

HARIBHAKTI & CO.

Chartered Accountants

CL Educate Limited

Statutory Audit for
the year ended
March 31, 2013

INDEPENDENT AUDITORS' REPORT

To
The Members of
CL Educate Limited

Report on the Financial Statements

We have audited the accompanying financial statements of CL Educate Limited ("the Company"), which comprise the Balance Sheet as at 31st March, 2013, the Statement of Profit and Loss and Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

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.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' 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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



Opinion

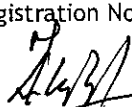
In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

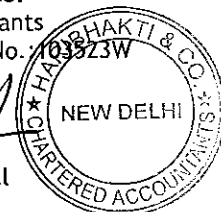
- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2013;
- (b) in the case of the Statement of Profit and Loss, of the profit for the year ended on that date;
and
- (c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditors' Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure, a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. 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 purpose 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, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
 - d. in our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956;
 - e. on the basis of written representations received from the directors as on 31st March, 2013, and taken on record by the Board of Directors, 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.

For Haribhakti & Co.
Chartered Accountants
Firm Registration No.: 103523W


Raj Kumar Agarwal
Partner
Membership No.:074715



Place: New Delhi
Date: 26th July 2013

ANNEXURE TO INDEPENDENT AUDITORS' REPORT

[Annexure referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' in the Independent Auditors' Report of even date to the members of CL Educate Limited on the financial statements for the year ended 31st March, 2013]

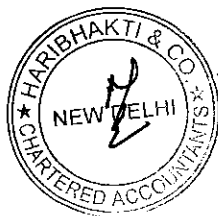
- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The fixed assets of the Company have been physically verified by the management during the year and no material discrepancies between the book records and the physical inventory have been noticed. In our opinion, the frequency of verification is reasonable.
- (c) In our opinion and according to the information and explanations given to us, a substantial part of fixed assets has not been disposed off by the Company during the year and accordingly do not affect the going concern assumption.
- (ii) (a) The inventory has been physically verified by the management at the year end. In our opinion, the frequency of verification is reasonable.
- (b) The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) *In our opinion, the company is not maintaining proper records of inventory. Further, in the absence of proper records, the discrepancies, if any, between the book records and the physical verification cannot be ascertained. However, as explained, the Company has initiated the process of implementing software to maintain records of inventory.*
- (iii) (a) The Company has granted loans to ten companies and other parties covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount involved during the year was ₹267,239,511 and the balance of such loans granted to such parties at the year-end was ₹120,271,838.
- (b) *In our opinion and according to the information and explanations given to us, the rate of interest and other terms and conditions for loans given to CL Media Private Limited, Career Launcher Asia Educational Hub Pte. Ltd., Career Launcher USA Inc. are prima facie, prejudicial to the interest of the Company. The year-end balance of such loans was ₹ nil, ₹9,362,491 and ₹38,390,608 respectively. Maximum amount involved during the year on such loans was ₹47,760,000, ₹9,362,491 and ₹38,390,608 respectively.*

During the year, the Company has fully written off loan granted in earlier years to Career Launcher Education Foundation aggregating ₹112,878,251. Accordingly, in our opinion such loan was prejudicial to the interest of the Company.

In our opinion and according to the information and explanations given to us, the rate of interest and other terms and conditions for loans given to other companies and parties covered in the register maintained under section 301 of the Companies Act, 1956 are *prima facie*, not prejudicial to the interest of the Company.



- (c) The parties have repaid the principal amounts as stipulated and have also been regular in the payment of interest to the Company.
- (d) There is no overdue amount in excess of ₹1 Lakh in respect of loans granted to companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956.
- (e) According to the information and explanation given to us, the Company has not taken any loans, secured or unsecured from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly clause (iii) (e), (iii) (f) and (iii) (g) of paragraph 4 of the Order are not applicable to the Company.
- (iv) In our opinion and according to the information and explanations given to us, there exists an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchase of fixed assets and with regard to sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weakness in internal control system of the Company in this regard.
In our opinion, internal control system with regard to purchase of inventory needs to be strengthened in order to be commensurate with the size of the Company and the nature of its business. According to information and explanations given to us, the Company has initiated the process of rectifying such weakness in internal controls related to purchase of inventory and accordingly, we have not observed continuing failure to correct major weakness in internal control system of the Company in this regard.
- (v) (a) According to the information and explanations given to us, we are of the opinion that the particulars of contracts or arrangements referred to in section 301 of the Companies Act, 1956 that need to be entered into the register maintained under section 301 have been so entered.
- (b) We are unable to comment if the transactions made with the parties listed in section 301 of the companies Act, 1956, in pursuance of such contracts or arrangements exceeding value of rupees five lakhs have been entered into during the financial year at prices which are reasonable having regard to the prevailing market prices at the relevant time as market prices comparable to those transactions with similar terms are not available, and are considered to be proprietary in nature as explained by the management of the Company.
- (vi) In our opinion and according to the information and explanations given to us, the company has not accepted any deposits from the public within the meaning of Sections 58A and 58AA of the Act and the rules framed there under.
- (vii) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business. However, in our opinion scope of internal audit system of the company in respect of Company's own teaching centres and franchisees' teaching centres should be further streamlined and strengthened.
- (viii) According to explanation provided to us, the Central Government of India has not prescribed the maintenance of cost records under clause (d) of sub-section (1) of Section 209 of the Act for any of the business activities of the company.



- (ix) (a) The Company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income-tax and other material statutory dues applicable to it. *However, there have been delays in depositing undisputed statutory dues in respect of service tax.*

Statutory dues including sales-tax, wealth tax, custom duty, cess payable under section 441A of the Companies Act, 1956 and excise duty are currently not applicable to the Company.

(b) According to the information and explanations given to us and on the basis of examination of the records of the Company, no undisputed amounts payable in respect of provident fund, investor education and protection fund, service tax, employees' state insurance, income-tax and other undisputed statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.

Statutory dues including sales-tax, wealth tax, custom duty, cess payable under section 441A of the Companies Act, 1956 and excise duty are currently not applicable to the Company.

(c) According to the records of the Company, the dues outstanding in respect of income-tax, service tax that have not been deposited on account of dispute are as follows:

Name of the statute	Nature of the dues	Amount including penalty (in ₹)	Period to which the amount relates	Forum where dispute is pending
Finance Act, 1994	Cenvat credit reversal	4,648,826	September 2004 to March 2007	Central Excise and Service Tax Appellate Tribunal, New Delhi
Finance Act, 1994	Cenvat credit reversal	1,569,481	October 2007 to March 2008	Central Excise and Service Tax Appellate Tribunal, New Delhi
Finance Act, 1994	Cenvat credit reversal	40,097,178	April 2008 to March 2012	Commissioner of Service Tax (Appeals), New Delhi
Finance Act, 1994	Service Tax	142,013,412	July 2003 to September 2008	Central Excise and Service Tax Appellate Tribunal, New Delhi
Finance Act, 1994	Service Tax	7,372,308	October 2008 to March 2009	Central Excise and Service Tax Appellate Tribunal, New Delhi
Finance Act, 1994	Service Tax	10,664,476	April 2009 to September 2009	Central Excise and Service Tax Appellate Tribunal, New Delhi
Finance Act, 1994	Service Tax	71,756,945	October 2009 to September 2010	Central Excise and Service Tax Appellate Tribunal, New Delhi
Finance Act, 1994	Service Tax	16,635,768	October 2010 to September 2011	Commissioner of Service Tax (Appeals), New Delhi
Finance Act, 1994	Service Tax	12,553,238	October 2011 to June 2012	Commissioner of Service Tax (Appeals), New Delhi
Income Tax Act, 1961	Income Tax	202,133,704	FY 2010-11	Commissioner of Income Tax (Appeals), New Delhi
Income Tax Act, 1961	Tax deducted at Source	35,557,912	FY 2002-03 to 2005-06	Commissioner of Income Tax (Appeals), New Delhi
Income Tax Act, 1961	Tax deducted at Source	27,330,519	FY 2006-07 to 2008-09	Commissioner of Income Tax (Appeals), New Delhi



Name of the statute	Nature of the dues	Amount including penalty (in ₹)	Period to which the amount relates	Forum where dispute is pending
Income Tax Act, 1961	Tax deducted at Source	38,064,894	FY 2009-10	Commissioner of Income Tax (Appeals), New Delhi

Statutory dues including sales-tax, wealth tax, custom duty, cess payable under section 441A of the Companies Act, 1956 and excise duty are currently not applicable to the Company.

- (x) The Company has no accumulated losses at the end of the financial year. Further the Company has not incurred cash losses during the financial year covered by our audit and the immediately preceding financial year.
- (xi) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to a financial institution or bank.
The Company has not issued any debentures.
- (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. Accordingly, the provisions of paragraph 4(xii) of the order are not applicable to the Company.
- (xiii) In our opinion and according to the information and explanations given to us, the Company is not a chit fund or a nidhi / mutual benefit fund / society. Accordingly, the provisions of paragraph 4(xiii) of the order are not applicable to the Company.
- (xiv) In our opinion and according to the information and explanations given to us, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the paragraph 4(xiv) of the order is not applicable to the Company.
- (xv) In our opinion and according to the information and explanations given to us, the terms and conditions of the guarantees given by the Company, for loans taken by others from banks or financial institutions during the year, are prima facie not prejudicial to the interest of the Company.
- (xvi) In our opinion, the term loans have been applied for the purpose for which the loans were raised.
- (xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investment.
- (xviii) According to the information and explanations given to us, the company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Companies Act, 1956.
- (xix) According to the information and explanations given to us, no debentures have been issued by the Company during the year.
- (xx) The Company has not raised any money by way of public issues during the year.



- (xxi) During the course of our examination of the books and records of the company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the company, noticed or reported during the year, nor have we been informed of such case by the management.

For Haribhakti & Co.
Chartered Accountants
Firm Registration No.: 103523W



Raj Kumar Agarwal
Partner
Membership No.: 074715



Place: New Delhi
Date: 26th July, 2013

CL Educate Limited
Balance Sheet as at 31 March 2013

Particulars	Note	31 March 2013	31 March 2012
		Amount in ₹	Amount in ₹
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	3	99,178,100	93,347,060
Reserves and surplus	4	994,782,785	800,431,059
		1,093,960,885	893,778,119
Share application money pending allotment	5	-	29,445,351
Non-current liabilities			
Long-term borrowings	6	36,281,436	117,464,137
Deferred tax liabilities (net)	7	3,460,162	-
Long-term provisions	8	8,983,924	7,041,167
		48,725,522	124,505,304
Current liabilities			
Short-term borrowings	9	234,454,731	163,167,671
Trade payables	10	55,270,913	97,244,989
Other current liabilities	11	335,456,587	389,491,910
Short-term provisions	8	831,708	1,151,157
		626,013,939	651,055,727
Total		1,768,700,346	1,698,784,501
ASSETS			
Non-current assets			
Fixed assets			
-Tangible assets	12	349,290,335	411,507,742
-Intangible assets	13	123,356,261	129,946,330
-Capital work-in-progress		93,235	-
Non-current investments	14	406,014,437	364,454,630
Deferred tax assets (net)	7	-	35,686,910
Long-term loans and advances	15	92,682,722	74,057,540
Other non-current assets	16	150,913,633	4,126,045
		1,122,350,623	1,019,779,197
Current assets			
Current investment	17	-	-
Inventories	18	24,284,972	12,504,575
Trade receivables	19	312,965,322	264,012,216
Cash and bank balances	20	65,290,579	157,967,276
Short-term loans and advances	21	176,624,751	211,440,901
Other current assets	22	67,184,099	33,080,336
		646,349,723	679,005,304
Total		1,768,700,346	1,698,784,501

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CL Educate Limited
Balance Sheet as at 31 March 2013


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Summary of significant accounting policies

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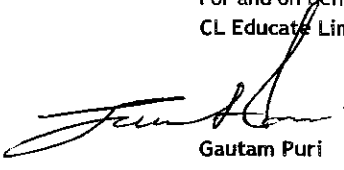
The accompanying notes form an integral part of the financial statements.

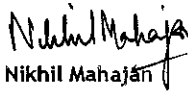
As per our report of even date
For Haribhakti & Co.
Chartered Accountants
Firm Registration No.: 103523W


Raj Kumar Agarwal
Partner
Membership No.: 074715
Place : New Delhi
Date : July 26, 2013



For and on behalf of the Board of directors of
CL Educate Limited


Gautam Puri
Managing Director


Nikhil Mahajan
Director


Rachna Sharma
Company Secretary

Place : New Delhi
Date : July 26, 2013

CL Educate Limited
Statement of Profit and Loss for the year ended 31 March 2013

Particulars	Note	31 March 2013	31 March 2012
		Amount in ₹	Amount in ₹
Income			
Revenue from operations	23	1,165,197,666	946,077,357
Other income	24	181,397,720	67,323,187
Total Revenue (I)		1,346,595,386	1,013,400,544
Expenses			
Purchases of stock-in-trade	25	103,340,921	52,562,335
Changes in inventory of stock- in- trade	26	(11,780,397)	(12,504,575)
Cost of services	27	471,856,030	372,207,608
Employee benefit expenses	28	195,449,212	185,475,481
Finance cost	29	59,069,401	40,042,928
Depreciation and amortisation expense	30	37,231,177	26,634,761
Other expenses	31	395,246,031	250,736,661
Total expenses (II)		1,250,412,375	915,155,199
Profit before exceptional items and prior period (income) / expense (I - II)		96,183,011	98,245,345
Exceptional expenses	47	-	196,616,459
Profit / (Loss) before prior period items, tax		96,183,011	(98,371,114)
Prior period (income)/expenses (net)	32	(3,804,590)	(2,409,139)
Profit / (Loss) before tax		99,987,601	(95,961,975)
Income tax expense:			
Tax expenses (for current year)			
-Current tax		-	-
-Deferred tax charge / (benefit)	7	39,147,072	(41,066,280)
Tax expenses (for earlier years)			
-Current tax adjustments/payments		1,974,198	1,393,615
Total tax expenses		41,121,270	(39,672,665)
Profit / (Loss) after Tax		58,866,331	(56,289,310)
Earnings / (Loss) per share			
-Basic	33	6.27	(6.41)
-Diluted		6.22	(6.41)
Summary of significant accounting policies	2		

The accompanying notes form an integral part of the financial statements.

This is the statement of profit and loss referred to in our report of even date attached.

