
CL Educate
Limited
[Formerly
Career
Launcher
(India) Limited]

Statutory Audit for the year
ending March 31, 2012

Auditors' Report

To
The Members of CL Educate Limited [Formerly Career Launcher (India) Limited]

1. We have audited the attached balance sheet of CL Educate Limited [Formerly Career Launcher (India) Limited] ('the Company') as at March 31, 2012 and also the statement of profit and loss and the cash flow statement for the year ended on that date, annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 (as amended) ('the order'), issued by the Central Government of (India) in terms of sub-section (4A) of Section 227 of 'The Companies Act, 1956' of (India) (the 'Act') and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the paragraph 3 above, we report that:
 - i. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - ii. 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;
 - iii. 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;
 - iv. In our opinion, the balance sheet, statement of profit and loss and cash flow statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956.
 - v. On the basis of the written representations received from the directors, as on March 31, 2012 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2012 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.



Our Offices :

Ahmedabad • Bengaluru • Chennai • Coimbatore • Hyderabad • Kolkata • Mumbai • New Delhi • Pune

- vi. In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India;
- in the case of the balance sheet, of the state of affairs of the Company as at March 31, 2012;
 - in the case of the statement of profit and loss, of the loss for the year ended on that date; and
 - in the case of cash flow statement, of the cash flows for the year ended on that date.

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



Raj Kumar Agarwal
Partner
Membership No.: 074715

Place: Greater Noida
Date: July 30, 2012

Annexure referred to in paragraph 3 of the Auditors' Report of even date to the members of CL Educate Limited [formerly Career Launcher (India) Limited] on the financial statements for the year ended March 31, 2012.

- (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 therefore do not affect the going concern assumption.
- (ii) (a) The inventory has been physically verified by the management during the year. 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) The Company is maintaining proper records inventory.
- (iii) (a) The Company has granted loans to five companies covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount involved during the year was ₹ 104,863,740 and the year-end balance of loans granted to such parties was ₹ 95,803,740.
- (b) *In our opinion and according to the information and explanations given to us, the rate of interest and other terms and conditions for such loans given to CL Media Private Limited and Career Launcher Asia Educational Hub Pte. Ltd., wholly owned subsidiaries of the Company, are prima facie, 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 such loans given to parties other than above, 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) As informed, 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) (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 weakness in internal control system of the Company.
However 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. The Company is in the process of rectifying such weaknesses subsequent to the reporting date.
- (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 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.
- (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, service tax, and other material statutory dues applicable to it.

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



(c) According to the records of the Company, the dues outstanding 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 (in ₹)	Period to which the amount relates	Forum where dispute is pending
Income Tax Act, 1961	Income Tax	109,517,828	2009-10	Commissioner of Income Tax (Appeals), New Delhi
Income Tax Act, 1961	Tax deducted at Source	35,557,912	2002-03 to 2005-06	Commissioner of Income Tax (Appeals), New Delhi
Income Tax Act, 1961	Tax deducted at Source	18,964,174	2006-07 to 2008-09	Commissioner of Income Tax (Appeals), New Delhi
Income Tax Act, 1961	Tax deducted at Source	38,064,894	2009-10	Commissioner of Income Tax (Appeals), New Delhi
Finance Act, 1994	Service Tax	63,947,644	July 2003 to September 2008	Central Excise and Service Tax Appellate Tribunal, New Delhi
Finance Act, 1994	Service Tax	7,932,185	October 2008 to March 2009	Commissioner of Service Tax, New Delhi
Finance Act, 1994	Service Tax	1,548,826	September 2004 to March 2007	Central Excise and Service Tax Appellate Tribunal, New Delhi
Finance Act, 1994	Service Tax	1,4973,187	April 2008 to September 2008	Commissioner of Service Tax, New Delhi
Finance Act, 1994	Service Tax	11,797,636	April 2009 to September 2009	Commissioner of Service Tax, New Delhi
Finance Act, 1994	Service Tax	79,562,595	October 2009 to September 2010	Commissioner of Service Tax, New Delhi

(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.

There are no debentures issued by the Company.

(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.

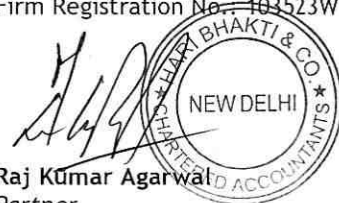
(xiii) In our opinion and according to the information and explanations given to us, the Company is not a chit fund or a nidhi / mutual benefit fund / society. Accordingly, the provisions of paragraph 4(xiii) of the order are not applicable to the Company.

(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: Greater Noida
Date: July 30, 2012

CL EDUCATE LIMITED
[Formerly Career Launcher (India) Limited]
BALANCE SHEET AS AT MARCH 31, 2012

		(Amount in ₹)	
	Note	March 31, 2012	March 31, 2011
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	3	93,347,060	94,352,480
Reserves and surplus	4	800,431,059	743,693,939
		893,778,119	838,046,419
Share application money pending allotment	5	29,445,351	100,307,500
Non-current liabilities			
Long-term borrowings	6	117,464,137	125,922,063
Deferred tax liabilities (net)	41	-	5,379,371
Long-term provisions	7	7,041,167	8,507,687
		124,505,304	139,809,121
Current liabilities			
Short-term borrowings	8	163,167,671	19,809,057
Trade payables	9	115,464,478	93,062,128
Other current liabilities	10	321,896,843	248,468,523
Short term provisions	7	1,151,157	-
		601,680,149	361,339,708
TOTAL		1,649,408,923	1,439,502,748
ASSETS			
Non-current assets			
Fixed assets			
- Tangible assets	11	423,641,052	424,536,968
- Intangible assets	12	129,946,330	19,931,661
Non-current investments	13	352,321,320	274,507,386
Deferred tax assets (net)	41	35,686,909	-
Long-term loans and advances	14	52,755,547	71,260,032
Other non-current assets	15	2,620,075	54,838,194
		996,971,233	845,074,241

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CL EDUCATE LIMITED
[Formerly Career Launcher (India) Limited]
BALANCE SHEET AS AT MARCH 31, 2012

Continued from previous page

	Note	March 31, 2012	(Amount in ₹) March 31, 2011
Current assets			
Inventories	16	12,504,575	-
Trade receivables	17	214,636,639	149,618,731
Cash and bank balances	18	159,473,246	129,775,608
Short term loans and advances	19	232,742,901	287,051,752
Other current assets	20	33,080,329	27,982,416
		<u>652,437,690</u>	<u>594,428,507</u>
TOTAL		<u>1,649,408,923</u>	<u>1,439,502,748</u>
Summary of significant accounting policies	2		

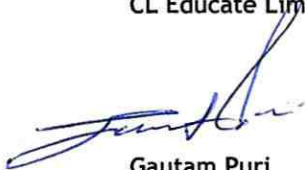
The accompanying notes form an integral part of the financial statements.

