second/Third Generation Subsidiary Company of NIIT Technologies Ltd. |
| 20. | NIIT Technologies S.A. (Erstwhile Proyacta Systemas DE Informacio. S.A.) Spain | First Generation Subsidiary Company of NIIT Technologies Ltd. |
| 21. | NIIT Technologies Philippines Inc., (Erstwhile Sabre International Philippines Management Inc.) | First Generation Subsidiary Company of NIIT Technologies Ltd. |

E. Associate Companies with whom transaction done during the year

| Sr. No. | Name of Company | Remarks |
|---------|--------------------------------------|-------------------|
| 1. | NIIT Limited, INDIA | Associate Company |
| 2. | Scantech Evaluation Services Limited | Associate Company |

F. List of other Companies in which key Managerial Personnel are interested

| S No | Name of Companies/Firms | Remarks |
|------|-------------------------|---------|
| | -----NIL----- | |

- Details of transaction and balances with related parties:

Details of transaction with related parties.

| Nature of Transaction | Holding Company and Fellow Subsidiaries | Parties of whom the company is an associate | Key Managerial Personnel | Total |
|------------------------------------|--|---|----------------------------|--|
| Rendering of Services (Note 2) | 348,552,959 (293,721,101) | 2,717,802 (16,217,195) | NIL (NIL) | 351,270,761 (309,938,296) |
| Receiving of Services (Note 3) | 3,693,580 (2,596,500) | NIL (NIL) | NIL (NIL) | 3,693,580 (2,596,500) |
| Transfer of Expenses from (Note 4) | 1,258,798 (3,898,364) | NIL (32,865) | NIL (NIL) | 1,258,798 (3,931,229) |
| Transfer of Expenses to (Note 5) | 22,601,485 (38,168,107) | NIL (NIL) | NIL (NIL) | 22,601,485 (38,168,107) |
| Total | 376,106,822 (338,384,072) | 2,717,802 (16,250,060) | NIL (NIL) | 378,824,624 (354,634,132) |



NIIT SMARTSERVE LIMITED
Notes to Financial Statements for the year ended 31st March 2013

Details of balances with related parties as at year end.

| Nature of Transaction | Holding Company and Fellow Subsidiaries | Parties of whom the company is an associate | Key Managerial Personnel | Total |
|-----------------------|---|---|--------------------------|----------------------------|
| Receivable (Note 6) | 50,640,319 (57,458,617) | NIL (1,036,717) | NIL (NIL) | 50,640,319 (58,495,334) |
| Payable (Note 7) | 1,191,021 (3,166,644) | NIL (29,578) | NIL (NIL) | 1,191,021 (3,196,222) |

Note: 1. Figure in parenthesis represents previous year's figure.

2. Includes transactions for the year mainly with;
 - NIIT Technologies Ltd., India Rs.6,100,256 (Previous Year Rs. NIL)
 - NIIT GIS Ltd, India Rs.1,142,934 (Previous Year Rs. NIL)
 - NIIT Airline Technologies GmbH, Germany Rs.15,544,302 (Previous Year Rs. NIL)
 - NIIT Technologies Inc., USA Rs.154,224,139 (Previous Year Rs.145,179,225)
 - NIIT Insurance Technologies Ltd, UK Rs.30,982,182 (Previous Year Rs. 22,901,594)
 - NIIT Technologies Ltd., UK Rs.140,559,146 (Previous Year Rs.125,640,283)
 - NIIT Ltd., India Rs.2,717,802 (Previous Year Rs.16,217,195)
3. Includes transactions for the year mainly with;
 - NIIT Technologies Ltd., India Rs.3,693,580 (Previous Year Rs.2,596,500)
4. Includes transactions for the year mainly with;
 - NIIT Technologies Ltd., India Rs.1,167,938 (Previous Year Rs.3,898,364)
 - NIIT Technologies Inc., USA Rs.90,860 (Previous Year Rs. NIL)
5. Includes transactions for the year mainly with;
 - NIIT Technologies Ltd., India Rs.22,402,057 (Previous Year Rs.21,889,983)
 - NIIT Technologies Inc., USA Rs. NIL (Previous Year Rs.394,051)
 - NIIT Technologies Ltd., UK Rs. 199,428 (Previous Year Rs. NIL)
 - NIIT Technologies BV, Netherlands Rs. NIL (Previous Year Rs.515,620)
 - NIIT Technologies NV, Belgium Rs. NIL (Previous Year Rs.675,287)
 - NIIT Airline Technologies GmbH, Germany Rs. NIL (Previous Year Rs.13,443,061)
 - NIIT GIS Ltd. Rs. NIL (Previous Year Rs.1,050,717)
 - NIIT Technologies GmbH, Germany Rs. NIL (Previous Year Rs.88,796)
 - NIIT Technologies Pte. Ltd. Rs. NIL (Previous Year Rs.110,592)
6. Includes balances mainly with;
 - NIIT Technologies Ltd., India Rs.3,569,204 (Previous Year Rs. 2,105,428)
 - NIIT Technologies Inc., USA Rs.2,752,170 (Previous Year Rs.17,151,282)
 - NIIT Insurance Technologies Ltd, UK Rs.2,367,039 (Previous Year Rs. 1,959,205)
 - NIIT Technologies Ltd., UK Rs.39,500,947 (Previous Year Rs.34,847,235)
 - NIIT GIS Ltd Rs.337,820 (Previous Year Rs.216,113)
 - NIIT Technologies NV, Belgium Rs. NIL (Previous Year Rs.86,737)
 - NIIT Technologies BV, Netherland Rs. NIL (Previous Year Rs.86,737)
 - NIIT Airline Technologies GmbH, Germany Rs.2,113,139 (Previous Year Rs.1,005,880)
 - NIIT Ltd, India Rs. NIL (Previous Year Rs.1,036,717)



NIIT SMARTSERVE LIMITED
Notes to Financial Statements for the year ended 31st March 2013

7. Includes balances mainly with;
 NIIT Technologies Ltd., India Rs.1,100,161 (Previous Year Rs. 3,166,644)
 NIIT Technologies Inc., USA Rs.90,860 (Previous Year Rs. NIL)
 NIIT Ltd, India Rs. NIL (Previous Year Rs.29,578)

26) Disclosure of Operating Leases as per Standard (AS) -19

- Total of future Minimum Lease Payments under non-cancellable leases in case of premises:

| Particulars | In respect of Premises | In respect of Premises |
|---|------------------------|------------------------|
| | Amount in Rs. | Amount in Rs. |
| | 31.03.2013 | 31.03.2012 |
| Amount payable within the next 1 year | 36,443,400 | 38,497,656 |
| Amount payable within the next 2 to 5 years | 36,443,400 | 48,931,676 |

- Aggregate payments during the year under operating leases amount to Rs.52,848,423 (Previous Year Rs. 41,821,280)

- 27) Tax has been deducted at source against payments received by the company during the current year amounting to Rs.3,756,363 (Previous year Rs. 4,169,072).
- 28) Previous year figures have been regrouped wherever necessary to conform to current year classification.

Signature to the Notes '1' to '28' above.





 Rajendra S Pawar
 Director
 DIN: 00042516


 Arvind Thakur
 Managing Director
 DIN: 00042534

Place : New Delhi
 Dated: 06th May, 2013


 Barkha Sharma
 Company Secretary