For Haribhakti & Co.
Chartered Accountants
Firm Registration No.: 103523W

Raj Kumar Agarwal
Partner
Membership No.: 074715
Place : New Delhi
Date : July 26, 2013



For and on behalf of the Board of directors of
CL Educate Limited

Gautam Puri Managing Director
Nikhil Mahajan Director
Rachna Sharma Company Secretary

Place : New Delhi
Date : July 26, 2013

CL Educate Limited
Cash Flow Statement for the year ended 31 March 2013

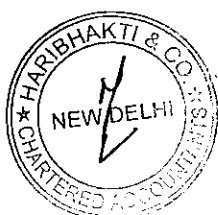
Particulars	31 March 2013	31 March 2012
	Amount in ₹	Amount in ₹
Cash flow from operating activities		
Net profit /(loss) before tax and after period items	99,987,601	(95,961,975)
Adjustments for:		
Depreciation and amortisation on fixed assets	37,231,177	26,634,761
Depreciation and amortisation on Investments property	213,750	213,750
Loan interest costs	56,384,086	38,812,662
Interest Income	(24,999,894)	(40,485,645)
Loan processing charges	1,904,795	1,214,286
Loss/(Profit) on fixed assets sold	(128,611)	133,213
Rent income on investments property	(600,000)	(800,000)
Fixed assets written off	613,293	1,069,420
Advances written off	120,020,653	40,000
Bad debts written off	31,904,044	40,678,329
Deposits written off	391,720	-
Miscellaneous balances written off	2,403,282	-
Provision for doubtful advances	2,004,854	1,558,800
Provision for impairment of assets	65,760	380,205
Prior Period income on fixed assets	(10,536,848)	-
Provision no longer required written back	(112,878,251)	(16,288,602)
Liability no longer required written back	(31,579,708)	-
Transfer to Stock Options outstanding	3,441,397	5,031,859
Exceptional non cash items:		
-Provision for doubtful advances	-	133,976,856
-Advances written off	-	60,700,598
Unrealised foreign exchange gain	(351,532)	(5,428,451)
Operating profit before working capital changes	175,491,568	151,480,066
Adjustments for changes in working capital :		
Increase in trade receivables	(80,647,343)	(152,761,622)
Decrease in other current assets	14,806,242	(7,818,448)
Increase in long term loans and advances	(15,925,869)	(22,649,186)
Decrease in short term loans and advances	11,599,161	(89,550,032)
Increase in inventories	(11,780,397)	(12,504,575)
Decrease in other current liabilities	(131,063,771)	124,536,240
Increase in long term provisions	1,942,757	(1,466,520)
Decrease in short term provisions	(319,449)	1,151,157
Decrease in trade payables	(10,394,368)	4,182,861
Cash used in operations	(46,291,469)	(5,400,059)
Taxes paid (net of refund including interest on refund)	(6,135,418)	17,816,315
Net cash (used in)/ generated from operating activities	(52,426,887)	12,416,256

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CL Educate Limited
Cash Flow Statement for the year ended 31 March 2013

Particulars	31 March 2013 Amount in ₹	31 March 2012 Amount in ₹
Continued from previous page		
Cash flow from investing activities:		
Purchase of investment of in subsidiaries (net of payable for investments)	(37,682,685)	(73,194,139)
Purchase of investment of in others	-	(5,000,000)
Purchase of fixed assets (Net)	(33,286,130)	(139,057,895)
Proceeds from sale of fixed assets	1,270,334	2,529,740
Investments in deposits not considered as cash and cash equivalents (net)	(52,270,252)	(434,120)
Share application money paid for acquisition of shares of subsidiary	(13,500,032)	-
Loans given to subsidiaries	(28,997,693)	(30,145,000)
Loans given to others	(166,162)	(21,540,557)
Interest income received	25,943,051	43,180,320
Rent income on investments property	600,000	800,000
Proceeds from realisation of loan given to Subsidiaries	51,516,491	23,060,000
Proceeds from realisation of loan given to other	2,858,394	4,000,000
Net cash used in Investing activities	(83,714,684)	(195,801,651)
Cash Flow from financing activities:		
Proceeds from issue of equity shares	356,880	1,991,175
Proceeds from issue of preference shares	5,000,000	4,692,500
Security Premium received on Preference shares	95,000,000	-
Security Premium received on equity shares	14,077,173	-
Share issue expense paid	(6,004,366)	-
Repayment of fraction amount on account of CCPS conversion	-	(2,024)
Share application money received	-	29,445,351
Proceeds from long-term borrowings (including current maturities)	301,637,966	246,924,510
Repayment of long-term borrowings	(286,178,069)	(224,732,467)
Net increase in working capital borrowings	71,287,060	143,358,614
Dividend paid during the year	(24,150)	-
Loan processing fees paid	(1,904,795)	(1,214,286)
Interest Paid	(57,553,187)	(39,057,969)
Net cash flow from financing activities	135,694,513	161,405,404
Net decrease in cash and cash equivalents	(447,058)	(21,979,991)
Unrealised foreign exchange gain on cash and cash equivalents	141,721	489,153
Cash and cash equivalents at beginning of the year	20,034,188	41,525,026
Cash and cash equivalents at end of the year	19,728,852	20,034,188
Cash and cash equivalents comprise		
Balances with banks:		
- on current accounts	7,443,744	14,498,649
- exchange earner foreign currency account ('EEFC')	-	618,450
- on unpaid dividend account	46,040	71,032
Cheques/ drafts on hand	5,428,904	2,088,981
Cash on hand	6,810,164	2,757,076
	19,728,852	20,034,188



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CL Educate Limited
Cash Flow Statement for the year ended 31 March 2013

Particulars

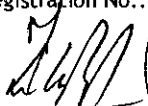
<u>31 March 2013</u>	<u>31 March 2012</u>
<u>Amount in ₹</u>	<u>Amount in ₹</u>
Continued from previous page	
Add:	
Fixed deposits shown under other Cash and bank balances	45,561,727
Current restricted cash (Margin money deposit and under lien deposits)	-
Total cash and bank balances at end of the year (Also refer note 20)	137,933,088
65,290,579	157,967,276

Notes :

1. The above Cash flow statement has been prepared under the indirect method set out in AS-3 notified under section 211(3C) of the Companies Act, 1956.
2. Notes to the financials statements are integral part of the Cash flow statement.

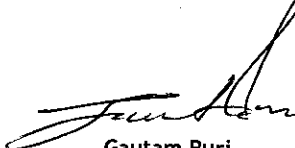
This is the cash flow statement referred to in our report of even date attached.

For Haribhakti & Co.
Chartered Accountants
Firm Registration No.:101583W


Raj Kumar Agarwal
Partner
Membership No.:074715
Place : New Delhi
Date : July 26, 2013



For and on behalf of the Board of directors of
CL Educate Limited


Gautam Puri
Managing Director

Place : New Delhi
Date : July 26, 2013


Nikhil Mahajan
Director


Rachna Sharma
Company Secretary

1. BACKGROUND

CL Educate Limited ('the Company') was incorporated in India on April 25, 1996 to conduct various educational and consulting programmes. The Company is a closely held company with 76.94% (previous year 77.69%) of the shares being held by the promoters / directors of the Company and their relatives and the balance 23.06% (previous year 22.31%) of the shares are being held by other individuals and companies.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(i) Basis for preparation of Financial Statements:

The financial statements have been prepared to comply in all material respects with the Accounting Standards notified by Companies (Accounting Standards) Rules, 2006, (as amended) and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared under the historical cost convention on an accrual basis.

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Schedule VI to the Companies Act, 1956. Based on the nature of services, the operating cycle of the Company cannot be ascertained as it may range from 1 month to 3 years due to wide range of coaching programmes being offered by the Company. In absence of any ascertainable operating cycle the same has been taken as 12 months for the purpose of current and non-current classification of assets and liabilities except in case of trade receivables, unearned revenue, trade payables related to franchisee fees and prepaid franchisee fees which in view of management are directly linked to revenue from coaching and hence have been treated as current for the purpose of disclosure in financial statements.

(ii) Use of estimates

The presentation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Although these estimates are based on management's best knowledge of current events and actions the company may undertake in future, actual results ultimately may differ from the estimates. Any revision to accounting estimates is recognised prospectively in the current and future periods.

(iii) Revenue recognition

Educational and training businesses of the Company include revenue from sales of text books and revenue of service.

Revenue from sale of text books

Sale of text books for full course is recognised at the time of receipt of first payment on account of test preparation services provided by the Company.

Revenue from services

Revenue in respect of educational and training fees received from students is recognised on time basis over the period of the course. Fees are recorded at invoice value, net of discounts and taxes, if any.

Revenue in respect of vocational training is recognised over the period of the training period. However, taking into account the uncertainty involved in conditions to be fulfilled under the terms of the contract, portion of such revenue depending upon such uncertainty is deferred till the fulfilment of conditions of the contract.



Other operating income

- Revenue in respect of one-time License fee received from the franchisees is recognised on execution of the contract.
- Revenue of Licensing content given for a long term period and dependent on percentage of revenue earned by the licensee is recognised when the right to receive payment is established.
- Revenue from consultancy services and seminar and alliance income is recognised as and when services are actually rendered.
- Revenue from advertising income is recognised on percentage completion basis as per the terms of agreement.
- Revenue from infrastructure fees is recognised on the basis of time period over the period of contract.
- Revenue from royalty is recognised on accrual basis on the basis of time period of the agreement.
- Revenue from campus placement is recognised upon provision of services as per the terms if agreement.

Grant income

Government grants available to the company are recognised when both the following conditions are satisfied:

- (a) where there is reasonable assurance that the company will comply with the conditions attached to them; and
- (b) where such benefits have been earned by the company and it is reasonably certain that the ultimate collection will be made.

Grants related to specific fixed assets are shown as a deduction from the gross value of the asset concerned in arriving at its book value. The grant is thus recognised in the statement of profit and loss over the useful life of a depreciable asset by way of a reduced depreciation charge. Where the grant equals the whole, or virtually the whole, of the cost of the asset, the asset is shown in the balance sheet at a nominal value.

Grants related to revenue are disclosed in other operating income as Grant income.

Unbilled revenue

Unbilled revenue, included in other current assets, represents amounts recognised based on services performed in advance of billing in accordance with service terms.

Unearned revenue

Amounts billed and received or recoverable prior to the reporting date for services to be performed after the reporting date is recorded as unearned revenue in other current liabilities.

Interest

Revenue from interest on time deposits and inter-corporate loans is recognised on the time proportion method taking into consideration the amount outstanding and the applicable interest rates.



CL Educate Limited

Notes to the financial statements for the Year ended 31 March 2013

Rent income

Rent income is recognised on the basis of time period.

Dividend

Dividends income is recognised when the right to receive the same is established.

(iv) **Fixed Assets**

Tangible Assets

Tangible fixed assets are stated at cost, less accumulated depreciation and impairment losses if any. Cost comprises the purchase price and any cost attributable to bringing the assets to its working condition for its intended use.

Fixed assets retired from active use and held for disposal are stated at lower of book value and net realisable value as estimated by the company and are shown separately in the financial statements under other current assets. Loss determined, if any, is recognised immediately in the Statement of Profit and Loss, whereas profit and sale of such assets is recognised only upon completion of sale thereof.

Intangible Assets

An intangible asset is recognized when it is probable that the future economic benefits attributable to the asset will flow to the enterprise and where its cost can be reliably measured. Intangible assets are stated at cost of acquisition less accumulated amortisation and impairment losses if any. Cost comprises the purchase price and any cost attributable to bringing the assets to its working condition for its intended use.

(v) **Depreciation and amortization**

Depreciation and amortisation has been calculated on Straight Line Method at the following useful lives, based on management estimates, which are equal to or higher than the rates specified as per schedule XIV of the Companies Act, 1956, which in the opinion of the management are reflective of the estimated useful lives of fixed assets:-

Particulars	Useful life (years)
Tangible Assets:	
Building	60
Leasehold land	90 (period of lease)
Plant and machinery	15
Furniture and fixtures	10-15
Office equipment	10
Vehicle	10
Computer equipment	5-7
Leasehold improvements	Lesser of 3 years or period of lease
Intangible Assets:	
Trademark	5
Software	5
Content development	5
License fees	10
Intellectual property rights	10
Goodwill	5 years from the date of acquisition of business.



Depreciation and amortisation on addition to fixed assets is provided on pro-rata basis from the date the assets are ready for intended use. Depreciation and amortisation on sale/discard from fixed assets is provided for upto the date of sale, deduction or discard of fixed assets as the case may be.

All assets, except chairs, costing ₹ 5,000 or below are depreciated in full by a one-time depreciation charge unless used as project assets under infrastructure projects. Chairs costing ₹ 5,000 or below are charged to the statement of profit and loss on the date of their acquisition.

(vi) Impairment of assets

The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset's net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value at the weighted average cost of capital.

After impairment, depreciation/amortisation is provided on the revised carrying amount of the asset over its remaining useful life.

(vii) Borrowing cost

Borrowing costs relating to acquisition or construction or production of assets which takes substantial period of time to get ready for its intended use are included as cost of such assets to the extent they relate to the period till such assets are ready to be put to use. Other borrowing costs are recognised as an expense in the period in which they are incurred.

(viii) Leases:

Where the company is lessee

Finance leases, which effectively transfer to the company substantially all the risks and benefits incidental to ownership of the leased item, are capitalized at the inception of the lease term at the lower of the fair value of the leased property and present value of minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised as finance costs in the statement of profit and loss. Lease management fees, legal charges and other initial direct costs of lease are capitalized.

A leased asset is depreciated on a straight-line basis over the useful life of the asset or the useful life envisaged in Schedule XIV to the Companies Act, 1956, whichever is lower. However, if there is no reasonable certainty that the company will obtain the ownership by the end of the lease term, the capitalized asset is depreciated on a straight-line basis over the shorter of the estimated useful life of the asset, the lease term or the useful life envisaged in Schedule XIV to the Companies Act, 1956.

Leases, where the lessor effectively retains substantially all the risks and benefits of ownership of the leased item, are classified as operating leases. Operating lease payments are recognized as an expense in the statement of profit and loss on a straight-line basis over the lease term.

Where the company is the lessor

Leases in which the company transfers substantially all the risks and benefits of ownership of the asset are classified as finance leases. Assets given under finance lease are recognized as a receivable at an amount equal to the net investment in the lease. After initial recognition, the company apportions lease rentals between the principal repayment and interest income so as to achieve a constant periodic rate of return on the net investment outstanding in respect of the finance lease. The interest income is



recognized in the statement of profit and loss. Initial direct costs such as legal costs, brokerage costs, etc. are recognized immediately in the statement of profit and loss.

Leases in which the company does not transfer substantially all the risks and benefits of ownership of the asset are classified as operating leases. Assets subject to operating leases are included in fixed assets. Lease income on an operating lease is recognized in the statement of profit and loss on a straight-line basis over the lease term. Costs, including depreciation, are recognized as an expense in the statement of profit and loss. Initial direct costs such as legal costs, brokerage costs, etc. are recognized immediately in the statement of profit and loss.

(ix) Investment property

An investment in land or buildings, which is not intended to be occupied substantially for use by, or in the operations of, the company, is classified as investment property. Investment properties are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any.

The cost comprises purchase price and directly attributable cost of bringing the investment property to its working condition for the intended use. Any trade discounts and rebates are deducted in arriving at the purchase price.

Depreciation on building component of investment property is calculated on a straight-line basis using the rate arrived at based on the useful life estimated by the management, or that prescribed under the Schedule XIV to the Companies Act, 1956, whichever is higher. The company has used the depreciation rate of 1.67% (useful life of 60 years).

On disposal of an investment, the difference between its carrying amount and net disposal proceeds is charged or credited to the statement of profit and loss.

(x) Investments other than investments property

Accounting treatment

Investments, which are readily realizable and intended to be held for not more than one year from the date on which such investments are made, are classified as current investments. All other investments are classified as long-term investments.

On initial recognition, all investments are measured at cost. The cost comprises purchase price and directly attributable acquisition charges such as brokerage, fees and duties. If an investment is acquired, or partly acquired, by the issue of shares or other securities, the acquisition cost is the fair value of the securities issued. If an investment is acquired in exchange for another asset, the acquisition is determined by reference to the fair value of the asset given up or by reference to the fair value of the investment acquired, whichever is more clearly evident.

Current investments are carried in the financial statements at lower of cost and fair value determined on an individual investment basis. Long-term investments are carried at cost. However, provision for diminution in value is made to recognize a decline other than temporary in the value of the investments.

On disposal of an investment, the difference between its carrying amount and net disposal proceeds is charged or credited to the statement of profit and loss.

Classification in the financial statements

Investments that are realisable within the period of twelve months from the balance sheet date are classified as current investment. All other investments are classified as non-current investments.



(xi) Inventories

Inventories are valued at the lower of cost and net realisable value. The comparison of cost and net realisable value is made on each item basis. Cost is determined on first in first out basis. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

(xii) Employee Benefits

Short term employee benefits:

All employee benefits payable wholly within twelve months of rendering the service are classified as short term employee benefits. Benefits such as salaries, wages, and bonus etc are recognized in the statement of profit and loss in the period in which the employee renders the related service.

Long term employee benefits:

- Defined contribution plans: Provident Fund

All employees of the Company are entitled to receive benefits under the Provident Fund, which is a defined contribution plan. Both the employee and the employer make monthly contributions to the plan at a predetermined rate as per the provisions of The Employees Provident Fund and Miscellaneous Provisions Act, 1952. These contributions are made to the fund administered and managed by the Government of India.

Defined contribution plans: Employee State Insurance

Employees whose wages/salary is within the prescribed limit in accordance with the Employee State Insurance Act, 1948 under the Act, are covered under this scheme. These contributions are made to the fund administered and managed by the Government of India.

The Company's contributions to these schemes are expensed off in the statement of profit and loss. The Company has no further obligations under these plans beyond its monthly contributions.

- Defined Benefit Plans: Gratuity

The Company provides for retirement benefits in the form of Gratuity. Benefits payable to eligible employees of the company with respect to gratuity, a defined benefit plan is accounted for on the basis of an actuarial valuation as at the balance sheet date. In accordance with the Payment of Gratuity Act, 1972, the plan provides for lump sum payments to vested employees on retirement, death while in service or on termination of employment in an amount equivalent to 15 days basic salary for each completed year of service. Vesting occurs upon completion of five years of service. The present value of such obligation is determined by the projected unit credit method and adjusted for past service cost and fair value of plan assets as at the balance sheet date through which the obligations are to be settled. The resultant actuarial gain or loss on change in present value of the defined benefit obligation or change in return of the plan assets is recognised as an income or expense in the statement of profit and loss. The expected return on plan assets is based on the assumed rate of return of such assets. The Company contributes to a trust set up by the company which further contributes to a policy taken from the Life Insurance Corporation of India.