As per our report of even date
For Haribhakti & Co.
Chartered Accountants
Firm Registration No.: T03523W


Raj Kumar Agarwal
Partner
Membership No.: 074715

Place: Greater Noida
Date: July 30, 2012

For and on behalf of board of directors of
CL Educate Limited [Formerly Career Launcher (India) Limited]


Gautam Puri
Managing Director


Nikhil Mahajan
Director


Rachna Sharma
Company Secretary

Place: Greater Noida
Date: July 30, 2012

CL EDUCATE LIMITED
[Formerly Career Launcher (India) Limited]
STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2012

		Year ended March 31, 2012	(Amount in ₹) Year ended March 31, 2011
Income			
Revenue from operations	21	911,697,357	852,235,674
Other income	22	101,916,935	85,064,350
Total revenue		1,013,614,292	937,300,024
Expenses			
Purchases of stock-in-trade	23	50,313,882	31,621,734
Changes in inventories of stock-in-trade	24	(12,504,575)	-
Employee benefits expense	25	185,475,481	142,955,136
Finance cost	26	40,026,948	31,413,739
Depreciation and amortisation expenses	27	26,848,511	20,947,962
Other expenses	28	625,208,700	571,307,681
Total expenses		915,368,947	798,246,252
Profit before exceptional expenses and prior period (income)/expenses		98,245,345	139,053,772
Exceptional expenses	46	196,616,459	17,127,786
		(98,371,114)	121,925,986
Prior period (income)/expenses	29	(2,409,139)	-
(Loss)/Profit before tax		(95,961,975)	121,925,986
Tax expense			
-Current tax expense for the current year		-	44,176,000
-Current tax expense relating to prior years		1,393,615	-
-Deferred tax (benefit)/charge	41	(41,066,280)	2,743,054
(Loss)/Profit for the year		(56,289,310)	75,006,932
(Loss)/Earnings per share (in ₹):			
(nominal value of ₹ 10 per share)			
-Basic		(6.41)	8.57
-Diluted		(6.41)	8.55
Summary of significant accounting policies	2		

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



For and on behalf of board of directors of

CL Educate Limited [Formerly Career Launcher (India) Limited]


Gautam Puri
 Managing Director


Nikhil Mahajan
 Director


Rachna Sharma
 Company Secretary

Place: Greater Noida
 Date: July 30, 2012

Place: Greater Noida
 Date: July 30, 2012

CL EDUCATE LIMITED
[Formerly Career Launcher (India) Limited]
CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2012

	Year ended March 31, 2012	(Amount in ₹) Year ended March 31, 2011
Cash flows from operating activities		
Net (loss)/profit before tax	(95,961,975)	121,925,986
<i>Adjustments for:</i>		
Depreciation and amortization	26,848,511	20,947,962
Fixed assets written off	1,069,420	-
Finance costs	38,812,662	31,413,739
Loss/(gain) on sale of assets (net)	133,213	(2,006,355)
Interest income	(40,485,644)	(27,485,163)
Liabilities no longer required written back	(16,288,602)	(2,137,211)
Advances written off	40,000	2,626,827
Bad debts written off	40,678,329	26,349,463
Transfer to stock option outstanding	5,031,859	-
Exceptional expenses (Refer note 46)		
-Advances written-off	60,700,598	-
-Provision for doubtful receivables	1,558,800	-
-Provision for doubtful short term advances	133,976,856	17,127,786
-Provision for diminution in value of investment	380,205	-
Net unrealised foreign exchange (gain)	(5,428,451)	(100,188)
	<u>247,027,756</u>	<u>66,736,860</u>
 <i>Changes in working capital</i>		
Adjustments for (increase) / decrease in operating assets:		
Inventories	(12,504,575)	-
Trade receivables	(103,386,046)	(44,377,449)
Short term loan and advances	(110,852,032)	(34,926,316)
Long term loan and advances	(1,347,184)	7,430,334
Other current assets	(7,818,448)	518,515
Adjustments for increase / (decrease) in operating liabilities:		
Trade payables	22,402,350	5,175,483
Other current liabilities	56,941,173	(1,708,969)
Other long term liabilities	-	-
Long term provisions	(1,466,520)	1,213,354
Short term provisions	1,151,157	768,435
	<u>(156,880,125)</u>	<u>(65,906,613)</u>
Cash generated from operations	(5,814,344)	122,756,233
Less: Taxes refunded/(paid), net of paid/refund	17,816,315	(51,074,729)
Net cash generated from operating activities	12,001,971	71,681,504

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CL EDUCATE LIMITED
[Formerly Career Launcher (India) Limited]
CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2012

Continued from previous page

	Year ended March 31, 2012	(Amount in ₹) Year ended March 31, 2011
Cash flows from investing activities		
Capital expenditure on fixed assets, including capital advances	(139,057,895)	(62,367,104)
Proceeds from sale of fixed assets	2,529,740	6,959,344
Investment in deposits not considered as cash and cash equivalents (net)	(434,120)	(34,665,987)
Purchase of long-term investments of:		
-Subsidiaries	(73,194,139)	(59,998,951)
-Others	(5,000,000)	-
Loan given to:		
-Subsidiaries	(30,145,000)	(1,000,000)
-Others	(21,540,557)	(145,577,542)
Repayment of loan by:		
-Subsidiaries	23,060,000	92,406,428
-Others	4,000,000	16,734,065
Interest received	43,180,320	30,992,044
Net cash used in investing activities	(196,601,651)	(156,517,703)
Cash flows from financing activities		
Proceeds from issue of equity shares	1,991,175	137,249,000
Proceeds from issue of preference shares	4,692,500	-
Repayment of fraction amount on account of CCPS conversion	(2,024)	-
Share application money received	29,445,351	100,307,500
Proceeds from long term borrowings	246,924,510	813,866
Repayment of long term borrowings	(224,732,467)	(53,571,429)
Net increase/(decrease) in working capital requirements	143,358,614	(70,386,119)
Finance cost	(39,057,969)	(31,413,739)
Share issue expense	-	(9,799,014)
Net cash generated from financing activities	162,619,690	73,200,065

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CL EDUCATE LIMITED
[Formerly Career Launcher (India) Limited]
CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2012

Continued from previous page

	Year ended March 31, 2012	(Amount in ₹) Year ended March 31, 2011
Net decrease in cash and cash equivalents (A)	(21,979,990)	(11,636,134)
Cash and cash equivalents (Refer to note 18)		
-Beginning of the year (B)	41,525,025	53,161,160
Effect of exchange differences on restatement of foreign currency cash and cash equivalents (C)	489,153	-
-End of the year (A+B+C)	20,034,188	41,525,025
Cash and bank balances as per cash flow statement	20,034,188	41,525,026
Less: Bank balances not considered as cash and cash equivalents as defined in AS 3 'Cash Flow Statements'	139,439,058	88,250,582
Cash and cash equivalents at the end of the year	159,473,246	129,775,608
Summary of significant accounting policies	2	


- i. The notes referred above form an integral part of the financial statements.
- ii. The above Cash flow statement has been prepared under the indirect method set out in AS-3 the Companies (Accounting Standard) Rules, 2006 (as amended).

As per our report of even date
For Haribhakti & Co.
Chartered Accountants
Firm Registration No.: 108523W


Raj Kumar Agarwal
Partner
Membership No.: 074715

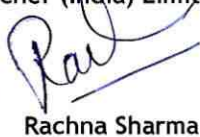
Place: Greater Noida
Date: July 30, 2012

For and on behalf of board of directors of
CL Educate Limited [Formerly Career Launcher (India) Limited]


Gautam Puri
Managing Director

Place: Greater Noida
Date: July 30, 2012


Nikhil Mahajan
Director


Rachna Sharma
Company Secretary

CL EDUCATE LIMITED

[Formerly Career Launcher (India) Limited]

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

1. BACKGROUND

CL Educate Limited (Formerly Career Launcher (India) 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 77.69% (previous year 73.83%) of the shares being held by the promoters / directors of the Company and their relatives and the balance 22.31% (previous year 26.17%) of the shares 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. The accounting policies have been consistently applied by the Company except as enumerated in point (ii) below.

(ii) Change in accounting policy

Inventory

The Company during the previous years had a policy of charging off its inventory to revenue. During the current year the Company has started recognising inventory in the balance sheet based on actual inventory lying with the Company.

Had the Company been following previous accounting policy, the impact of the same on current year financial statements would have been as follows:

- The loss after tax would have been higher by ₹ 12,504,575 and
- The increase in inventories of stock in trade is would have been lower by ₹ 12,504,575.

(iii) 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.

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CL EDUCATE LIMITED
[Formerly Career Launcher (India) Limited]
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

(iv) 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, if any. The recoverability is assessed at periodic intervals and where there is an uncertainty in recovery of the fees, the same is charged to the statement of profit and loss.

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 recognized when the right to receive payment is established.
- Revenue in respect of one-time payment received from a trust in terms of a collaboration agreement for provision of various services with respect to the establishment, running, managing, functioning and promotion of a business school owned by the trust is recognised on execution of the agreement. Revenue in respect of fees received for provision of services is recognised on accrual basis as per the terms mentioned in respective agreements.
- 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, 15% of total revenue is deferred till the fulfilment of conditions of the contract.
- 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 accrual basis as per the terms of agreement.

Unbilled revenue

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

Unearned revenue

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



CL EDUCATE LIMITED
[Formerly Career Launcher (India) Limited]
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

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.

Dividend

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

(v) 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.

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 amortization 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.

(vi) Depreciation and amortization

Depreciation and amortisation has been calculated on Straight Line Method at the following rates, 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 the 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	3
Intangible Assets:	
Trademark	5
Software	5
Intellectual property rights	Amortised over a period of 5-10 years using straight line method based on the management's assessment of useful life.
Goodwill	5 years from the date of acquisition of business.



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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

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.

(vii) 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.

(viii) 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 also 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.

(ix) 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 recognized 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.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

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.

(x) Investment

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.



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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

(xii) Employee Benefits

(a) 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.

(b) Long term employee benefits:

(i) 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.

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

(ii) 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 fund set up by the Life Insurance Corporation of India.

(iii) 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.

(c) 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.



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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

(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.

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 is recognized on timing differences being the differences between the taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax assets, subject to the consideration of prudence are recognized and carried forward only to the extent that there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. The tax effect is calculated based on the tax rates and laws enacted or substantially enacted on balance sheet date.

Deferred tax assets are reviewed at each balance sheet date and written down/written up to reflect the amount that is reasonably/virtually certain (as the case may be) to be realised.

(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.



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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

(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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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

3. Share capital

Particulars	March 31, 2012		March 31, 2011	
	Numbers	Amount in ₹	Numbers	Amount in ₹
Authorised				
Equity shares (ES) of ₹10 each (previous year ₹ 10) with equal voting rights	13,000,000	130,000,000	13,000,000	130,000,000
Compulsorily convertible 0.01% non cumulative preference shares (CCPS) 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	9,334,706	93,347,060	8,749,003	87,490,030
Compulsorily convertible 0.01% non cumulative preference shares (CCPS) of ₹10 each (previous year ₹ 10)	-	-	686,245	6,862,450
	<u>9,334,706</u>	<u>93,347,060</u>	<u>9,435,248</u>	<u>94,352,480</u>

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

1) Equity shares

Particulars	March 31, 2012		March 31, 2011	
	Numbers	Amount in ₹	Numbers	Amount in ₹
At the beginning of reporting year	8,749,003	87,490,030	8,749,003	87,490,030
Add: Share issued during the year by way of:				
- Employee stock option plan	4,775	47,750	-	-
- conversion of CCPS (Refer footnote a)	580,928	5,809,280	-	-
Outstanding at the end of the year	<u>9,334,706</u>	<u>93,347,060</u>	<u>8,749,003</u>	<u>87,490,030</u>

Footnote

a). These share represent 1,211,245 CCPS converted into 580,928 equity shares at the agreed conversion rate in which the said CCPS of ₹ 200 has been converted into equivalent equity shares of ₹ 417 each.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

2) Compulsorily convertible 0.01% non cumulative preference shares

Particulars	March 31, 2012		March 31, 2011	
	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	686,245	6,862,450
Less: conversion into equity shares	(1,211,245)	(12,112,450)	-	-
Outstanding at the end of the year	-	-	686,245	6,862,450

The preference shares had to be converted into equity shares of the company within a maximum period of one year from the date of the 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 March 31, 2012.