- Other long-term benefits: Leave encashment

Benefits under the Company's leave encashment scheme constitute other employee benefits. The liability in respect of leave encashment is provided on the basis of an actuarial valuation done by an independent actuary at the end of the year. Actuarial gain and losses are recognized immediately in the statement of profit and loss.



Employee Stock Option Scheme

The Employee Stock Option Scheme ('the Scheme') provides for the grant of equity shares of the Company to its employees. The Scheme provides that employees are granted an option to acquire equity shares of the Company that vests in a graded manner. The options may be exercised within a specified period. The Company follows the fair value method to account for its stock-based employee compensation plans. Compensation cost is measured using Independent valuation by a firm of Chartered Accountants using Black-Scholes model in accordance with the guidance note issued by the Institute of Chartered Accountants of India. Compensation cost, if any is amortised over the vesting period.

(xiii) Foreign exchange transactions

Transactions in foreign currency are recorded at the exchange rate prevailing at the date of the transaction. Exchange differences arising on foreign currency transactions settled during the year are recognised in the statement of profit and loss. Transactions of an integral foreign branch are recorded at the daily average rate.

Monetary assets and liabilities denominated in foreign currencies as at the balance sheet date, not covered by forward exchange contracts, are translated at year end rates. The resultant exchange differences are recognised in the statement of profit and loss. Non-monetary assets are recorded at the rates prevailing on the date of the transaction.

(xiv) Taxation

Tax expense for the year comprising current tax and deferred tax is included in determining the net profit for the year.

Current tax

Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Indian Income Tax Act, 1961.

Deferred tax

Deferred tax charge or credit reflects the tax effects of timing differences between accounting income and taxable income for the period. The deferred tax charge or credit and the corresponding deferred tax liabilities or assets are recognised using the tax rates that have been enacted or substantively enacted by the balance sheet date. Deferred tax assets are recognised only to the extent there is reasonable certainty that the assets can be realized in future; however, where there is unabsorbed depreciation or carry forward of losses, deferred tax assets are recognised only if there is a virtual certainty backed by convincing evidence of realization of such assets. Deferred tax assets are reviewed at each balance sheet date and are written-down or written-up to reflect the amount that is reasonably / virtually certain (as the case may be) to be realized.

Deferred tax assets and liabilities are measured at the tax rates that have been enacted or substantively enacted at the Balance Sheet date



(xv) Provisions, contingent liabilities and contingent assets

Provision

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.

Contingent liabilities

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.

Contingent assets

Contingent assets are neither recorded nor disclosed in the financial statements.

(xvi) Cash and cash equivalents

Cash and cash equivalents include cash in hand, demand deposits with banks, other short term highly liquid investments with original maturities of three months or less.

(xvii) Earnings per share

Basic earnings per share are calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. The weighted average numbers of equity shares outstanding during the period are adjusted for events of bonus issue, share split or consolidation of shares.

For calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares. The dilutive potential equity shares are deemed converted as of the beginning of the period, unless they have been issued at a later date.

(xviii) Material Events

Material events occurring after the balance sheet date are taken into cognizance.

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CL Educate Limited
Notes to the Financial Statements for the year ended 31 March 2013

3. Share capital

Particulars	31 March 2013		31 March 2012	
	Numbers	Amount in ₹	Numbers	Amount in ₹
Authorised				
Equity shares of ₹10 each (previous year ₹10) with equal voting rights	13,000,000	130,000,000	13,000,000	130,000,000
Preference shares of ₹10 each (previous year ₹10)	2,000,000	20,000,000	2,000,000	20,000,000
	<u>15,000,000</u>	<u>150,000,000</u>	<u>15,000,000</u>	<u>150,000,000</u>
Issued, subscribed and fully paid up				
Equity shares of ₹10 each (previous year ₹10) with equal voting rights (Class -I)	9,417,810	94,178,100	9,334,706	93,347,060
Compulsorily convertible 0.01% non cumulative preference shares (CCPS) of ₹10 each [previous year Not applicable (N.A.)] (Class -II)	411,045	4,110,450	-	-
Optionally convertible 0.01% non cumulative preference shares (OCPS) of ₹10 each (Previous year N.A.) (Class -III)	88,955	889,550	-	-
	<u>9,917,810</u>	<u>99,178,100</u>	<u>9,334,706</u>	<u>93,347,060</u>

a) *Reconciliation of shares outstanding as at the beginning and at the end of the reporting period*

1) *Class-I shares-Equity shares*

Particulars	31 March 2013		31 March 2012	
	Numbers	Amount in ₹	Numbers	Amount in ₹
At the beginning of reporting year	9,334,706	93,347,060	8,749,003	87,490,030
Add: Share issued during the year by way of:				
-Allotment of share for a consideration otherwise than in cash (Refer footnote i)	83,104	831,040	-	-
- Employee stock option plan	-	-	4,775	47,750
-conversion of Compulsorily convertible 0.01% non cumulative preference shares (CCPS) of ₹10 each in previous year (Class-IV) [Refer footnote ii and note 3(a)(iv)]	-	-	580,928	5,809,280
Outstanding at the end of the year	<u>9,417,810</u>	<u>94,178,100</u>	<u>9,334,706</u>	<u>93,347,060</u>

Footnote

i. In the current year, the amount represent shares issued to Promoters of G. K. Publications Private Limited (GKP) for consideration other wise than in cash for first and second tranche of payments as per Investment agreement to purchase shares of GKP (Refer footnote ii of note 14):

	Ist tranche	IInd tranche	Total
	Numbers	Numbers	Numbers
Rakesh Mittal	26,079	19,628	45,707
Poonam Mittal	21,337	16,060	37,397
Total	<u>47,416</u>	<u>35,688</u>	<u>83,104</u>

ii. In the previous year, the shares represent 1,211,245 class-IV shares- CCPS converted into 580,928 equity shares at the agreed conversion rate in which the said CCPS of ₹ 200 have been converted into equity shares of ₹10 each at a price of ₹ 417 each.



CL Educate Limited
Notes to the Financial Statements for the year ended 31 March 2013

2) Class-II shares-CCPS

Particulars	31 March 2013		31 March 2012	
	Numbers	Amount in ₹	Numbers	Amount in ₹
At the beginning of the reporting year	-	-	-	-
Add: Share issued during the year	411,045	4,110,450	-	-
Outstanding at the end of the year	411,045	4,110,450	-	-

3) Class-III shares-OCPS

Particulars	31 March 2013		31 March 2012	
	Numbers	Amount in ₹	Numbers	Amount in ₹
At the beginning of the reporting year	-	-	-	-
Add: Share issued during the year	88,955	889,550	-	-
Outstanding at the end of the year	88,955	889,550	-	-

4) Class-IV shares-CCPS

Particulars	31 March 2013		31 March 2012	
	Numbers	Amount in ₹	Numbers	Amount in ₹
At the beginning of the reporting year	-	-	686,245	6,862,450
Add: Share issued during the year	-	-	525,000	5,250,000
Less: conversion into equity shares	-	-	(1,211,245)	(12,112,450)
Outstanding at the end of the year	-	-	-	-

The preference shares had to be converted into equity shares of the company within a maximum period of one year from the date of issue.

The conversion price was fixed at 10% discount of the lower band of proposed Initial public offering ('IPO') price or ₹417 if the IPO does not happen by 31 March 2012.

In pursuant to above, during the previous year the Company had converted 1,211,245 CCPS into 580,928 Equity shares at ₹417 per share [refer footnote ii of note 3(a)(1)].

b) Terms/rights attached to shares

A. Voting

1) **Class-I shares-Equity shares:** Each holder of these class of shares is entitled to one vote per share held.

2) **Class-II shares-CCPS:** These class of shares do not carry any voting rights.

3) **Class-III shares-OCPS:** These class of shares do not carry any voting rights.

4) **Class-IV shares-CCPS:** These class of shares do not carry any voting rights.



CL Educate Limited

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

B. Dividends

1) Class-I shares-Equity shares: The Company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to approval of the shareholders in ensuing Annual General Meeting except in the case where interim dividend is distributed.

2) Class-II shares-CCPS: The Company declares and pays dividends in Indian rupees. These class of shares have preferential right of dividend over equity shares in event of declaration of dividend. These shares carry dividend rate of 0.01%. The dividend is payable only when the company declares dividend during a particular financial year.

3) Class-III shares-OCPS: The Company declares and pays dividends in Indian rupees. These class of shares have preferential right of dividend over equity shares in event of declaration of dividend. These shares carry dividend rate of 0.01%. The dividend is payable only when the company declares dividend during a particular financial year.

4) Class-IV shares-CCPS: The Company declares and pays dividends in Indian rupees. These class of shares have preferential right of dividend over equity shares in event of declaration of dividend. These shares carry dividend rate of 0.01%. The dividend is payable only when the company declares dividend during a particular financial year.

C. Liquidation

1) Class-I shares-Equity shares: In the event of liquidation of the Company, the holders of equity shares shall be entitled to receive all of the remaining assets of the Company, after distribution of all preferential amounts. Such distribution amounts will be in proportion to the number of equity shares held by the shareholders.

2) Class-II shares-CCPS: In the event of liquidation of the Company, holders of these class of shares shall be entitled to receive all of the remaining assets of the Company, after distribution of all preferential amounts and before payment to equity shareholders, if any. Such distribution amounts will be in proportion to the number of preference shares held by the shareholders upto the extent of agreed conversion amount of such shares.

3) Class-III shares-OCPS: In the event of liquidation of the Company, holders of these class of shares shall be entitled to receive all of the remaining assets of the Company, after distribution of all preferential amounts and before payment to equity shareholders, if any. Such distribution amounts will be in proportion to the number of preference shares held by the shareholders upto the extent of agreed redemption/conversion amount of such shares.

4) Class-IV shares-CCPS: In the event of liquidation of the Company, holders of these class of shares shall be entitled to receive all of the remaining assets of the Company, after distribution of all preferential amounts and before payment to equity shareholders, if any. Such distribution amounts will be in proportion to the number of preference shares held by the shareholders upto the extent of agreed conversion amount of such shares.

D. Other terms and conditions

1) Class-II shares-CCPS:

During the year, on 14 December 2012, the company has issued 411,045 class-II, 0.01% CCPS (previous year nil) of ₹10 each.

Each share holder of CCPS has to get its share converted into equity share as per price of conversion mentioned below within 5 years from closing date i.e. 9 November 2012.

Conversion price 1:

If Company raises additional funds of a minimum of ₹100,000,000 through the issue of new shares within a period of 90 days i.e. 7 Feb 2013 from the closing date, the CCPS shall be converted into equity shares at a price per share equal to the price per share of the new shares so issued in a manner to yield an IRR of 15% per annum, calculated on daily basis for the period from the closing date till the date on which New Shares are so issued.



Conversion price 2:

If the Company does not raise additional funds within 90 days from the closing date or if the Company raises additional funds of less than ₹100,000,000 through the issue of new shares within a period of 90 business days from the closing date, the CCPS shall be converted into equity shares at a price per share based on aggregate equity valuation of such fund raised of less than ₹100,000,000 or 12.5 multiplied by the Earnings before Interest, tax, depreciation and amortisation ('EBITDA') as per audited consolidated financial statements of the Company and its subsidiaries for the twelve month period ended 31 March 2013, whichever is lower.

If the Consolidated audited EBITDA of the Company for the year ended 31 March 2013 is less than ₹ 360,000,000 or if audited consolidated financial statements are not made available to shareholder by 30 September 2013, shareholder shall have right, exercisable at its sole discretion at any time by written notice to the Company and the Founders and the Company, to require the Company to convert all of their shareholding as Class-II shares-CCPS into such number of equity shares that ensures shareholder an internal rate of return of the 15% on the investment amount calculated from the closing date upto the date of such conversion.

Founders and the Company, jointly and severally undertake and agree to shareholder, to procure third parties to acquire and purchase of all of the Class-II shares-CCPS held by shareholder at conversion price arrived in accordance with the shareholder agreement. In event such purchase by third party doesn't happen in 60 days of conversion, Founders and the Company are jointly and severally liable to purchase the same at above mentioned conversion price.

Conversion price 3:

If for any reason whatsoever under applicable laws the Company is unable to undertake the conversion, shareholder shall have the right to seek the conversion of these shares at a price per equity share of ₹ 425.

If the Company subsequently raises additional fund through issue of new shares at a price per share lower than above conversion price, the the following conditions shall apply:

i. If shareholder has already exercised its options under above then the founders shall procure the Company to, and the Company shall take all reasonable steps to issue such number of additional equity shares to the shareholder as if the Class-II shares-CCPS had converted at a price per share equal to the price per share of such new shares. Such additional equity shares shall, subject to applicable laws be issued at no further cost to shareholder.

ii. If shareholder has not exercised its options under conversion price 1 and conversion price 2, then at shareholder's options, CCPS may be converted into equity shares of the Company at a price per share equal to the price of such new share.

2) Class-III shares-OCPS:

During the year, on 14 December 2012, the company has issued 88,955 class-II, 0.01% OCPS (previous year nil) of ₹10 each.

Each share holder of OCPS has to get his share converted into equity share or redeemed in cash as per price of conversion mentioned below at any time.

Conversion price 1:

If Company raises additional funds of a minimum of ₹100,000,000 through the issue of new shares within a period of 90 days i.e. 7 Feb 2013 from the closing date i.e. 9 November 2012, the OCPS shall be converted into equity shares at a price per share equal to the price per share of the new shares so issued in a manner to yield an IRR of 15% per annum, calculated on daily basis for the period from the closing date till the date on which the new shares are so issued.



CL Educate Limited

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

Conversion price 2:

If the Company does not raise additional funds within 90 days from the closing date or if the Company raises additional funds of less than ₹100,000,000 through the issue of new shares within a period of 90 business days from the closing date, the OCPS shall be converted into equity shares at a price per share based on aggregate equity valuation of such fund raised of less than ₹100,000,000 or 12.5 multiplied by the EBITDA as per audited consolidated financial statements of the Company and its subsidiaries for the twelve month period ended 31 March 2013, whichever is lower.

If the Consolidated audited EBITDA of the Company for the year ended 31 March 2013 is less than ₹ 360,000,000 or if audited consolidated financial statements are not made available to shareholder by 30 September 2013, shareholder shall have right, exercisable at its sole discretion at any time by written notice to the Company and the Founders and the Company, to require the Company, to redeem all of their shareholding as Class-III shares-OCPS at a price that ensures shareholder an internal rate of return of the 15% on the Investment amount calculated from the closing date upto the date of such redemption.

Founders and the Company, jointly and severally undertake and agree to shareholder, to procure third parties to acquire and purchase of all of the Class-III shares-OCPS held by shareholder at conversion price arrived in accordance with shareholder agreement. In event such purchase by third party doesn't happen in 60 days of conversion, Founders and the Company are jointly and severally liable to purchase the same at above mentioned conversion price.

Conversion price 3:

If for any reason whatsoever under applicable laws the Company is unable to undertake the conversion/redemption, shareholder shall have the right to seek the conversion of these shares at a price per equity share of ₹ 425.

If the Company subsequently raises additional fund through issue of new shares at a price per share lower than above conversion price, the following conditions shall apply:

i. If shareholder has already exercised its options under above then the founders shall procure the Company to, and the Company shall take all reasonable steps to issue such number of additional equity shares to shareholder as if the Class-III shares-OCPS had converted at a price per share equal to the price per share of such new shares. Such additional equity shares shall, subject to applicable laws be issued at no further cost to shareholder.

ii. If shareholder has not exercised its options under conversion price 1 and conversion price 2, then at shareholder's options, The Class-III shares-OCPS may be converted into equity shares of the Company at a price per share equal to the price of such new share.

3) Class-IV shares-CCPS:

Each share holder of these CCPS had to get his share converted into equity share at the end of one year or the happening of IPO whichever is earlier.

If any dividend is paid prior to the conversion of these CCPS, then the dividend on equity shares shall be payable based on the notional number of equity shares to be issued upon the conversion of these CCPS into equity shares at ₹ 417 per share.

The CCPS had to be adjusted for bonus, splits, rights and any other corporate actions applicable to equity shares.

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c) Shares held by the holding company/ultimate holding company and/or their associates/ subsidiaries and shareholders holding more than 5% shares in the Company.

1) Class-I shares-Equity shares

Name of share holders	31 March 2013		31 March 2012	
	Numbers	% held	Numbers	% held
Mr. Gautum Puri	2,549,186	27.07%	2,549,186	27.31%
Mr. Satya Narayanan .R	2,549,186	27.07%	2,549,186	27.31%
Bilakes Consulting Private Limited	786,859	8.36%	786,859	8.43%
GPE (India) Limited	765,747	8.13%	765,747	8.20%
	6,650,978	70.63%	6,650,978	71.25%

There is no Holding, Ultimate holding company or associate of the Company and no shares have been held by any subsidiaries. As per records of the company, including its register of shareholders/members, the above shareholding represents both legal and beneficial ownerships of shares.

2) Class-II shares-CCPS

Name of share holders	31 March 2013		31 March 2012	
	Numbers	% held	Numbers	% held
GPE India Limited	411,045	100.00%	-	-
	411,045	100.00%	-	-

As per records of the company, including its register of shareholders/members, the above shareholding represents both legal and beneficial ownerships of shares.

3) Class-III shares-OCPS

Name of share holders	31 March 2013		31 March 2012	
	Numbers	% held	Numbers	% held
Gaja Trustee Company Private Limited	88,955	100.00%	-	-
	88,955	100.00%	-	0.00%

As per records of the company, including its register of shareholders/members, the above shareholding represents both legal and beneficial ownerships of shares.

d) No class shares have been issued as bonus shares and shares issued for consideration other than cash during the period of five years immediately preceding the reporting date except for one class of share for which aggregate value has been mentioned below :

1) Class-I shares-Equity shares

	31 March 2013	31 March 2012
	Numbers	Numbers
Equity shares allotted as fully paid-up pursuant to contracts for consideration other than cash	720,032	636,928
	720,032	636,928

In addition, the Company has issued total 4,775 Class-I shares-Equity shares (previous year 51,064 Class-I shares-Equity shares) during the period of five years immediately preceding the reporting date on exercise of options granted under the employee stock option plans wherein part consideration was received in form of employee services.



CL Educate Limited

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

e) No class of shares have been bought back by the Company during the period of five years immediately preceding the reporting date.

f) Shares reserved for issue under options - Employees stock option schemes (ESOP)

The company has one stock option plan. Employee stock options are convertible into equity shares in accordance with the respective employees' stock option plan.

Pursuant to the resolution passed by the Board of Directors at its meeting on March 6, 2008 and the Special Resolution passed by the members in the EGM held on March 31, 2008, the Company introduced "Career Launcher Employee Options Plan 2008" which provides for the issue of 250,000 equity shares to employees of the Company and its subsidiaries. All the above options granted are planned to be settled in equity at the time of exercise and have maximum vesting period of 3 years from the date of respective grants. As at March 31, 2013 and March 31, 2012 the company had 66,268 and 75,175 number of shares reserved for issue under the scheme respectively.

Pursuant to the resolution passed by the Board of Directors at its meeting on 1 May 2012 and the Special Resolution passed by the members in the extra ordinary general meeting held on 31 May 2012, the Company renewed "Career Launcher Employee Options Plan 2008" for a further period of one year i.e. 31 March 2014.

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4. Reserves and Surplus

	31 March 2013 Amount in ₹	31 March 2012 Amount in ₹
4.1. Securities premium account		
Opening balance	567,534,397	459,539,826
(+) Share premium received/adjusted		
-on issue of CCPS in Cash	16,901,450	99,750,000
-on issue of OCPS in Cash	78,098,550	-
-on issue of equity shares consideration other than Cash	43,048,364	-
-on conversion of CCPS in equity shares	-	6,301,146
-on issue of ESOP	-	1,075,375
-transfer from employee stock option outstanding account	-	868,050
(-) Share issue expenses	(6,004,366)	-
(-) Transfer to Class-II shares-CCPS conversion reserve	(4,831,186)	-
(-) Transfer to Class-III shares-OCPS redemption/conversion reserve	(1,045,526)	-
Closing balance	693,701,683	567,534,397
4.2. Class-II shares-CCPS conversion reserve		
Opening balance	-	-
(+) Transferred from share premium during the year	4,831,186	-
Closing balance	4,831,186	-
4.3. Class-III shares-OCPS redemption/conversion reserve		
Opening balance	-	-
(+) Transferred from share premium during the year	1,045,526	-
Closing balance	1,045,526	-
4.4. Capital reserves		
Opening balance	19,939	19,939
Closing balance	19,939	19,939
4.5. General reserves		
Opening balance	5,784,256	5,784,256
Closing balance	5,784,256	5,784,256
4.6. Employee stock option outstanding		
Gross employee stock compensation for options granted in earlier years	5,031,859	-
(+) Gross compensation for options for the year (net of lapses and forfeitures)	3,441,397	5,899,909
(-) Transferred to securities premium on exercise of stock options	-	(868,050)
Closing balance	8,473,256	5,031,859
4.7. Surplus in the statement of profit and loss		
Opening balance	222,060,608	278,349,918
(+) Net profit / (loss) for the year	58,866,331	(56,289,310)
Closing balance	280,926,939	222,060,608
Total reserves and surplus	994,782,785	800,431,059



5. Share application money pending allotment

For the year ended March 31, 2012

Share application money in the previous year represent shares to be issued to promoters of G.K. Publications Private Limited (Refer footnote i of note 14).

As at 31 March 2013, no share application money is pending allotment, as equity share capital carrying one vote each have been issued as 47,416 shares at ₹621 each with face value of ₹10 each on 1 May 2012.

The terms/rights of such equity shares were same as those of existing class-I shares-equity shares [Refer note 3(b)].

6. Long-term borrowings

	Non-current portion		Current maturities	
	31 March 2013	31 March 2012	31 March 2013	31 March 2012
	Amount in ₹	Amount in ₹	Amount in ₹	Amount in ₹
Term loans (secured)				
-From banks				
a) Vehicle loans (Refer footnote i)	2,354,186	3,238,297	884,103	1,355,271
b) Other term loans (Refer footnote ii)	33,927,250	-	97,113,766	-
-From Others				
a) Term loan (Refer footnote iii)		114,225,840	-	101,611,609
	<u>36,281,436</u>	<u>117,464,137</u>	<u>97,997,869</u>	<u>102,966,880</u>
The above amount includes				
Amount disclosed under the head "Other current liabilities" (Refer note 11)	-	-	(97,997,869)	(102,966,880)
Net Amount	<u>36,281,436</u>	<u>117,464,137</u>	<u>-</u>	<u>-</u>

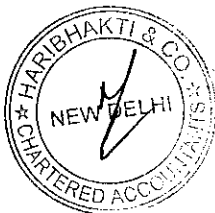
Footnotes

i. Vehicle Loans from banks are secured against hypothecation of concerned vehicles.

The repayment terms of the vehicle loans are as follows:

For amount outstanding as at 31 March 2013

Loan	Outstanding Amount	Rate of Interest	Equal monthly installment (EMI)	Date of Last EMI
	Amount in ₹		Amount in ₹	
Loan 1	48,267	11.07%	16,400	07 June 2013
Loan 2	101,698	9.03%	25,905	01 July 2013
Loan 3	1,040,044	11.99%	33,030	07 May 2016
Loan 4	837,192	12.27%	24,618	09 July 2016
Loan 5	1,211,088	11.53%	32,700	05 January 2017
	<u>3,238,289</u>			



For amount outstanding as at 31 March 2012

Loan	Outstanding Amount	Rate of Interest	Equal monthly installment (EMI)	Date of Last EMI
	Amount in ₹		Amount in ₹	
Loan 1	228,721	11.07%	16,400	07 June 2013
Loan 2	214,486	8.89%	20,376	01 February 2013
Loan 3	389,120	9.03%	25,905	01 July 2013
Loan 4	1,294,852	11.99%	33,030	07 May 2016
Loan 5	1,017,686	12.27%	24,618	07 September 2016
Loan 6	1,448,703	11.53%	32,700	05 January 2017
	4,593,568			

ii. Secured term loans from Bank-other term loans

For amount outstanding as at March 31, 2013

The Company during the year has obtained term loans from Kotak Mahindra Bank. This amount comprise three loans of ₹104,467,627, ₹83,558,732 and ₹ 12,000,000. These loans carry interest at Bank's base rate + 4.25% per annum. Year end balances of these loans are ₹57,818,980, ₹62,338,864 and ₹10,883,172 respectively.

The loan of ₹ 104,467,627 is repayable in 17 equal monthly installments of ₹ 6,810,341 (inclusive of interest) for which December 15, 2013 is the last installment date.

The loan of ₹ 83,558,732 is repayable in 28 equal monthly installments of ₹ 3,515,379 (inclusive of interest) for which November 15, 2014 is the last installment date.

The loan of ₹ 12,000,000 is repayable in 36 equal monthly installments of ₹ 410,132 (inclusive of interest) for which November 10, 2015 is the last installment date.

Primary security

This loan is secured by way of first and exclusive charge on all present and future current and moveable assets including moveable fixed assets.

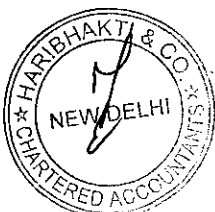
Collateral security

The loan is further secured by equitable mortgage on following properties of the Company:

- Plot No. 15-A , Block II , Knowledge Park, Greater Noida,
- Plot No. 9A, Sector 27-A, Faridabad,
- Office space No. 1 and 2, Third Floor, FC Road, Shivaji Nagar, Pune,
- Unit No. 207, Second Floor, District Centre, Laxmi Nagar, Delhi,
- Office Space No. 201, Second Floor, Business Point, Andheri West, Mumbai and
- Lien over fixed deposits of ₹145,000,000.

These properties are common collateral for exposure of the bank in CL Media Private Limited (a wholly owned subsidiary company) for overdraft limit of ₹25,000,000.

The loan is further secured by personal guarantees of the promoter and directors (Mr. Nikhil Mahajan, Mr. Satyanarayan R. and Mr. Gautam Puri) of the Company.



CL Educate Limited

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

These loans are part of overall limit sanctioned by the bank to the Company, which comprise term loans above, overdraft facility upto ₹245,000,000 (disclosed in short term borrowings in the financial statements) and cash management facility of ₹2,500,000 (unavailed). Securities mentioned above is security provide by the Company for such overall limit.

iii. Term loans (others)

For amount outstanding as at March 31, 2012

Term loan from L & T Finance Limited was taken during the financial year 2011-12 which comprise two loans of ₹ 100,000,000 and ₹ 142,857,143. Both loans carried interest @ 14% per annum. Year end balances of both the loans as at 31 March 2012 ₹90,837,449 and ₹ 125,000,000 respectively.

The loan of ₹ 100,000,000 was repayable in 36 equal monthly installments of ₹ 3,418,000 (inclusive of interest) for which 10 November 2014 was the last installment date as per sanctioned terms. However, the same has been prepaid during the current year.

The loan of ₹ 142,857,143 was repayable in 24 monthly installments of equal principal of ₹ 5,952,381 each along with interest thereon for which 1 December 2013 was the last installment date as per sanctioned terms. However, the same has been prepaid during the current year.

These loans were secured by way of first pari passu charge on all immovable and movable fixed assets and all the current assets of the Company. These loans were further secured by irrevocable and unconditional personal guarantees of the promoter and directors of the Company.

iv. Aggregate amount of loans guaranteed by directors of the Company ₹ 131,041,016 (previous year ₹215,837,449) [Includes amount of ₹97,113,766 (previous year ₹101,611,609) disclosed under other current liabilities as current maturities of long term borrowing (Refer note 11)]

7. Deferred tax liabilities/ assets

	31 March 2013	Charge/ (benefit)	31 March 2012
	Amount in ₹	Amount in ₹	Amount in ₹
Deferred tax assets			
Share issue expenses	-	1,907,574	1,907,574
Unabsorbed depreciation and brought forward business losses	11,348,330	(7,637,284)	3,711,046
Provision for investment	144,693	(21,335)	123,358
Provision for gratuity	1,264,873	(230,338)	1,034,535
Leave encashment	1,919,809	(296,345)	1,623,464
Provision for loans and advances	13,053,028	35,972,873	49,025,901
Provision for incentive	1,373,303	1,004,122	2,377,425
Provision for doubtful dues	505,753	-	505,753
Provision for doubtful debts	333,866	-	333,866
	29,943,655	30,699,267	60,642,922
Deferred tax liabilities			
Fixed assets: Impact of difference between tax depreciation and depreciation/ amortisation charged as per financial statements	33,403,817	8,447,805	24,956,012
Total deferred tax liabilities	33,403,817	8,447,805	24,956,012
Net deferred tax liabilities / (assets)	3,460,162	39,147,072	(35,686,910)



CL Educate Limited

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

8. Long term/short term provisions (Refer Note 36)

	Long-term		Short-term	
	31 March 2013	31 March 2012	31 March 2013	31 March 2012
	Amount in ₹	Amount in ₹	Amount in ₹	Amount in ₹
Provision for employees benefits				
Provision for gratuity (net of funded status) (Refer note 36)	3,898,515	3,188,581	-	-
Provision for leave encashment (Refer note 36)	5,085,409	3,852,586	831,708	1,151,157
	8,983,924	7,041,167	831,708	1,151,157

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CL Educate Limited
Notes to the Financial Statements for the year ended 31 March 2013

9. Short-term borrowings

	31 March 2013	31 March 2012
	Amount in ₹	Amount in ₹
Secured, from bank, repayable on demand		
-Cash credit (Refer footnote i)	233,564,731	163,167,671
Others (Refer note 46 and footnote ii)	890,000	-
Net Amount	234,454,731	163,167,671

Footnotes:

i. Details of these loans are as follows:

For the year ended 31 March 2013

Overdraft from Kotak Mahindra Bank

Cash credit represents overdrafts from Kotak Mahindra Bank which are repayable on demand.

1. It carries interest rate of base rate plus 4.50 %.
2. Security details: Refer footnote ii of note 6.

For the year ended 31 March 2012

Cash credit in previous year represent overdraft from HDFC Bank and Kotak Mahindra Bank.

Overdraft from HDFC bank

1. It carried interest rate of fixed deposit interest rate plus 2 %.
2. It was primarily secured by way of lien of fixed deposits amounting to ₹ 115,086,000 in the name of the Company and further secured by the guarantee of promoters of CL Educate Limited.

Overdraft from Kotak Bank

1. It carried interest rate of bank's base rate plus 4.25 %.
 2. It was primarily secured by way of lien over fixed deposit of ₹ 25,000,000 and by first and pari passu charges with L & T Finance Limited on all existing and future current assets/ movable fixed assets of the borrower.
- It was further secured by a collateral security of equitable mortgage over the following properties pari passu with L & T Finance Limited:

- Plot No. 15-A , Block II , Knowledge Park, Greater Noida
- Plot No. 9A, Sector 27-A, Faridabad
- Office space No. 1 and 2, Third Floor, FC Road, Shivaji Nagar, Pune
- Unit No. 207, Second Floor, District Centre, Laxmi Nagar, Delhi
- Office Space No. 201, Second Floor, Business Point, Anandneri West, Mumbai.

The loan was further secured by irrevocable and unconditional personal guarantees of the Promoters of the Company.

ii. Represent interest free loan repayable on demand.

10. Trade payables

	31 March 2013	31 March 2012
	Amount in ₹	Amount in ₹
Trade payable		
- Related party (Refer note 45 and note 46)	13,606,738	29,774,618
- Others (Refer note 45)	41,664,175	67,470,371
	55,270,913	97,244,989



CL Educate Limited**Notes to the Financial Statements for the year ended 31 March 2013****11. Other current liabilities**

	<u>31 March 2013</u>	<u>31 March 2012</u>
	<u>Amount in ₹</u>	<u>Amount in ₹</u>
Current maturities of long term borrowing (Refer note 6)		-
Term Loans- secured		
- From Banks- Vehicle loan (Refer footnote i of note 6)	884,103	1,355,271
- From Banks- Term loan (Refer footnote ii of note 6)	97,113,766	-
- From Others- Term loan (Refer footnote iii of note 6)	-	101,611,609
Unearned revenue on education and training services	125,677,943	177,481,163
Interest accrued but not due on borrowings	875,331	2,044,432
Unclaimed dividend (Refer footnote i)	28,476	52,626
Book overdraft	1,179,842	-
Other Payables		
-Payable on purchase of fixed assets (Refer footnote ii)	18,120,709	40,698,240
-Payables for investments made	12,636,162	8,479,530
-Employee related payables (Refer footnote ii)	23,308,368	7,738,464
-statutory dues payable	18,069,240	14,188,370
Payables for expenses (Refer note 45)		
- related party (Refer note 46)	7,027,706	1,486,844
- others	30,534,941	34,355,361
	<u>335,456,587</u>	<u>389,491,910</u>

Footnotes:

i. unclaimed dividends aggregating to ₹ 28,476 (Previous year ₹52,626) is not due for transfer to Investor Education and protection fund as at March 31, 2013.

ii. Includes amount due to related parties. (Refer Note 46).