In pursuant to above, during the year the Company has converted 1,211,245 CCPS into 580,928 Equity shares at ₹ 417 per share as there has not been any.

b) Terms/rights attached to shares

The Company has two classes of shares:

- Equity Shares
- CCPS

Voting

Equity shares: Each holder of equity shares is entitled to one vote per share held.

CCPS: CCPS does not carry any voting rights.

Dividends

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. CCPS has preferential right of dividend over equity shares in event of declaration of dividend.

Liquidation

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, if any. Such distribution amounts will be in proportion to the number of equity shares held by the shareholders.

CCPS: In the event of liquidation of the Company, the holders of CCPS 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 CCPS held by the shareholders upto the extent of agreed redemption amount of such shares.



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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012***Other terms and conditions related to CCPS***

During the year on April 29, 2011, the company has issued 525,000 0.01% CCPS (previous year 686,245 0.01% CCPS on March 17, 2011) of ₹ 10 each.

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

These shares carry dividend rate of 0.01%. The dividend is payable only when the company declares dividend during a particular financial year. If any dividend is paid prior to the conversion of 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 CCPS into equity shares at ₹ 417 per share.

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

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). Equity shares

Name of share holders	March 31, 2012		March 31, 2011	
	Numbers	% held	Numbers	% held
Mr. Gautum Puri	2,549,186	27.31%	2,549,186	29.14%
Mr. Satya Narayanan .R	2,549,186	27.31%	2,549,186	29.14%
Bilakes Consulting Private Limited	786,859	8.43%	786,859	8.99%
GPE (India) Limited	765,747	8.20%	575,807	6.58%
Mr. Sreenivasan R	449,698	4.82%	449,698	5.14%
Mr. ShivaKumar R	449,698	4.82%	449,698	5.14%

As per records of the company, including its register of shareholders/members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownerships of shares.

2). Compulsorily convertible 0.01% non cumulative preference shares

Name of share holders	March 31, 2012		March 31, 2011	
	Numbers	% held	Numbers	% held
India Infoline Venture Capital Fund	-	-	50,000	7.29%
Edelweiss Finance & Investments Limited	-	-	250,000	36.43%
GHIOF Mauritius	-	-	125,000	18.22%
Mr. Gopal Srinivasan	-	-	50,000	7.29%
Mr. N. Lakshmi Narayanan	-	-	100,000	14.57%

As per records of the company, including its register of shareholders/ members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownerships of shares.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

- d) Aggregate number of bonus shares issued and shares issued for consideration other than cash during the period of five years immediately preceding the reporting date:

(In numbers)

	March 31, 2012	March 31, 2011
Equity shares allotted as fully paid bonus shares by capitalization of securities premium	2,505,538	2,505,538
Equity shares allotted as fully paid-up pursuant to contracts for consideration other than cash	636,928	56,000

In addition, the Company has issued total 80,936 shares (previous year 90,317) 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.

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

- e) 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, 2012 and March 31, 2011 the company had 35,032 and 72,532 number of shares reserved for issue under the scheme respectively. (Also refer to note 33.)

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

4. Reserves and surplus

4.1. Capital reserve

	March 31, 2012	(Amount in ₹) March 31, 2011
Opening balance	19,939	19,939
Closing balance (A)	19,939	19,939

4.2. General reserve

	March 31, 2012	(Amount in ₹) March 31, 2011
Opening balance	5,784,256	5,784,256
Closing balance (B)	5,784,256	5,784,256

4.3 Security premium amount

	March 31, 2012	(Amount in ₹) March 31, 2011
Opening balance	459,539,826	338,952,290
Add: Securities premium received/ adjusted		
-on issue of CCPS in cash	99,750,000	130,386,550
-on issue of equity in cash	-	-
-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	-
Less: Securities premium utilized/ adjusted		
-on expenses for share issue	-	(9,799,014)
Closing balance (C)	567,534,397	459,539,826

4.4 Employee stock option outstanding

	March 31, 2012	(Amount in ₹) March 31, 2011
Gross employee stock compensation for options granted in earlier years	-	-
Add: gross compensation for options for the year	5,899,909	-
Less: transferred to securities premium on exercise of stock options	(868,050)	-
Closing balance (D)	5,031,859	-

4.5 Surplus in the statement of profit and loss

	March 31, 2012	(Amount in ₹) March 31, 2011
Opening balance	278,349,918	203,342,986
Add:-profit after tax for the year from statement of profit and loss	(56,289,310)	75,006,932
Closing balance (E)	222,060,608	278,349,918
Total reserves and surplus (A+B+C+D+E)	800,431,059	743,693,939



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 NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

5. Share application money pending allotment

For the year ended March 31, 2012

Share application money in current year represent shares to be issued to promoters of G.K. Publications Private Limited (Refer footnote a of note 13).

These application money are pending to be issued as equity share capital carrying one vote each.

The terms/rights of such equity shares were same as those of existing equity shares [Refer note 3(2)(b)].

For the year ended March 31, 2011

During the year ended March 31, 2011, the Company has received an amount of ₹ 100,307,500 towards share application money towards 501,537 0.01% compulsorily convertible non cumulative preference share' of ₹ 10 each to be issued at a premium of ₹ 190 by the Company.

525,000 shares of ₹ 10 each were allotted as fully paid up 'Compulsorily convertible non cumulative preference share' shares on April 29, 2011 out of the application money.

The terms/rights of such CCPS were same as those of existing CCPS [Refer note 3(2)(b)].

6. Long term borrowings

	Non-current portion		Current maturities	
	March 31, 2012	March 31, 2011	March 31, 2012	March 31, 2011
Term loans (secured)				
-From banks				
a) Vehicle loan (Refer footnote a)	3,238,297	922,064	1,355,271	888,339
-From others (Refer foot note b)	114,225,840	124,999,999	101,611,609	71,428,572
The above amount includes				
Amount disclosed under the head "Other current liabilities" (Refer Note 10)			(102,966,880)	(72,316,911)
	117,464,137	125,922,063	-	-

Footnote:

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

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

The repayment terms of the vehicle loans are as follows:

For loans outstanding as at March 31, 2012

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

For loans outstanding as at March 31, 2011

Loan	Outstanding Amount (in ₹)	Rate of Interest	Equal monthly instalment (EMI) (in ₹)	Date of Last EMI
Loan 1	211,195	12.16 %	14,365	April 05, 2011
Loan 2	390,347	11.07 %	16,400	June 07, 2013
Loan 3	127,616	14.02 %	32,843	July 05, 2011
Loan 4	429,432	8.89 %	20,376	February 01, 2013
Loan 5	651,813	9.03 %	25,905	July 01, 2013
Total	1,810,403			

b. Term loans from 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 comprises of two loans of ₹ 100,000,000 and ₹ 142,857,143. Both loans carry interest @ 14% per annum. Year end balances of both the loans are ₹ 90,837,449 and ₹ 125,000,000 respectively.

The loan of ₹ 100,000,000 is repayable in 36 equal monthly instalments of ₹ 3,418,000 (inclusive of interest) for which November 10, 2014 is the last instalment date.

The loan of ₹ 142,857,143 is repayable in 24 monthly instalments of equal principal of ₹ 5,952,381 each along with interest thereon for which December 1, 2013 is the last instalment date.

This loan is secured by way of first pari passu charge on all immovable and movable fixed assets and all the current assets of the Company. The loan is further secured by irrevocable and unconditional personal guarantees of the promoter and directors of the Company.

• For amount outstanding as at March 31, 2011

Term loan from L & T Infrastructure Finance Company Limited was taken during the financial year 2009-10 and carried interest of 12.50% p.a.

The loan is repayable in 42 monthly instalments of equal principal of ₹ 5,952,381 each along with interest thereon. This loan was ought to be repaid by December 1, 2013 and has been repaid in full by November 15, 2011.



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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

This is secured by first pari passu charge by way of mortgage on all immovable properties, present and future of the Company and by way of hypothecation on all the movable assets and current assets of the Company. The loan is further secured by irrevocable and unconditional personal guarantees of the promoter and directors of the Company. There is also a non-disposal undertaking to the extent of 51% shareholding of the promoters in the Company, jointly and severally.

7. Long term / short- term provisions

	Long-term		(Amount in ₹) Short-term	
	March 31, 2012	March 31, 2011	March 31, 2012	March 31, 2011
Provision for employee benefits (Also refer note 32)				
Provision for gratuity (net of funded status)	3,188,581	3,588,568	-	-
Provision for leave encashment	3,852,586	4,919,119	1,151,157	-
	<u>7,041,167</u>	<u>8,507,687</u>	<u>1,151,157</u>	<u>-</u>

8. Short term borrowings

	March 31, 2012	(Amount in ₹) March 31, 2011
Secured, from bank, repayable on demand		
- Bank overdraft (Refer footnote a)	163,167,671	19,809,057
	<u>163,167,671</u>	<u>19,809,057</u>

Footnote:

a. Bank overdraft represents overdrafts from Kotak Bank and HDFC Bank which are repayable on demand,

• Overdraft from HDFC bank

1. It carries interest rate of fixed deposit interest rate plus 2 %.
2. It is 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 carries interest rate of base rate plus 4.25 %.

For March 31, 2012

- Overdraft from Kotak Bank is 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 is 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, Andheri West, Mumbai.



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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

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

For March 31, 2011

- Bank overdraft from Kotak Bank was secured by way of pledge of fixed deposit receipts aggregating ₹ 25,000,000 and by first pari passu charges by way of mortgage on all immovable properties, present and future of the Company and by way of hypothecation on all the movable assets and current assets of the Company. The loan was further secured by irrevocable and unconditional personal guarantees of the Promoters of the Company.

9. Trade payables (Also refer note 44)

	March 31, 2012	(Amount in ₹) March 31, 2011
Trade payable (Refer Footnote a)	115,464,478	93,062,128
	<u>115,464,478</u>	<u>93,062,128</u>

Footnote:

- a. Includes amount due to related party (Refer note 45).

10. Other current liabilities (Also refer note 44)

	March 31, 2012	(Amount in ₹) March 31, 2011
Current maturities of long term borrowings		
Term loans - secured		
- From banks (vehicle loan) (Refer footnote a of note 6)	1,355,271	888,339
- From others (Refer footnote b of note 6)	101,611,609	71,428,572
Unearned revenue on education and training services	128,105,587	99,460,791
Interest accrued but not due on borrowings	2,044,432	2,289,739
Investors education and protection fund (Refer footnote a)	52,626	52,626
Security Deposit	-	50,000
Others payables		
- Payables on purchase of fixed assets (Refer footnote b)	40,698,240	7,516,454
- Payables on Investments made	8,479,530	-
- Employees related payables	8,777,220	21,673,742
- Payables for expenses (Refer footnote b)	16,206,043	21,159,345
- Statutory dues payable	14,188,370	23,938,465
- Other dues to related parties (Refer note 45)	377,915	10,450
	<u>321,896,843</u>	<u>248,468,523</u>

Footnotes:

- a) Investor Education and Protection Fund includes unclaimed dividends aggregating to ₹ 52,626 (Previous year ₹52,626) that is not due for transfer as at March 31, 2012.
b) Includes amount due to related parties. (Refer Note 45)



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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