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12. Tangible assets

Particular	Amount in ₹									
	Gross block				Accumulated depreciation				Net block	
	As at 1 April 2012	Addition during the year	Disposal/ Adjustment	As at 31 March 2013	As at 1 April 2012	Depreciation for the year	Disposal/ Adjustment	As at 31 March 2013	As at 31 March 2013	As at 31 March 2012
Leased Assets										
Land - Leasehold (Refer footnote i)	20,043,350	-	-	20,043,350	1,714,011	222,481	-	1,936,492	18,106,858	18,329,339
Owned Assets										
Land - freehold	51,864,647	-	51,864,647	-	-	-	-	-	-	51,864,647
Buildings (Refer footnote ii)	303,750,926	-	-	303,750,926	10,587,135	4,951,141	-	15,538,276	288,212,650	293,163,791
Plant and machineries	8,358,995	36,659	23,500	8,372,154	4,344,004	591,000	15,174	4,919,830	3,452,324	4,014,991
Leasehold Improvement	18,849,028	2,529,982	1,339,688	20,039,322	12,535,359	3,065,152	1,003,593	14,596,918	5,442,404	6,313,669
Furniture and fixtures	5,771,909	105,249	303,049	5,574,109	3,045,695	374,024	154,163	3,265,556	2,308,553	2,726,214
Office equipments	19,711,805	1,550,893	833,027	20,429,671	5,556,013	1,913,535	241,764	7,227,784	13,201,887	14,155,792
Computers	27,111,934	3,047,350	1,715,501	28,443,783	14,419,909	4,635,710	1,045,068	18,010,551	10,433,232	12,692,025
Vehicles (Refer footnote iii)	11,384,434	1,232,019	-	12,616,453	3,137,160	1,346,866	-	4,484,026	8,132,427	8,247,274
Total	466,847,028	8,502,152	56,079,412	419,269,768	55,339,286	17,099,909	2,459,762	69,979,433	349,290,335	411,507,742
Previous year (Refer footnote i and ii)	467,997,782	19,043,030	20,193,784	466,847,028	55,807,872	15,992,825	16,461,411	55,339,286	411,507,742	

Tangible assets, are subject to first pari passu charge to secure the Company's borrowings referred in notes as secured term loan from others, secured term loans from banks and bank overdrafts in the current and previous year.

Footnotes:

- Land measuring 20,007 square metres has been acquired by the company under a lease agreement with Greater Noida Industrial Development Authority for a lease period of 90 years commencing from July 20, 2004. The premium paid on the land and other expenses incidental to the acquisition are amortised over the period of the lease.
- Building includes 5 shares of ₹50 each being the cost of shares in Tardeo Airconditioned Market Building Cooperative Society Limited, Mumbai.
- In case of vehicles, ₹1,232,019 of additions represent additions for prior year accounted in current year. Depreciation for the year on vehicle include ₹ 82,360 of prior period expenses on account of such adjustment.
- During the current year, the Company has classified Freehold Land of ₹51,864,647 as fixed assets held for sale (Refer note 22).



13. Intangible assets

Amount in ₹

Particular	Gross block				Accumulated amortisation				Net block	
	As at 1 April 2012	Addition during the year	Disposal/ adjustment	As at 31 March 2013	As at 1 April 2012	For the Year	Disposal/ adjustment	As at 31 March 2013	As at 31 March 2013	As at 31 March 2012
Owned Assets										
Goodwill	2,879,154	-	2,879,154	-	2,879,154	-	2,879,154	-	-	-
Intellectual property rights and trademarks	180,192,902	1,517,985	15,562,892	166,147,995	51,939,024	15,544,649	15,562,892	51,920,781	114,227,214	128,253,878
Computer softwares	9,929,906	437,856	-	10,367,762	8,237,454	753,046	-	8,990,500	1,377,262	1,692,452
License fees	-	600,000	-	600,000	-	41,640	-	41,640	558,360	-
Content development	-	14,430,150	-	14,430,150	-	7,236,725	-	7,236,725	7,193,425	-
Total	193,001,962	16,985,991	18,442,046	191,545,907	63,055,632	23,576,060	18,442,046	68,189,646	123,356,261	129,946,330
Previous year	73,081,728	120,656,608	736,374	193,001,962	53,150,067	10,641,936	736,371	63,055,632	129,946,330	-

Intangible assets, are subject to first pari passu charge to secure the company's borrowings referred in notes as secured term loan from banks, secured term loan from others and secured loans from bank as bank overdraft.

Footnote: i

In case of Content development, ₹10,200,000 of additions represent additions for prior year accounted in current year. Depreciation for the year on such Content development include ₹3,362,432 of prior period expenses on account of such adjustment.



CL Educate Limited
Notes to the Financial Statements for the year ended 31 March 2013

14. Non-current investments

	31 March 2013	31 March 2012
	Amount in ₹	Amount in ₹
(Non-trade, valued at cost less accumulated depreciation)		
Investment property		
Cost of building	13,113,500	13,113,500
Less: Accumulated depreciation	1,193,940	980,190
	<u>11,919,560</u>	<u>12,133,310</u>
(Non-trade, un-quoted, at cost)		
In subsidiary companies		
8,500 (Previous year 8,500) fully paid up common stock of \$ 1 each of Career Launcher USA Inc (Refer footnote i)	-	380,205
5,369,758 (Previous year 5,343,008) fully paid up equity shares of ₹ 10 each of Career Launcher Education Infrastructure and Services Limited	210,490,951	204,498,951
14,000 (Previous year 14,000) fully paid up equity shares of ₹ 1 each of Career Launcher Asia Educational Hub Pte. Ltd.	428,230	428,230
10,000 (Previous year 10,000) fully paid up equity shares of ₹ 10 each of CL Media Private Limited	100,000	100,000
1,000,000 (Previous year 1,000,000) fully paid up equity shares of ₹ 10 each of Kestone Integrated Marketing services Private Limited.	69,100,000	69,100,000
6,576 (Previous year 6,576) fully paid up equity shares of ₹ 10 each of CL Higher Education Services Private Limited	65,760	65,760
144,400 (Previous year 96,900) fully paid up equity shares of ₹ 10 each of G.K. Publications Private Limited (Refer footnote ii)	108,975,696	73,128,379
	<u>389,160,637</u>	<u>347,701,525</u>
Less : Provision for diminution in value of investment	65,760	380,205
	<u>389,094,877</u>	<u>347,321,320</u>
(Non-trade, un-quoted, at cost)		
In other companies		
909 (Previous year 909) fully paid up equity shares of ₹ 10 each of Threesixtyone Degree Minds Consulting Private Limited	5,000,000	5,000,000
	<u>5,000,000</u>	<u>5,000,000</u>
	<u>406,014,437</u>	<u>364,454,630</u>

Footnotes:

i. This investment has been classified as current investment in current year as the Board of Directors has resolved to sell this investment in near future.

ii. The Company on November 12, 2011 entered into an agreement with the promoters of G. K. Publication Private Limited ('GKP') to acquire 100% of equity shares (190,000 equity shares) of GKP held by them.

The Company shall acquire such shares in tranches on dates mentioned below:

Tranches	Agreed date of acquisition	Number of shares	% of total shares of GKP
1	On or before November 16, 2011	96,900	51
2	On or before July 1, 2012	47,500	25
3	On or before July 1, 2013	45,600	24
	Total	190,000	100



CL Educate Limited

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

Considerations to be paid for each tranches are as follows:

Tranches	Consideration payable in Cash	Consideration by way of issue of equity shares of CL Educate Limited of value	Total Consideration
	Amount in ₹	Amount in ₹	Amount in ₹
1	43,683,028	29,445,351	73,128,379
2	21,413,249	14,433,996	35,847,245
3	20,556,719	13,856,635	34,413,354
	85,652,996	57,735,982	143,388,978

For the year ended 31 March 2013

During the year, the Company on May 1, 2012 has issued 47,416 shares at a premium of ₹611 per share to the promoters of GKP for consideration by way of issue of equity shares of CL Educate Limited for first tranche appearing as share application money in the previous year.

The Company has further acquired the second tranche of shares in GKP by payment of consideration stipulated above including consideration by way of issue of equity shares of CL Educate Limited to the promoters of GKP of value ₹14,434,068, out of which 27,337 shares have been issued at a premium of ₹514.95 per share and 8,351 shares have been issued at par.

For the year ended 31 March 2012

During the previous year, the Company acquired the first tranche of shares in GKP by payment of consideration stipulated above including consideration by way of issue of equity shares of CL Educate Limited of value ₹29,445,351, which had been booked as 'share application money pending allotment' by the Company.

Further subsequent to the balance sheet date, the Company on May 1, 2012 had issued 47,416 shares with value of ₹29,445,351 to the promoters of GKP.

15. Long-term loans and advances

	31 March 2013	31 March 2012
	Amount in ₹	Amount in ₹
Unsecured, considered good, unless otherwise stated		
Security deposits		
- Considered good	12,481,571	9,965,000
- Considered doubtful	436,266	-
	12,917,837	9,965,000
-Less: provision for doubtful security deposits	436,266	-
	12,481,571	9,965,000
Capital advances	200,000	1,225,641
Balance with government authorities		
-service tax paid under protest	21,302,000	21,302,000
Loans and advances to employees	90,000	617,000
Advance income-tax [(net of provision for tax of ₹125,719,800) (P.Y. ₹128,310,057)]	45,099,119	40,937,899
-Share application money pending allotment (Refer note 46)	13,500,032	-
Others (Gratuity trust)	10,000	10,000
Total	92,682,722	74,057,540

16. Other non-current assets

	31 March 2013	31 March 2012
	Amount in ₹	Amount in ₹
Unsecured, considered good		
Interest accrued on non current deposits	2,324,125	178,150
Non-current bank balances (Refer note 20)	148,589,508	3,947,895
	150,913,633	4,126,045



CL Educate Limited
Notes to the Financial Statements for the year ended 31 March 2013

17. Current investments

(Non-trade, un-quoted, at cost)

In subsidiary companies

8,500 (Previous year 8,500) fully paid up common stock of \$ 1 each of Career Launcher USA Inc
(Refer footnote i of note 14)

Less : Provision for dimunition in value of investment

<u>31 March 2013</u>	<u>31 March 2012</u>
Amount in ₹	Amount in ₹
380,205	-
<u>380,205</u>	<u>-</u>
<u>-</u>	<u>-</u>

18. Inventories (Valued at cost or net realisable value, whichever is lower)

Stock in trade (acquired for trading)

- Test prepration material

<u>31 March 2013</u>	<u>31 March 2012</u>
Amount in ₹	Amount in ₹
24,284,972	12,504,575
<u>24,284,972</u>	<u>12,504,575</u>

19. Trade receivables (Refer footnote i)

Unsecured, considered good unless stated otherwise

Outstanding for a period exceeding six months from the date they are due for payment

-Considered good (Refer footnote ii)

-Considered doubtful

Less: Provision for doubtful trade receivables

Others (Refer footnote ii)

<u>31 March 2013</u>	<u>31 March 2012</u>
Amount in ₹	Amount in ₹
76,284,985	72,236,203
1,029,022	1,029,022
<u>77,314,007</u>	<u>73,265,225</u>
1,029,022	1,029,022
<u>76,284,985</u>	<u>72,236,203</u>
236,680,337	191,776,013
<u>312,965,322</u>	<u>264,012,216</u>

Footnotes:

i. Includes amount due from a company of ₹nil (Previous year ₹60,757,615) in which directors of the Company are directors.

ii. Include amount due from related party (Refer note 46).

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CL Educate Limited
Notes to the Financial Statements for the year ended 31 March 2013

20. Cash and bank balances

	Non-current		Current	
	31 March 2013 Amount in ₹	31 March 2012 Amount in ₹	31 March 2013 Amount in ₹	31 March 2012 Amount in ₹
Cash and cash equivalents				
Balances with banks:				
- in current accounts	-	-	7,443,744	14,498,649
- in exchange earner foreign currency account ('EEFC')	-	-	-	618,450
- in unpaid dividend account	-	-	46,040	71,032
Cheques/ drafts on hand	-	-	5,428,904	2,088,981
Cash on hand	-	-	6,810,164	2,757,076
	-	-	19,728,852	20,034,188
Other bank balances				
- Deposits with original maturity for more than 3 months but less than 12 months from the reporting date and not covered under Margin money deposits and under lien deposits	-	-	45,561,727	-
- Margin money deposits and under lien deposits (Refer footnote i)	148,589,508	3,947,895	-	137,933,088
	148,589,508	3,947,895	65,290,579	157,967,276
Amount disclosed under other non-current assets (Refer note 16)	(148,589,508)	(3,947,895)	-	-
	-	-	65,290,579	157,967,276

Footnote: i

In case of current deposit, it includes:

- Deposits aggregating to ₹Nil (Previous year ₹137,933,088) pledged with banks for overdraft facility (Refer footnote i of note 9).

In case of non current deposits, it include:

- Deposits of ₹1,566,193 (Previous year ₹1,430,970) for issue of guarantees in favor of Northern Eastern Council Secretariat, Shilong,
- Deposits of ₹Nil (Previous year ₹327,531) for issue of guarantees in favor of Ministry of Labour and Social Welfare, United Arab Emirates,
- Deposits of ₹99,518 (Previous year ₹75,000) for issue of guarantees in favor of value added tax authorities,
- Deposits of ₹1,684,764 (Previous year ₹1,914,394) for issue of guarantees in favor of Development Support Agency of Gujarat- TDD Project,
- Deposits of ₹239,033 (Previous year ₹200,000) for issue of guarantees in favor of The Directorate of Employment Training, Gandhi Nagar-TDD and
- Deposits aggregating to ₹145,000,000 (Previous year ₹Nil) pledged with banks for overall loan facility (Refer footnote ii of note 6).



CL Educate Limited
Notes to the Financial Statements for the year ended 31 March 2013

21. Short term loans and advances

	31 March 2013	31 March 2012
	Amount in ₹	Amount in ₹
Unsecured, considered good, unless otherwise stated		
Loans and advance to related parties (Refer note 46)		
- Considered good	80,476,859	102,995,657
- Considered doubtful	39,794,980	151,104,642
	<u>120,271,839</u>	<u>254,100,299</u>
-Less: provision for doubtful advances	39,794,980	151,104,642
	<u>80,476,859</u>	<u>102,995,657</u>
Security deposit	8,056,345	8,582,505
Loans and advances to employees (Refer footnote i)	6,296,505	3,858,240
Balance with government authorities		
- service tax credit receivable currently not available for adjustment	332,604	60,086
Prepaid expenses	76,765,847	77,425,882
Other loans and advance		
-Loan and advances to franchisees	2,701,997	5,394,229
-Advance to supplier	1,994,594	12,667,039
- Others	-	457,263
Total	<u>176,624,751</u>	<u>211,440,901</u>

Footnote: i

Amount include recoverable from director of the Company (Refer note 46).