11. Tangible assets

Particular	Gross block (At cost)			Accumulated depreciation			Net block	
	As at April 1, 2011	Additions	Disposals/ Adjustments	As at April 1, 2011	Depreciation for the year	Disposals/ Adjustments	As at March 31, 2012	As at March 31, 2011
Assets taken on lease								
Land (Refer footnote a)	20,043,350	-	-	1,491,530	222,481	-	1,714,011	18,551,820
Total (A)	20,043,350	-	-	1,491,530	222,481	-	1,714,011	18,551,820
Own assets								
Land	51,864,647	-	-	-	-	-	-	51,864,647
Building (Refer footnote b)	316,864,426	-	-	6,402,435	5,164,890	-	11,567,325	310,461,991
Plant and machinery	8,661,829	-	302,833	3,901,966	590,981	148,943	4,344,004	4,759,863
Leasehold Improvement	21,572,619	6,236,905	8,960,496	18,134,286	2,814,073	8,413,000	12,535,359	3,438,333
Furniture and Fixtures	6,115,351	606,834	950,276	3,332,901	372,038	659,244	3,045,695	2,782,450
Vehicles	9,718,063	4,697,678	3,031,307	4,341,658	887,354	2,091,852	3,137,160	5,376,405
Office Equipment	20,437,369	1,282,285	2,007,849	4,300,682	1,893,178	637,846	5,556,014	16,136,685
Computers	25,833,628	6,219,328	4,941,022	14,668,854	4,261,580	4,510,525	14,419,909	11,164,774
Total (B)	461,067,932	19,043,030	20,193,783	55,082,782	15,984,094	16,461,410	54,605,466	405,985,148
Total(A+B)	481,111,282	19,043,030	20,193,783	56,574,312	16,206,575	16,461,410	56,319,477	423,641,052
Previous year	226,325,762	265,092,575	10,307,055	45,637,936	16,290,445	5,354,067	56,574,314	-

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

Footnotes:

a) 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.

b) Building includes 5 shares of ₹50 each being the cost of shares in Tardeo Airconditioned Market Building Cooperative Society Limited, Mumbai.



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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

12. Intangible assets

Particular	Gross block (At cost)			Accumulated amortisation			Net block		
	As at April 1, 2011	Additions	Disposals/ Adjustments	As at March 31, 2012	As at April 1, 2011	Amortisation for the year	Disposals/ Adjustments	As at March 31, 2012	As at March 31, 2011
Goodwill	2,879,154	-	-	2,879,154	2,879,154	-	-	-	-
Intellectual property rights and trademarks	60,192,902	120,000,000	-	180,192,902	42,453,817	9,485,204	-	128,253,881	17,739,085
Softwares	10,009,672	656,608	736,374	9,929,906	7,817,096	1,156,732	736,371	1,692,449	2,192,576
Total	73,081,728	120,656,608	736,374	193,001,962	53,150,067	10,641,936	736,371	129,946,330	19,931,661
Previous year	72,793,788	287,940	-	73,081,728	48,492,550	4,657,517	-	19,931,661	-

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

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CL EDUCATE LIMITED

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

13. Non-current investments

	March 31, 2012	(Amount in ₹) March 31, 2011
(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.	380,205	380,205
5,343,008 (Previous year 5,343,008) fully paid up equity shares of ₹ 10 each of Career Launcher Education Infrastructure and Services Limited	204,498,951	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 nil) fully paid up equity shares of ₹ 10 each of CL Higher Education Services Private Limited	65,760	-
96,900 (Previous year nil) fully paid up equity shares of ₹ 10 each of G.K. Publications Private Limited (Refer footnote a)	73,128,379	-
	<u>347,701,525</u>	<u>274,507,386</u>
Less: Provision for diminution in value of investment of Career Launcher USA, Inc. (Refer note 46)	(380,205)	-
(A)	<u>347,321,320</u>	<u>274,507,386</u>
In other companies		
909 (Previous year nil) fully paid up equity shares of ₹ 10 each of Threesixtyone Degree Minds Consulting Private Limited	5,000,000	-
(B)	<u>5,000,000</u>	<u>-</u>
(A)+(B)	<u>352,321,320</u>	<u>274,507,386</u>

Footnote a:

The Company on November 12, 2011 entered into an agreement with 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

Considerations to be paid for each tranches are as follows:

Tranches	Consideration payable in Cash (in ₹)	Consideration by way of issue of equity shares of CL Educate Limited of value (in ₹)	Total Consideration (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
Total	85,652,996	57,735,982	143,388,978



CL EDUCATE LIMITED**[Formerly Career Launcher (India) Limited]****NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012**

During the year the Company has 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 has been booked as 'share application money pending allotment' by the Company.

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

14. Long term loans and advances

	March 31, 2012	(Amount in ₹) March 31, 2011
Unsecured, considered good		
Capital advances	1,225,641	1,867,387
Security deposits	9,965,007	9,083,500
Loans and advances to employees	617,000	151,316
Advance income tax [Net of provision for tax of ₹ 147,310,057 (Previous year ₹ 193,839,047)]	40,937,899	60,147,829
Others (Gratuity trust)	10,000	10,000
	52,755,547	71,260,032

15. Other non-current assets

	March 31, 2012	(Amount in ₹) March 31, 2011
Interest accrued on non current fixed deposits	178,150	1,641,913
Non-current bank balances (Refer note 18) (Also refer footnote a and b)	2,441,925	53,196,281
	2,620,075	54,838,194

Footnotes:

- a. It includes deposits aggregating to ₹ 1,914,394 (Previous year ₹ 52,713,944) pledged with banks for overdraft facility.
- b. It also includes deposits of ₹ 200,000 (Previous year ₹ 200,000) for issue of guarantees in favor of Directorate General of Apprenticeship Training and receipts of margin money deposit with Ministry of Labour and Social Welfare, United Arab Emirates. (Also refer footnote d of note 30).

16. Inventories

	March 31, 2012	(Amount in ₹) March 31, 2011
Stock-in-trade (acquired for trading) [Refer note 2 (ii)]	12,504,575	-
	12,504,575	-

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

17. Trade receivables

	March 31, 2012	(Amount in ₹) March 31, 2011
Unsecured, considered good, unless stated otherwise		
Outstanding for a period exceeding six months from the date they are due for payment		
Considered good	22,860,627	18,786,206
Considered doubtful	1,029,022	1,029,022
	<u>23,889,649</u>	<u>19,815,228</u>
Less: Provision for doubtful trade receivables	(1,029,022)	(1,029,022)
	<u>22,860,627</u>	<u>18,786,206</u>
Others	191,776,012	130,832,525
	<u>214,636,639</u>	<u>149,618,731</u>

18. Cash and bank balances

	Current		Non-current	
	March 31, 2012	March 31, 2011	March 31, 2012	March 31, 2011
Cash and cash equivalents				
Balances with banks				
-in current accounts	14,498,649	34,307,509	-	-
-in exchange earner foreign currency account ('EEFC')	618,450	531,399	-	-
-in unpaid dividend account	71,032	71,032	-	-
Cheques/ drafts on hand	2,088,981	39,983	-	-
Cash on hand	2,757,076	6,575,103	-	-
Total (A)	<u>20,034,188</u>	<u>41,525,026</u>	<u>-</u>	<u>-</u>
Other bank balances				
Deposits with original maturity for more than 12 months	-	-	2,114,394	52,913,944
Deposits with maturity for more than 3 months but less than 12 months from balance sheet date (Refer Footnote a)	139,439,058	88,250,582	-	-
Margin money deposits (Refer Note 30)	-	-	327,531	282,337
Total (B)	<u>139,439,058</u>	<u>88,250,582</u>	<u>2,441,925</u>	<u>53,196,281</u>
Amount disclosed under Other non-current assets (Refer note 15) (C)	-	-	(2,441,925)	(53,196,281)
Total (A+B-C)	<u>159,473,246</u>	<u>129,775,608</u>	<u>-</u>	<u>-</u>



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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

Footnotes:

a. It includes:

- Deposits aggregating to ₹ 138,008,088 (Previous year ₹ 88,173,582) pledged with banks for overdraft facility,
- Deposits of ₹ 75,000 (Previous year ₹ 75,000) for issue of guarantees in favor of value added tax authorities and
- Deposits of ₹ 1,430,970 (Previous year ₹ nil) for issue of guarantees in favor of Northern Eastern Council Secretariat, Shilong (Also refer footnote d of note 30).

19. Short term loans and advances

	March 31, 2012	(Amount in ₹) March 31, 2011
Unsecured, considered good, unless stated otherwise		
Loans and advances to related parties (Also refer note 45)		
-Considered good	102,995,657	200,887,529
-Doubtful	151,104,642	17,127,786
	<u>254,100,299</u>	<u>218,015,315</u>
Less : Provision for doubtful loans and advances (Refer note 46)	(151,104,642)	(17,127,786)
	102,995,657	200,887,529
Loans and advances to employees	3,858,240	2,234,043
Balances with government authorities		
- Service tax credit receivable	60,086	1,918,505
- Service tax paid under protest (Also refer note 30)	21,302,000	-
Prepaid expenses	77,425,882	59,295,587
Security deposit	8,582,505	6,573,005
Other loans and advances		
- Loans and advances to franchisees	5,394,229	7,884,651
- Share application money given pending allotment	-	5,000,000
- Advance to suppliers	12,667,039	2,898,432
- Others	457,263	360,000
	<u>232,742,901</u>	<u>287,051,752</u>

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

20. Other current assets

	March 31, 2012	(Amount in ₹) March 31, 2011
Unsecured, considered good, unless otherwise stated		
Unbilled revenue	5,097,226	7,019,850
Interest accrued but not due on deposits	4,605,878	1,682,983
Interest accrued on loans and advances		
- From related party (Refer note 45)	793,972	404,098
- From others	567,396	327,080
Total (A)	11,064,472	9,434,011
-Other dues from related parties (Refer note 45)		
Considered doubtful	1,558,800	-
Others	20,531,374	13,764,405
	22,090,174	13,764,405
Provision for doubtful debts - others (Refer note 46)	(1,558,800)	-
Total (B)	20,531,374	13,764,405
Others		
-Interest recoverable from tax authorities	-	4,784,000
-Receivables on transfer of fixed assets		
From related party (Refer note 45)	891,193	-
From others	593,290	-
Total (C)	1,484,483	4,784,000
Total (A+B+C)	33,080,329	27,982,416

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CL EDUCATE LIMITED
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 NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

21. Revenue from operations

	Year ended March 31, 2012	(Amount in ₹) Year ended March 31, 2011
Sale of products		
- Sale of study material	148,834,973	182,344,285
Sale of services		
- Education and training programmes	646,662,513	613,452,602
- Vocational training services	70,664,462	27,873,844
(A)	<u>866,161,948</u>	<u>823,670,731</u>
Other operating revenues		
Business development and allied services to related parties (Refer footnote a)	2,289,778	3,773,714
Start up fees from franchisee	10,812,818	14,266,423
License fees (Refer footnote a)	15,715,556	603,635
Royalty income (Refer footnote a)	5,947,115	89,452
Advertising income (Refer footnote a)	10,770,142	9,831,719
(B)	<u>45,535,409</u>	<u>28,564,943</u>
Total (A)+(B)	<u><u>911,697,357</u></u>	<u><u>852,235,674</u></u>

Footnote:

a. Includes revenue from related party (Refer Note 45)

22. Other income

	Year ended March 31, 2012	(Amount in ₹) Year ended March 31, 2011
Interest income on:		
-deposits from banks	11,755,090	9,033,494
-income tax refund	2,410,805	4,784,000
-loans and advances (Refer footnote a)	26,319,749	18,451,669
Net gain on foreign currency transactions and translations	6,144,448	100,188
Other non-operating income:		
-Infrastructure fee from related parties (Refer footnote a)	34,380,000	43,380,000
-Liabilities no longer required	16,288,602	2,137,211
-Rent (Refer footnote a)	2,799,998	3,075,000
-Profit on sale of assets (net)	-	2,006,355
-Bad debts recovered	718,353	527,527
-Miscellaneous Income	1,099,890	1,568,906
	<u>101,916,935</u>	<u>85,064,350</u>

Footnote:

a. Includes income from related party (Refer Note 45)



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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

23. Purchase of stock-in-trade

	Year ended March 31, 2012	(Amount in ₹) Year ended March 31, 2011
Study material	50,313,882	31,621,734
	<u>50,313,882</u>	<u>31,621,734</u>

24. Changes in inventories of stock-in-trade

	Year ended March 31, 2012	(Amount in ₹) Year ended March 31, 2011
Opening stock	-	-
Closing stock	12,504,575	-
Increase in inventories of stock-in-trade	<u>(12,504,575)</u>	<u>-</u>