22. Other current assets

	31 March 2013	31 March 2012
	Amount in ₹	Amount in ₹
Unbilled revenue	-	5,097,226
Interest accrued but not due on fixed deposits	2,409,388	4,605,878
Interest accrued but not due on loans and advances		
-From related parties (Refer note 46)	468,727	793,972
-From others	-	567,397
Total (A)	<u>2,878,115</u>	<u>11,064,473</u>
Other dues from related parties (Refer note 46)		
- Considered good	5,822,358	15,531,373
- Considered doubtful	1,558,800	1,558,800
	<u>7,381,158</u>	<u>17,090,173</u>
Less: provision for doubtful balance	1,558,800	1,558,800
Total (B)	<u>5,822,358</u>	<u>15,531,373</u>
Receivables on account of transfer of fixed assets		
- From related parties (Refer note 46)	6,618,979	5,891,193
- From others	-	593,297
Fixed asset held for sale (Refer footnote iv of note 12)	51,864,647	-
Total (C)	<u>58,483,626</u>	<u>6,484,490</u>
Total (A+B+C)	<u>67,184,099</u>	<u>33,080,336</u>



CL Educate Limited

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

23. Revenue from operations

	31 March 2013 Amount in ₹	31 March 2012 Amount in ₹
Revenue from operations		
Sale of products		
- Sale of study material	186,953,578	148,834,973
Sale of services		
- Education and training programmes	782,209,461	646,662,513
- Vocational training services	67,252,181	65,567,237
	1,036,415,220	861,064,723
Other operating revenue		
Business development and allied services to related parties (Refer note 46)	-	2,289,778
Start up fees from franchisees	16,234,009	10,812,818
License fees (Refer footnote i)	-	15,715,556
Royalty Income (Refer footnote i)	18,726,382	5,947,115
Advertising Income (Refer footnote i)	9,506,249	10,770,141
Infrastructure fees (Refer footnote i)	1,380,000	34,380,000
Campus placement income	3,249,907	-
Grant income	78,863,235	5,097,226
Other miscellaneous operating Income	822,664	-
Revenue from operations	1,165,197,666	946,077,357

Footnotes

i. Include revenue from related parties (Refer note 46).

24. Other Income

	31 March 2013 Amount in ₹	31 March 2012 Amount in ₹
Interest income on		
-Fixed deposits	14,466,705	11,755,091
-Income tax refund	2,338,358	2,410,805
- loans and advances (Refer footnote i)	8,194,831	26,319,749
Net gain on foreign currency transactions and translations	1,137,051	6,144,448
Liability no longer required written back	31,579,708	16,288,602
Rent income from investment property net of expenses (Refer footnote ii)	386,250	586,250
Rent income others	240,000	1,999,998
Profit on sale of fixed assets (net)	128,611	-
Bad debts recovered	573,099	718,353
Provisions written back	112,878,251	-
Realisation from surrender of Keyman insurance policy	7,187,799	-
Miscellaneous income	2,287,057	1,099,891
	181,397,720	67,323,187

Footnotes

i. Include interest income from related parties (refer note 46).

ii. Rent income (net of expense)

Rent income on buiding classified as Investment property	600,000	800,000
Less: Depreciation on building classified as investment property	213,750	213,750
	386,250	586,250



CL Educate Limited

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

25. Purchases of stock-in-trade

	31 March 2013	31 March 2012
	Amount in ₹	Amount in ₹
Study materials	103,340,921	52,562,335
	<u>103,340,921</u>	<u>52,562,335</u>

26. (Increase)/decrease in inventories of traded goods

		31 March 2013	31 March 2012
		Amount in ₹	Amount in ₹
Opening stock	A	12,504,575	-
Closing stock	B	24,284,972	12,504,575
Increase in inventory of stock-in-trade	(A-B)	<u>(11,780,397)</u>	<u>(12,504,575)</u>

27. Cost of services

	31 March 2013	31 March 2012
	Amount in ₹	Amount in ₹
Other test preparation related consumables consumed	4,040,603	3,177,612
Faculty expenses	81,395,069	46,389,640
Franchisee expenses	372,101,811	322,628,356
Hostel expenses	10,752,672	12,000
Mobilisation expenses	3,147,270	-
Project monitoring charges	418,605	-
	<u>471,856,030</u>	<u>372,207,608</u>

28. Employee benefit expenses

	31 March 2013	31 March 2012
	Amount in ₹	Amount in ₹
Salary, wages, bonus and other benefits	178,729,841	168,586,166
Contribution to provident and other funds (Refer Note 36)	3,752,922	3,700,366
Gratuity expense (Refer Note 36)	1,048,275	200,013
Leave encashment expense (Refer Note 36)	2,656,440	1,299,584
Expense on employee stock option (ESOP) scheme (Refer Note 37)	3,441,397	5,899,909
Staff welfare expenses	5,820,337	5,789,443
	<u>195,449,212</u>	<u>185,475,481</u>

29. Finance costs

	31 March 2013	31 March 2012
	Amount in ₹	Amount in ₹
Interest expense on borrowings		
-Vehicle loan	460,693	321,312
-Overdraft	27,171,579	12,255,246
-Term loan	28,751,814	26,236,104
Loan processing charges	1,904,795	1,214,286
Interest on delayed payment of statutory dues	780,520	15,980
	<u>59,069,401</u>	<u>40,042,928</u>



CL Educate Limited
Notes to the Financial Statements for the year ended 31 March 2013

30. Depreciation and amortisation expenses

Depreciation of tangible assets (Refer note 12 and note 32)
Amortisation of intangible assets (Refer note 13 and note 32)

31 March 2013	31 March 2012
Amount in ₹	Amount in ₹
17,017,549	15,992,825
20,213,628	10,641,936
37,231,177	26,634,761

31. Other expenses

Rent expenses
Office expenses
Travelling and conveyance expenses
Legal and professional expenses
Communication expenses
Repairs and maintenance expenses
-Building
-Others
Water and electricity expenses
Freight and cartage expenses
Equipment hire expenses
Bad debts written off
Doubtful advances written-off
Miscellaneous balances written-off
Doubtful deposits written-off
Provision for doubtful advance
Provision for impairment of investment
Fixed Assets written off
Loss on sale of Fixed Assets (net)
Printing and stationery expenses
Newspaper, books and periodicals expenses
Insurance expenses
Royalty expenses
Recruitment, training and development expenses
Rates and taxes expenses
Donations
Content maintainance fees
Bank charges (other than finance cost)
Marketing research
Advertisement, publicity and sales promotion
Business promotion expenses
Material development and printing expenses
Sales Incentive
Commission to non executive directors
Miscellaneous expenses

31 March 2013	31 March 2012
Amount in ₹	Amount in ₹
48,991,829	35,063,486
25,459,318	17,701,719
21,309,372	19,701,848
11,567,242	14,687,832
11,460,571	10,674,892
7,052,136	6,534,658
3,680,857	2,726,283
9,702,521	6,943,401
5,779,814	5,074,068
14,194,946	5,023,012
31,904,044	40,678,329
120,020,653	40,000
2,403,282	1,414,206
391,720	-
2,004,854	-
65,760	-
613,293	1,069,420
-	133,213
2,301,955	1,953,098
517,487	1,594,970
2,656,741	2,360,148
2,181,211	1,252,164
1,813,544	1,491,478
609,367	1,772,885
143,750	295,306
2,400,000	4,800,000
2,601,532	2,545,537
7,825,899	5,176,070
41,072,445	48,233,903
6,822,498	6,557,601
2,324,544	998,106
945,596	1,535,354
414,022	-
4,013,228	2,703,674
395,246,031	250,736,661



CL Educate Limited
Notes to the Financial Statements for the year ended 31 March 2013

32. Prior period (income)/expenses (net)

		<u>31 March 2013</u>	<u>31 March 2012</u>
		Amount in ₹	Amount in ₹
Prior period income			
-Content development fees wrongly expensed off in previous years, now capitalised		10,200,000	-
-Salary, wages, bonus and other benefits		-	2,138,893
-Business development and allied services		-	270,246
-Expenses debited in statement of profit and loss in earlier year incurred on behalf of a related party (Refer note 46)		336,848	-
	A	<u>10,536,848</u>	<u>2,409,139</u>
Prior period expenses			
-Salary, wages, bonus and other benefits		92,216	-
-Depreciation of tangible assets		82,360	-
-Amortisation of intangible assets		3,362,432	-
-Interest on Term Loan		564,906	-
-Franchisee Payments		714,058	-
-Rent		65,200	-
-Legal and professional expenses		995,728	-
-Bad Debts		219,721	-
-Insurance		205,001	-
-Rates & Taxes		420,556	-
-Miscellaneous Expenses		10,080	-
	B	<u>6,732,258</u>	<u>-</u>
Prior period (income)/expenses (net) (A-B)	(A-B)	<u>(3,804,590)</u>	<u>(2,409,139)</u>

33. Basic and diluted earnings / (loss) per share

The calculation of earnings / (loss) per Share (EPS) has been made in accordance with Accounting Standard (AS) -20. A statement on calculation of Basic and Diluted EPS is as under.

	<u>Reference</u>	<u>Units</u>	<u>31 March 2013</u>	<u>31 March 2012</u>
Profit / (Loss) attributable to equity shareholders	A	₹	58,866,331	(56,289,310)
Weighted average numbers of equity shares	B	Numbers	9,393,087	8,777,076
Add: Dilutive potential equity shares (Refer footnote i, ii and iii)	C	Numbers	75,456	-
Number of equity shares for dilutive EPS	D=B+C	Numbers	9,468,543	8,777,076
Basic earnings / (loss) per share	A/B	₹	6.27	(6.41)
Diluted earnings / (loss) per share	A/D	₹	6.22	(6.41)

Footnotes:

i. Following are the potential equity shares considered to be anti dilutive in nature, hence these have not been adjusted to arrive at the dilutive earning / (loss) per share:

Weighted average number of shares

Class-IV shares-CCPS

Employee stock option issued during the year

Employee stock option outstanding

	<u>31 March 2013</u>	<u>31 March 2012</u>
	In numbers	In numbers
	-	699,208
	-	163
	-	181,657
	<u>-</u>	<u>881,028</u>



CL Educate Limited

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

ii. The Company has committed to issue equity shares of CL Educate Limited to the promoters of G. K. Publication Private Limited for purchase of tranche 3 equity share of G. K. Publication Private Limited (Refer footnote ii of note 14). As the share price for such conversion and hence number of shares to be issued is not determinable as of the reporting date, the impact of the same as potential equity share for calculation of diluted earnings per share is not possible.

iii. During the current year, the Company has committed to issue equity shares of CL Educate Limited to GPE (India) Limited on conversion of Class- II shares-CCPS and Gaja Trustee Company Private Limited for Class- III shares-OCPS as per terms mentioned in footnote d of note 3. As the share price for such conversion and hence number of shares to be issued is not determinable as of the reporting date, the impact of the same as potential equity share for calculation of diluted earnings per share is not possible.

iv. The Company has ESOP outstanding as on balance sheet date, shares which are outstanding and will be issued at for consideration less than fair value. Such equity shares shall generate lesser proceeds and have no effect on the net profit attributable to equity shares outstanding. Therefore, value of such differential (fair value per share less exercise price per share) in respect of ESOP outstanding are considered dilutive and equalised number of ESOP outstanding derived by dividing such differential value with fair value per share, is added to the number of equity shares outstanding in the computation of diluted earning per share.

In the current year, following are the potential equity shares considered to be dilutive in nature, hence these have been adjusted to arrive at the dilutive earnings per share:

Weighted average number of shares
-Employee stock option outstanding

<u>31 March 2013</u> <u>In numbers</u>	<u>31 March 2012</u> <u>In numbers</u>
75,456	-
<u>75,456</u>	<u>-</u>

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34. Contingent liabilities (to the extent not provided for)

Particulars	31 March 2013	31 March 2012
	Amount in ₹	Amount in ₹
Claims against the Company not acknowledged as debt (Refer footnote i below)	307,311,632	246,809,717
Corporate guarantees (Refer footnote ii below)	370,000,000	270,000,000
Guarantee to director of a subsidiary (Refer footnote iii below)	10,752,963	36,917,461
	688,064,595	553,727,178

Footnote i: Details of Claims against the Company not acknowledged as debt**For the year ended 31 March 2013**

Amount above include:

- Demand for service tax aggregating to ₹160,784,835 for the period July 1, 2003 to September 30, 2010 is disputed by the Company against which the Company filed a reply. During the earlier years, the Company received an order from the Commissioner of Service Tax confirming the demand of ₹178,213,247. The officer has also imposed a penalty of ₹71,022,306 under Section 78 of the Finance Act, 1994. The Company has preferred an appeal with CESTAT against the order of the Commissioner of Service tax.
- Demand for service tax aggregating to ₹29,189,006 for the period October 2010 to June 2012 is disputed by the Company against which the Company has filed a reply and an order of the service tax department is awaited.
- During the earlier years, the Company received a demand for service tax aggregating to ₹3,118,307 for the period September 2004 to March 2007 due to incorrect availment of service tax cenvat credit. Penalty, aggregating to ₹3,100,000 has also been levied under Section 15 read with Rule 15 of Cenvat Credit Rules, 2004. The Company has preferred an appeal with CESTAT against the order of the Commissioner of Service tax.
- During the earlier years, the Company received a demand for service tax aggregating to ₹40,097,178 for the period September 2004 to March 2007 due to incorrect availment of service tax cenvat credit. The Company has disputed the demand and has preferred an appeal with Commissioner (Appeals) Central Excise and Customs.

For the year ended 31 March 2012

Amount above include:

- Demand for service tax aggregating to ₹63,947,644 for the period July 1, 2003 to September 30, 2008 is disputed by the Company against which the Company filed a reply. During the earlier years, the Company received an order from the Commissioner of Service Tax confirming the demand of ₹63,947,644. The officer has also imposed a penalty of ₹63,947,644 under Section 78 of the Finance Act, 1994. The Company has preferred an appeal with CESTAT against the order of the Commissioner of Service tax.
- Demand for service tax aggregating to ₹114,265,603 for the period April 2008 to October 2010 is disputed by the Company against which the Company has filed a reply and an order of the service tax department is awaited.
- During the earlier years, the Company received a demand for service tax aggregating to ₹1,548,826 for the period September 2004 to March 2007 due to incorrect availment of service tax cenvat credit. Penalty, aggregating to ₹3,100,000 has also been levied under Section 15 read with Rule 15 of Cenvat Credit Rules, 2004. The Company has disputed the demand and has preferred an appeal with Commissioner (Appeals) Central Excise and Customs.



CL Educate Limited**Notes to the financial statements for the Year ended 31 March 2013**

Based on the interpretations of the provisions of various Acts, the company has been advised that the above demands are likely to be deleted or substantially reduced and accordingly no additional provisions has been made.

Footnote ii: Corporate guarantees

Corporate guarantees aggregating to ₹ 280,000,000 (Previous year ₹ nil) provided to HDFC Bank Limited and ₹nil (Previous year ₹ 215,000,000) to Punjab National Bank and Axis Bank Limited in respect of loans granted to Career Launcher Infrastructure Private Limited (CLIP), a wholly owned subsidiary of Career Launcher Education Infrastructure Services Limited, a subsidiary of the Company, ₹ 65,000,000 (Previous year ₹ 55,000,000) provided to IndusInd Bank Limited in respect of loans granted to Kestone Integrated Marketing Services Private Limited, a wholly owned subsidiary company and ₹ 25,000,000 (previous year ₹nil) provided to Kotak Mahindra Bank in respect of loans granted to CL Media Private Limited, a wholly owned subsidiary company of the Company.

As assessed by the management, the likeliness of liability of loan not being discharged by the respective subsidiary companies are not 'more likely than not' as mentioned in Accounting Standard -29 "Provisions, Contingent Liabilities and Contingent Assets" and hence no liability has been recognised in the books. Also, as the likeliness of the same is not remote (as mentioned in the same Accounting Standard) too, we have disclosed these as Contingent Liabilities.

Footnote iii: Guarantee to director of a subsidiary

During the previous year, GK Publications Private Limited, a subsidiary of the company, received loans from their directors against which guarantee has been provided by the Company. The balance of such loan outstanding as the reporting date is of ₹10,752,963 (previous year ₹36,917,461).

35. Commitments

Particulars	(Amount in ₹)	
	31 March 2013 Amount in ₹	31 March 2012 Amount in ₹
Estimated Amount of contracts remaining to be executed on capital account		
-to related party [Net of Advances of ₹nil (previous year ₹nil)]	13,200,000	15,600,000
-to others [Net of advances of ₹200,000 (previous year ₹1,225,641)]	2,000,000	16,000
Total capital commitments	15,200,000	15,616,000
<u>Other Material Commitments</u>		
Commitment towards purchase of 24% (previous year 49%) of equity shares of G. K Publication Private Limited (Also refer footnote i of note 14)	34,413,354	70,260,599
Commitment for maintenance of contents to related party	13,200,000	15,600,000
Commitment for licence fees from Threesixtyone Degree Minds Consulting Private Limited	10,551,000	-
Total other material commitments	58,164,354	85,860,599
Total commitments	73,364,354	101,476,599

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36. Employee benefits obligations

The Company has in accordance with the Accounting Standard-15 'Employee Benefits' has calculated the various benefits provided to employees as under:

A. Defined contribution plans

During the year the Company has recognized the following amounts in the statement of profit and loss:-

Particulars	31 March 2013	31 March 2012
	Amount in ₹	Amount in ₹
Employers contribution to provident fund	3,533,726	3,411,189
Employers contribution to Employees' State Insurance	219,196	289,177
Total (Also Refer note 28)	3,752,922	3,700,366

B. Defined employee benefits and other long term benefit schemes:

The present value obligation is determined based on actuarial valuation using the projected unit credit method, which recognises each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligations. The summarized positions of various defined benefits are as under:

I. Actuarial assumptions

Particulars	Earned Leave		Gratuity (funded)	
	31 March 2013	31 March 2012	31 March 2013	31 March 2012
Discount rate (per annum)	8.00%	8.78%	8.00%	8.78%
Expected rate of increase in compensation levels	5.00%	5.00%	5.00%	5.00%
Expected rate of return on plan assets	N.A.	N.A.	9.25%	9.25%
Expected average remaining working lives of employees (years)	27.19	27.71	27.19	27.71
Retirement age (Years)	58	58	58	58
Mortality table	IALM (1994-96)	LIC (1994-96)	IALM (1994-96)	LIC (1994-96)
Ages	Withdrawal Rate (%)		Withdrawal Rate (%)	
Up to 30 Years	3.00		3.00	
From 31 to 44 years	2.00		2.00	
Above 44 years	1.00		1.00	

Note:

The discount rate has been assumed at 8.00% p.a. (previous year 8.78% p.a.) which is determined by reference to market yield at the balance sheet date on government securities. The estimates of 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.

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II. Present value of obligation

Particulars	(Amount in ₹)			
	Earned leave		Gratuity (funded)	
	31 March 2013	31 March 2012	31 March 2013	31 March 2012
Present value of obligation at the beginning of the year	5,003,743	4,919,119	5,151,348	5,220,924
Current service cost	1,135,740	1,093,486	1,238,319	1,185,043
Interest cost	400,299	431,758	412,108	458,397
Past service cost	-	-	-	-
Benefit paid	(1,743,066)	(1,213,354)	(447,980)	(456,346)
Actuarial (gain)/loss on obligation	1,120,401	(227,266)	(423,475)	(1,256,670)
Present value of obligation at the end of the year	5,917,117	5,003,743	5,930,320	5,151,348

III. Fair value of plan assets

Particulars	Gratuity (funded)	
	31 March 2013	31 March 2012
	Amount in ₹	Amount in ₹
Fair value of plan assets at the beginning of the year	1,962,767	1,632,356
Adjustment on account of wrong non-deduction by life insurance corporation (LIC) in earlier year (Refer footnote i)	(604,936)	-
Expected return on plan assets	181,556	150,993
Contributions	943,277	600,000
Benefits paid	(447,980)	(456,346)
Actuarial gain/(loss) on plan assets	(2,879)	35,764
Fair value of plan assets at the end of the year	2,031,805	1,962,767

Footnote:

i. Represent amount of fund balance (including interest) wrongly not deducted by LIC on account of transfer of employees to CL Media Private Limited from the Company and not accounted by the Company. Details of same are as follows:

Particulars	31 March 2013	31 March 2012
	Amount in ₹	Amount in ₹
Fund Amount	465,412	-
Interest amount	139,524	-
	604,936	-

IV. Expenses Recognised in the statement of profit and loss for the year

Particulars	(Amount in ₹)			
	Earned leave		Gratuity (funded)	
	31 March 2013	31 March 2012	31 March 2013	31 March 2012
Current service cost	1,135,740	1,093,486	1,238,319	1,185,043
Interest cost	400,299	431,758	412,108	458,397
Past service cost	-	-	-	-
Expected return on plan assets	-	-	(181,556)	(150,993)
Net actuarial (gain)/ loss to be recognized	1,120,401	(227,266)	(420,596)	(1,292,434)
Expense recognised in statement of Profit and Loss	2,656,440	1,297,978	1,048,275	200,013



V. Reconciliation of present value of defined benefit obligation and fair value of assets

Particulars	(Amount in ₹)			
	Earned leave		Gratuity (funded)	
	31 March 2013	31 March 2012	31 March 2013	31 March 2012
Present value of obligation as at the end of the year	5,917,117	5,003,743	5,930,320	5,151,348
Above amount comprises of:				
Short term present value of obligation	831,708	1,151,157	644,848	565,292
Long term provision	5,085,409	3,852,586	5,285,472	4,586,056
Total (A)	5,917,117	5,003,743	5,930,320	5,151,348
Fair Value of plan assets as at the end of the year	-	-	2,031,805	1,962,767
Above amount comprises of:				
Short term fair value of plan assets	-	-	644,848	565,292
Long term fair value of plan assets	-	-	1,386,957	1,397,475
Total (B)	-	-	2,031,805	1,962,767
Net liability recognized in balance sheet as at year end (A-B)	5,917,117	5,003,743	3,898,515	3,188,581
Amount classified as:				
Short term provision (Refer note 8)	831,708	1,151,157	-	-
Long term provision (Refer note 8)	5,085,409	3,852,586	3,898,515	3,188,581

VI. Net assets/liability and actuarial experience gain/(loss) for present benefit obligation ('PBO') and plan assets and employers best estimate for next year

(a) Gratuity (Funded)

Particulars	(Amount in ₹)				
	31 March 2013	31 March 2012	31 March 2011	31 March 2010	31 March 2009
PBO	5,930,320	5,151,348	5,220,924	4,000,554	4,511,149
Plan assets	2,031,805	1,962,767	1,632,356	1,975,902	3,102,363
Net assets/ (liability)	(3,898,515)	(3,188,581)	(3,588,568)	(2,024,652)	(1,408,786)
Experience gain/ (loss) on PBO	924,288	785,029	(1,600,913)	500,257	-
Experience gain/ (loss) on plan assets	(2,879)	39,845	(24,004)	(102,866)	-

(b) Earned Leave

Particulars	(Amount in ₹)				
	31 March 2013	31 March 2012	31 March 2011	31 March 2010	31 March 2009
PBO	5,917,117	5,003,743	4,919,119	4,501,246	4,690,332
Plan assets	-	-	-	-	-
Net assets/ (liability)	(5,917,117)	(5,003,743)	(4,919,119)	(4,501,246)	(4,690,332)
Experience gain/ (loss) on PBO	(648,627)	(201,840)	(442,554)	(219,025)	1,078,435
Experience gain/ (loss) on plan assets	-	-	-	-	-



The plan assets of the company are managed by Life Insurance Corporation of India through a trust managed by the Company in terms of an insurance policy taken to fund obligations of the company with respect to its gratuity plan. The categories of plan assets as a percentage of total plan assets is based on information provided by Life Insurance Corporation of India with respect to its investment pattern for group gratuity fund for investments managed in total for several other companies. Information on categories of plan assets as at March 31, 2013 has not been provided by Life Insurance Corporation of India.

(c) Employer's best estimate for contribution during next year

Particulars	Amount in ₹
Employees gratuity fund	2,314,817
Earned leave	1,411,350

37. Employee Stock Option Plan

Pursuant to shareholder resolution dated March 6, 2008, the Company introduced "Employee Stock Option Plan 2008 (CL ESOP -2008)" which provides for the issue of 250,000 stock options to employees of the company and its holding and subsidiaries companies. Till date 243,968 (previous year 214,968) stock options have been granted under this scheme.

The information concerning stock options granted, exercised, forfeited and outstanding at the year end is as follows:

ESOP to directors of the Company

Particulars	31 March 2013		31 March 2012	
	Number of stock Options	Weighted average exercise price (₹)	Number of stock Options	Weighted average exercise price (₹)
Employees Stock Option Plan 2008				
Outstanding at the beginning of the year	9,600	300	12,000	300.00
Granted	-	-	-	-
Exercised	-	-	2,400	300.00
Forfeited	-	-	-	-
Outstanding at the end of year	9,600	300	9,600	300.00
Vested during the year	-	-	2,400	300.00
Weighted average grant date fair value per option for option granted during the year at less than fair value	-	-	-	-

ESOP to person other than directors of the Company

Particulars	31 March 2013		31 March 2012	
	Number of stock Options	Weighted average exercise price (₹)	Number of stock Options	Weighted average exercise price (₹)
Employees Stock Option Plan 2008				
Outstanding at the beginning of the year	172,450	320.05	145,796	345.97
Granted	29,000	210.00	37,500	175.00
Exercised	-	-	2,375	169.74
Forfeited	20,093	173.04	8,471	171.38
Outstanding at the end of year	181,357	318.45	172,450	320.05
Vested during the year	48,639	335.17	39,117	302.07
Weighted average grant date fair value per option for option granted during the year at less than fair value	29,000	524.95	37,500	417.00



CL Educate Limited**Notes to the financial statements for the Year ended 31 March 2013**

The Black Scholes valuation model has been used for computing the weighted average fair value considering the following inputs:

Particulars	31 March 2013	31 March 2012
Dividend yield (%)	-	-
Expected volatility*	26.95%	9.20%
Risk-free interest rate	7.75%	8.45%
Weighted average share price (in ₹)	524.95	417.00
Exercise price (in ₹)	175-300	150-300

*Expected volatility has been determined using historical fluctuation in share issue prices of the Company.

38. Auditors Remuneration (excluding service tax):

(Included in Legal and professional expenses)

Particulars	31 March 2013	31 March 2012
	Amount in ₹	Amount in ₹
Statutory audit	2,100,000	1,900,000
Other engagement prescribed to be done by Statutory auditors	600,000	-
Other matters	775,000	1,815,000
Out of pocket expenses	39,140	
Total	3,514,140	3,715,000

39. Segment reporting**Primary segment**

The company has identified one reportable business segment as primary segment: Education and training programme (including sale of study material). The segment has been identified and reported taking into account the nature of products, the differing risks and returns, the organisation structure and the internal financial reporting systems.

Education and training programme (including sale of study material) mainly include coaching for higher education entrances.

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CL Educate Limited

Notes to the financial statements for the Year ended 31 March 2013

Financial information about the primary segment is given below:

For the Year ended 31 March 2013

Particulars	Education and training programme (including sale of study material)	Others	(Amount in ₹) Total
Segment revenue			
Operating income	985,397,048	179,800,618	1,165,197,666
Allocable other income	29,046,639	-	29,046,639
Total segment income-allocable	1,014,443,687	179,800,618	1,194,244,305
Total expenses- allocable	752,842,072	87,477,496	840,319,568
Total segment result- allocable	261,601,615	92,323,122	353,924,737
Unallocable other income			152,351,081
			506,275,818
Total expenses- unallocable			410,092,807
Operating profit before exceptional expenses, tax and prior period			96,183,011
Prior period expense/ (income)			(3,804,590)
Profit before tax			99,987,601
Total tax expenses			41,121,270
Net profit			58,866,331
Segment assets	502,514,429	136,730,543	639,244,972
Unallocable assets			1,129,455,374
Total assets			1,768,700,346
Segment liabilities	214,579,417	10,408,363	224,987,780
Unallocable liabilities			449,751,681
Total liabilities			674,739,461
Other information			
Capital expenditure-allocable	7,028,294	758,544	7,786,838
Capital expenditure-unallocable			17,794,540
Depreciation and amortisation-allocable	18,220,570	1,043,632	19,264,202
Depreciation and amortisation-unallocable			17,966,975
Other significant non-cash expenses (net)-allocable	27,172,273	614,603	27,786,876
Other significant non-cash expenses (net)-unallocable			20,179,875

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CL Educate Limited

Notes to the financial statements for the Year ended 31 March 2013

For the Year ended 31 March 2012

Particulars	Education and training programme (including sale of study material)	Others	(Amount in ₹) Total
Segment revenue			
Operating income	806,310,303	139,767,054	946,077,357
Allocable other income	16,614,517	-	16,614,517
Total segment income-allocable	822,924,820	139,767,054	962,691,874
Total expenses- allocable	541,324,245	75,394,386	616,718,631
Total segment result- allocable	281,600,575	64,372,668	345,973,243
Unallocable other income			50,922,418
			396,895,661
Total expenses- unallocable			298,650,316
Operating profit before exceptional expenses, tax and prior period			98,245,345
Exceptional expenses			196,616,459
Operating loss before tax and prior period			(98,371,114)
Prior period expense/(income)			(2,409,139)
Loss before tax			(95,961,975)
Total tax benefit (net)			(39,672,665)
Net loss			(56,289,310)
Segment assets	281,614,019	128,253,878	409,867,897
Unallocable assets			1,288,916,604
Total assets			1,698,784,501
Segment liabilities	164,840,055	-	164,840,055
Unallocable liabilities			610,720,976
Total liabilities			775,561,031
Other information			
Capital expenditure-allocable	-	120,000,000	120,000,000
Capital expenditure-unallocable			19,699,638
Depreciation and amortisation-allocable	-	9,485,207	9,485,207
Depreciation and amortisation-allocable-unallocable			17,363,304
Other significant non-cash expenses (net)-allocable	57,027,829	-	57,027,829
Other significant non-cash expenses (net)-unallocable			103,990,588

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Secondary segment

The company has identified Geographical Segment as Secondary Segment.

Financial information about the geographic segment is given below:

For the Year ended 31 March 2013

Particulars			(Amount in ₹)
	Within India	Overseas	Total
Segment revenue	1,121,577,890	43,619,776	1,165,197,666
Segment assets	1,756,367,958	12,332,388	1,768,700,346
Segment liabilities	674,739,461	-	674,739,461
Capital expenditures	25,581,378	-	25,581,378

For the Year ended 31 March 2012

Particulars			(Amount in ₹)
	Within India	Overseas	Total
Segment revenue	893,846,379	52,230,978	946,077,357
	139,699,638	-	139,699,638

Information on assets and liabilities has not been provided by locations of customers, as such information is not realistically allocable and identifiable in the previous year.

40. Leases**As lessee**

The company is a lessee under various operating leases. Rental expense for operating lease for the Year ended 31 March 2013 and March 31, 2012 was ₹48,991,829 and ₹35,063,486 respectively. Expected future minimum commitments for non-cancellable Leases are as follows:

Particulars	31 March 2013	31 March 2012
	Amount in ₹	Amount in ₹
Not later than one year	198,000	538,065
Later than one year but not later than 5 years	-	-
Later than 5 years	-	-
Total	198,000	538,065

As lessor

The Company has given a portion of its premises on non-cancellable operating lease to various franchisees.

Lease receipts recognized in the Statement of profit and loss during the year amounts to ₹ 840,000 (Previous year ₹ 2,799,998). There are no non cancellable leases and hence disclosure relating to minimum lease receipts has not been provided.

41. Expenditure in foreign currency

Particulars	31 March 2013	31 March 2012
	Amount in ₹	Amount in ₹
Travelling and conveyance	132,554	131,835
Bank charges	65,810	51,088
Franchise recurring payments	33,048,417	33,082,654
Others	236,860	3,169,780
Total	33,483,641	36,435,357



42. Earnings in foreign currency

Particulars	31 March 2013	31 March 2012
	Amount in ₹	Amount in ₹
Test preparation training services	38,004,516	47,972,178
Sale of study material	4,123,220	4,258,800
Start up fees from franchisee	1,492,040	-
Total	43,619,776	52,230,978

43. Un-hedged foreign currency exposure

The year-end foreign currency exposures that have not been hedged by a derivative instrument or otherwise as follows:

Receivables in foreign currency

Particulars	31March 2013	31March 2012	Foreign currency (FC)*	31March 2013	31March 2012
	Amount in ₹	Amount in ₹		Amount in FC	Amount in FC
- Trade receivable	12,714,023	14,511,252	AED QAR	758,524 100,000	1,025,661 -
- Short term loans and advances	47,753,097	46,601,081	SGD USD	213,695 738,589	203,072 735,689
-Other current assets	1,615,679	1,558,800	USD AED	30,000 3,845	30,000
- Cash and bank balances	913,812	2,389,055	AED USD	61,767 -	125,147 11,901

*Abbreviations: AED: United Arab Emirates Dirham, QAR: Qatari Rial, SGD: Singapore Dollar and USD: United States Dollar.

Payable in foreign currency

Particulars	31March 2013	31March 2012	Foreign currency	31March 2013	31March 2012
	Amount in ₹	Amount in ₹		Amount in FC	Amount in FC
-Trade payable	-	3,866,069	AED	-	273,255

44. Additional information pursuant to paragraph 5(iii), 5(iv) and 5(Viii)(a), 5(Viii)(c) and 5(Viii)(d) of Part II of Schedule VI to the companies Act, 1956 to the extent, either nil or not applicable, has not been furnished.

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45. Disclosure relating to suppliers registered under Micro, Small and Medium Enterprise Development Act, 2006:

	<u>31 March 2013</u> Amount in ₹	<u>31 March 2012</u> Amount in ₹
The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year included in		
- trade payables	55,270,913	97,244,989
- other current liabilities		
- Payables for expenses	2,971,664	1,351,052
- Payables on purchase of fixed assets	54,000	54,000
Principal amount due to micro and small enterprises	-	-
Interest due on above	-	-
	-	-
The amount of interest paid by the buyer in terms of section 16 of the MSMED ACT 2006 along with the amounts of the payment made to the supplier beyond day each accounting year	-	-
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointment day during the year) but without adding the interest specified under the MSMED Act, 2006.	-	-
The amount of interest accrued and remaining unpaid at the end of each accounting year.	-	-
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible under section 23 of the MSMED Act 2006.	-	-

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46. Related party disclosure

The disclosure as required by the Accounting Standard -18 (Related Party Disclosure) are given below:-

(a) List of related parties with whom transactions have taken place:

Nature of relationship	Name of related party
Subsidiary company	i. Career Launcher USA Inc., USA ii. Career Launcher Education Infrastructure & Services Ltd, India iii. CL Media Private Limited, India iv. Career Launcher Asia Educational Hub Pte Ltd, Singapore v. Kestone Integrated Marketing Services Private Limited, India vi. Career Launcher Infrastructure Private Limited, India vii. Career Launcher Higher Education Services Private Limited, India viii. G K Publications Private limited, India (from 1 October 2012)
Enterprises in which key management personnel and their relatives are able to exercise significant influence	i. Career Launcher Education Foundation, India ii. CLEF - AP, India iii. Nalanda Foundation, India iv. Career Launcher Employee Welfare Society v. Career Launcher Employee Group Gratuity Trust
Key Management Personnel	i. Mr. Satya Narayanan R ii. Mr. Gautam Puri iii. Mr. Nikhil Mahajan

(b) Details of related party transactions are as below:

Particulars	31 March 2013 Amount in ₹	31 March 2012 Amount in ₹
1. Revenue from operations-Other operating revenue		
a. Business development and allied services		
- Career Launcher Education Foundation	-	2,289,778
b. License fees		
- CL Media Private Limited	-	15,000,000
- Career Launcher Education Foundation	-	715,556
	-	15,715,556
c. Royalty income		
- CL Media Private Limited	18,726,382	5,947,115
d. Advertising Income		
- CL Media Private Limited	9,506,248	9,934,095
e. Infrastructure Fees		
- Career Launcher Education Infrastructure & Services Limited	1,380,000	1,380,000
- Career Launcher Education Foundation	-	33,000,000
	1,380,000	34,380,000



CL Educate Limited

Notes to the financial statements for the Year ended 31 March 2013

2. Other income

a. Interest on loans and advances

- Career launcher education foundation	7,474,519	25,482,281
- Keystone Integrated Marketing Services Private limited	114,456	433,193
- Career Launcher Higher Education Services Private Limited	-	163,958
- G.K. Publications Private Limited	520,808	-
	8,109,783	26,079,432

c. Rent income-others

- Career Launcher Education Infrastructure & Services Limited	180,000	120,000
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d. Miscellaneous income-Soft skill fee

- Keystone Integrated Marketing Services Private limited	120,000	-
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e. Prior period income

- Career Launcher Asia Educational Hub Pte. Ltd.	336,848	-
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3. Other expenses

a. CL Media Private Limited

- Content maintenance fees	2,400,000	4,800,000
- Purchase of stock in trade	89,939,110	20,747,360
- Royalty expense	-	583,362
- Miscellaneous expense	24,080	-
	92,363,190	26,130,722

b. CLEF - AP

- Dues Written off	-	40,000
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c. G.K. Publication

- Purchase of printing book	236,023	-
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d. Keystone Integrated Marketing Services Private Limited

- Equipment hiring charges	7,668,288	-
- Miscellaneous expenses	2,265,750	-
- Communication expenses	-	-
- Business promotion expenses	283,500	-
- Legal and professional charges	82,110	-
	10,299,648	-

e. Career Launcher Education Foundation

- Training and development expenses	165,700	-
- Miscellaneous expenses	320,000	-
- Marketing research expenses	2,040,000	-
	2,525,700	-

f. Managerial remuneration

- Mr. Gautam Puri	5,095,560	5,053,200
- Mr. Satya Narayanan R.	5,095,560	5,053,200
- Mr. Nikhil Mahajan	4,947,840	4,905,480
	15,138,960	15,011,880

4. Reimbursement of expense from related parties

- Career Launcher Education Foundation	-	12,457,791
- Career Launcher Education Infrastructure & Services Limited	900,886	561,796
- Keystone Integrated Marketing Services Private limited	78,608	325,537
- Career Launcher Infrastructure Private Limited	14,027	-
- Nalanda foundation	-	12,000
	993,521	13,357,124



CL Educate Limited

Notes to the financial statements for the Year ended 31 March 2013

5. Reimbursement of expense to related parties

- Keystone Integrated Marketing Services Private Limited	73,432	462,346
- CL Media Private Limited	1,342,942	374,115
- Career Launcher Education Infrastructure & Services Limited	34,117	9,000
- Career Launcher Asia Educational Hub Pte. Ltd.	-	86,035
	1,450,491	931,496

6. Amount Received on behalf of related parties

- CL Media Private Limited	216,188	-
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7. Amount Paid on behalf of related parties

- CL Media Private Limited	105,820	-
- G K Publication	1,640,462	-
	1,746,282	-

8. Advance received from related party

- Career Launcher employee welfare society	1,250,000	-
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9. Loans given to related party

- Career Launcher Education Infrastructure & Services Limited	2,587,394	-
- CL Media Private Limited	-	7,145,000
- Career Launcher Education Foundation	14,397,007	21,540,557
- Keystone Integrated Marketing Services Private limited	-	23,000,000
- Career Launcher USA Inc	164,217	-
- Career Launcher Asia Educational Hub Pte. Ltd.	110,815	-
- G K Publications Private Limited	9,400,000	-
	26,659,433	51,685,557

10. Repayment of loan given

- Keystone Integrated Marketing Services Private Limited	983,787	23,000,000
- CL Media Private Limited	47,760,000	60,000
- Career Launcher Education Foundation	283,000	4,000,000
- Nalanda Foundation	1,716,929	-
- Career Launcher Higher Education Services Private Limited [include write-off of ₹68,504 (Previous year ₹nil)]	2,647,562	-
- CLEF- AP	858,465	-
	54,249,743	27,060,000

11. Purchase of assets from related party

- CL Media Private Limited		
-Content purchased	2,400,000	-
-CAT Online Module purchased	1,830,150	-
-Assets purchased by subsidiary on our behalf and transferred	1,517,985	-
	5,748,135	-

12. Sale of assets to related party

- Career Launcher Infrastructure Private Limited	727,787	891,153
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13. Purchase of additional investment

- Career Launcher Education Infrastructure & Services Limited	5,992,000	-
- Career Launcher Higher Education Services	-	65,760
	41,839,317	73,194,138

14. Share application given- pending for allotment

- Career Launcher Education Infrastructure & Services Limited	13,500,032	-
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15. Transfer of Non - Compete fees to

G.K. Publications Private Limited (acquired from promoters of G.K. Publications Private Limited, amounting ₹ 5,000,000)	-	5,000,000
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16. Exceptional expenses (Refer note 47)**Balances written-off/provided for of related parties balances:****i. Career Launcher Education Foundation**

-Provision for doubtful advances	-	112,878,251
-Advances written-off	-	60,700,598

Total (A)

	-	173,578,849
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ii. Career Launcher USA Inc.

-Provision for doubtful advances	-	21,098,605
-Provision for doubtful receivables	-	1,558,800
-Provision for impairment of investments	-	380,205

Total (B)

	-	23,037,610
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Total (A+B)

	-	196,616,459
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(c) Balance outstanding with or from related parties as at:**Particulars**

	<u>31 March 2013</u>	<u>31 March 2012</u>
	<u>Amount in ₹</u>	<u>Amount in ₹</u>
1. Trade receivable		
- CL Media Private Limited	-	60,757,615
2. Short-term loans and advances		
a. Loans and advance to related parties		
- Career Launcher USA Inc.	38,390,608	38,226,391
- Keystone Integrated Marketing Services Private Limited	-	983,787
- CL Media Private Limited	-	47,760,000
- Career Launcher Asia Educational Hub Pte. Ltd.	9,362,491	8,374,689
- Career Launcher Education Foundation	60,531,345	153,532,475
- Nalanda Foundation	-	1,716,929
- G.K. Publications Private Limited	9,400,000	-
- Career Launcher Education Infrastructure & Services Limited	2,587,394	-
- CLEF - AP	-	858,465
- Career Launcher Higher Education Services Private Limited	-	2,647,562
	120,271,838	254,100,298
b. Loans and advances to employees		
- Mr. Satya Narayanan R	113,174	-
3. Provision for doubtful dues		
a. Career Launcher Education Foundation (Refer note 47)		
- Provision for doubtful loans and advances (Refer Foot note 1)	-	112,878,251
b. Career Launcher USA Inc. (Refer note 47)		
- Provision for doubtful loans and advances	38,390,608	38,226,391
- Provision for doubtful receivables	1,558,800	1,558,800
- Provision for Impairment of investment	380,205	380,205
C. Career Launcher Higher Education Services Private Limited		
- Provision for Impairment of investment	65,760	-
D. Career Launcher Asia Educational Hub Pte. Ltd.		
- Provision for doubtful loans and advances	1,404,372	-
	41,799,745	153,043,647
4. Trade payable		
- CL Media Private Limited	13,370,716	29,774,618
- GK Publications Private Limited	236,023	-
	13,606,739	29,774,618



CL Educate Limited
Notes to the financial statements for the Year ended 31 March 2013

5. Other current liabilities

a. Payable for expenses

- CL Media Private Limited	-	374,115
- Career Launcher Education Foundation	1,425	3,800
- Kestone Integrated Marketing Services Private Limited	7,026,281	1,108,929
	<u>7,027,706</u>	<u>1,486,844</u>

b. Employee related pyabales

- Mr. Gautam Puri	457,740	-
- Mr. Nikhil Mahajan	600,886	-
- Mr. Satya Narayanan R	254,966	-
	<u>1,313,592</u>	<u>-</u>

6. Other current assets

a. Interest accrued on loans and advances

- Kestone Integrated Marketing Services Private Limited	-	793,972
- GK Publications Private Limited	468,727	-
	<u>468,727</u>	<u>793,972</u>

b. Receivables on account of transfer of fixed assets

- Career Launcher Infrastructure Private Limited	1,618,980	891,193
- G.K. Publications Private Limited	5,000,000	5,000,000
	<u>6,618,980</u>	<u>5,891,193</u>

c. Other dues from related parties:

- CL Media Private Limited	-	110,324
- Career Launcher USA Inc.	1,558,800	1,558,800
- Career Launcher Education Infrastructure & Services Limited	226,166	2,676,123
- Kestone Integrated Marketing Services Private Limited	-	4,889
- Career Launcher Education Foundation	5,596,192	12,728,037
- Nalanda Foundation	-	12,000
- CLEF - AP	-	-
	<u>7,381,158</u>	<u>17,090,173</u>

7. Short term borrowings

- Career Launcher Employee Welfare Society	890,000	-
	<u>890,000</u>	<u>-</u>

8. Guarantees given on behalf of (Refer note 30):

G. K. Publication Private Limited (towards guarantee of loan given by directors to the Company)	10,752,963	36,917,461
Kestone Integrated Marketing Services Private Limited (Guarantee to bank for loan taken by the Company)	65,000,000	55,000,000
CL Media Private Limited (Guarantee to bank for loan taken by the Company)	25,000,000	-
Career Launcher Infrastructure Private Limited (Guarantee to bank for loan taken by the Company)	280,000,000	215,000,000
	<u>380,752,963</u>	<u>306,917,461</u>

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47. Exceptional expenses

Particulars	31 March 2013 Amount in ₹	31 March 2012 Amount in ₹
Balances written- off/provided for of related parties balances:		
i. Career Launcher Education Foundation (Refer footnote i)		
-Provision for doubtful advances	-	112,878,251
-Advances written-off	-	60,700,598
Total (A)	-	173,578,849
ii. Career Launcher USA Inc. (Refer footnote ii)		
-Provision for doubtful advances	-	21,098,605
-Provision for doubtful receivables	-	1,558,800
-Provision for impairment of investments	-	380,205
Total (B)	-	23,037,610
Total (A+B)	-	196,616,459

Footnotes

i. In the previous year, the Company had created provision and written off balances due in the nature of short terms loans and advances ('referred as balances') recoverable from Career Launcher Education Foundation (enterprises in which key management personnel and their relatives are able to exercise significant influence) as the loans and advances are considered unrecoverable on account of inability to be paid by Career Launcher Education Foundation.

Impairment of the balances was done by way provisions and write offs. Write offs had been done for the portion of balances which was considered fully unrecoverable and provisions was made for the portion for which the management believed that the amount could be more likely than not be unrecovered.

In the current year, amounts provided for in last year have been written off.

Detail of balances and provision against the same:

Particulars	31 March 2013 Amount in ₹	31 March 2012 Amount in ₹
Balances outstanding, included in:		
-Short term loans and advances	-	222,643,476
-Other current assets	-	12,728,037
Total outstanding (A)	-	235,371,513
Provisions/write-offs		
-Provision for doubtful advances	-	112,878,251
-Advances written-off#	-	60,700,598
Total provision/write-off(B)	-	173,578,849
Service tax credit taken/payable reversed on account of balances written -off (C)	-	8,410,403
Total amount not provided for and considered good (A-B-C)	-	53,382,261

ii. During the earlier years, the Company had created a combined provision in the nature of long term investments, other current assets and loans and advances ('collectively referred as balances') held in/given to Career Launcher USA Inc. (a subsidiary company) as the diminution in investments was considered to be other than temporary and other current assets and loans and advances were considered unrecoverable on account of inability to be paid by Career USA Inc. The evaluation of provision involves usage of assumptions and significant judgments based on valuation methodologies/judgements.



Detail of balances and provision against the same:

Particulars	31 March 2013	31 March 2012
	Amount in ₹	Amount in ₹
Balances outstanding, included in:		
-Short term loans and advances	38,390,608	38,226,391
-Other current assets	1,558,800	1,558,800
-Long term investments	380,205	380,205
Total outstanding (A)	40,329,613	40,165,396
Provisions/write-offs		
-Provision for doubtful advances	38,390,608	38,226,391
-Provision for doubtful receivables	1,558,800	1,558,800
-Provision for impairment of investments	380,205	380,205
Total provision/write-off(B)	40,329,613	40,165,396
Total amount not provided for and considered good(A-B)	-	-

48. In accordance with recent amendment in the year 2012, the Company has conducted a Transfer Pricing Study using the services of an independent chartered accountant for Specified Domestic Transactions ('SDT') with its associated parties domiciled in India as stipulated in newly inserted Section 92BA of the Income Tax Act, 1961, applicable in India, to determine whether such SDT with associated parties in India are being undertaken at "arm's length basis".
The management is of the opinion that all transactions with associated enterprises are undertaken at negotiated contracted prices on usual commercial terms and are at arms' length, and there will not be any impact on the financial statements as a consequence of the legislation.
49. Previous year's figures have been regrouped and/or re-arranged wherever necessary to conform to current year's groupings and classifications.

As per our report of even date

For Haribhakti & Co.

Chartered Accountants

Firm Registration No. 108523W

Raj Kumar Agarwal
Partner

Membership No.:074715

Place: New Delhi
Date : 26 July 2013

CL Educate Limited

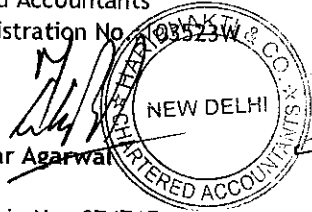
For and on behalf of board of directors of

Gautam Puri
Managing Director

Place: New Delhi
Date : 26 July 2013

Nikhil Mahajan
Director

Rachna Sharma
Company Secretary



(Signature of Gautam Puri)

(Signature of Nikhil Mahajan)

(Signature of Rachna Sharma)