25. Employee benefits expense

	Year ended March 31, 2012	(Amount in ₹) Year ended March 31, 2011
Salaries and other benefits	170,156,014	133,432,247
Contribution to provident and other funds (Refer note 32)	3,430,102	2,588,821
Gratuity expenses	200,013	2,518,983
Expense on employee stock option (ESOP) scheme (Refer note 33)	5,899,909	-
Staff welfare expenses	5,789,443	4,415,085
	<u>185,475,481</u>	<u>142,955,136</u>

26. Finance cost

	Year ended March 31, 2012	(Amount in ₹) Year ended March 31, 2011
Interest expense on borrowings		
- Vehicle loan	321,312	232,368
- Term loan	26,236,104	22,218,486
- Overdraft	12,255,246	8,962,885
Other borrowing costs	1,214,286	-
	<u>40,026,948</u>	<u>31,413,739</u>

27. Depreciation and amortisation expenses

	Year ended March 31, 2012	(Amount in ₹) Year ended March 31, 2011
Depreciation of tangible fixed assets (Refer note 11)	16,206,575	16,290,445
Amortisation of intangible fixed assets (Refer note 12)	10,641,936	4,657,517
	<u>26,848,511</u>	<u>20,947,962</u>



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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

28. Other expenses

	Year ended March 31, 2012	(Amount in ₹) Year ended March 31, 2011
Faculty payments	46,389,640	39,112,668
Franchisee payments	322,628,356	317,244,441
Material development and printing	998,106	7,638,359
Rent (Refer note 37)	35,063,486	35,668,494
Office expenses	17,701,719	12,515,293
Travelling and conveyance	19,701,848	11,676,575
Legal and professional charges	14,687,832	10,664,295
Communication expenses	10,674,892	10,001,758
Repairs and maintenance		
- building	6,534,658	5,079,605
- others	4,194,820	3,761,081
Water and electricity charges	6,943,401	4,964,403
Freight and cartage	5,074,068	4,297,974
Hire charges	5,023,012	2,741,879
Printing and stationery	3,548,068	2,136,345
Insurance	2,360,148	1,911,393
Royalty (Include amount paid to related parties, refer note 45)	1,252,164	1,824,457
Collection charges expenses	-	1,555,568
Training and development expenses	1,200,130	822,815
Rates and taxes	1,788,865	445,020
Donation	295,306	140,250
Distribution charges	-	137,670
License fees (Refer note 45)	4,800,000	4,800,000
Loss on sale of fixed assets (net)	133,213	-
Commission paid to non executive directors	-	450,000
Tangible fixed assets written off	1,069,420	-
Bank charges	2,545,537	2,211,604
Marketing research	5,176,070	4,086,936
Advertisement, publicity and sales promotion	52,203,431	43,934,131
Business promotion	6,557,601	4,313,732
Sales incentive	1,535,354	5,152,859
Bad debts written off	40,678,329	26,349,463
Dues/advances written off (Refer note 45)	40,000	2,626,827
Miscellaneous expenses	4,409,226	3,041,786
	625,208,700	571,307,681

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CL EDUCATE LIMITED
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 NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

29. Prior period (income)/expense

	Year ended March 31, 2012	(Amount in ₹) Year ended March 31, 2011
Salary wages and bonus	(2,138,893)	-
Business support and allied services to related parties	(270,246)	-
	<u>(2,409,139)</u>	<u>-</u>

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

Particulars	As at March 31, 2012	(Amount in ₹) As at March 31, 2011
Claims against the Company not acknowledged as debt (Refer footnote a below)	246,809,717	167,247,122
Corporate guarantees (Refer footnote b below)	270,000,000	750,000,000
Guarantee to director of related party (Refer footnote c below)	36,917,461	-
Bank guarantees(refer footnote d below)		
-against fixed deposit	705,000	-
-against margin money deposit	327,531	282,337
	<u>554,759,709</u>	<u>917,529,459</u>

Footnote a: Details of Claims against the Company not acknowledged as debt

- Demand for service tax aggregating to ₹ 63,947,644 (Previous year ₹ 63,947,644) for the nine months the period July 1, 2003 to September 30, 2008 is disputed by the Company against which the Company filed a reply. During the previous year, 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 (Previous year ₹ 34,703,008) 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 previous year, the Company received a demand for service tax aggregating to ₹ 1,548,826 (Previous year ₹ 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.

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.



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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

Footnote b: Corporate guarantees

- Corporate guarantees aggregating to ₹ 215,000,000 (Previous year ₹ 750,000,000) provided to Punjab National Bank & 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 and ₹ 55,000,000 (Previous year ₹ 45,000,000) provided to IndusInd Bank Ltd in respect of loans granted to Kestone Integrated Marketing Services Private Limited, a wholly owned subsidiary 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 c: Guarantee to director of a subsidiary

- During the year, GK Publications Private Limited, a subsidiary of the company, received loans from their directors amounting to ₹ 36,917,461, against which guarantee has been provided by the Company.

Footnote d: Bank guarantees

- Bank guarantee against margin money deposits includes receipts of AED 23,150 (Previous year AED 23,150) equivalent to ₹ 327,531 (Previous year ₹ 282,337) (Refer Note 15) are lodged with banks for issue of guarantees in favour of the Ministry of Labour and Social Welfare, United Arab Emirates.
- Bank guarantees of ₹ 705,000 (Previous year Nil) against fixed deposit includes receipts of ₹ 1,430,970 (Previous year ₹ nil) in favour of Northern Eastern Council Secretariat, Shilong.

31. Commitments

Particulars	(Amount in ₹)	
	As at March 31, 2012	As at March 31, 2011
Estimated Amount of contracts remaining to be executed on capital account [Net of Advances of ₹ 1,225,641 (previous year ₹ 1,867,387)]	16,000	17,013
Other material commitments [Commitment towards purchase of 49% of equity shares of G. K Publication Private Limited (Also refer footnote a of note 13)]	70,260,599	-

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CL EDUCATE LIMITED

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

32. 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	(Amount in ₹)	
	Year ended March 31, 2012	Year ended March 31, 2011
Employers contribution to provident fund (Also Refer note 25)	3,430,102	2,588,821
Total	3,430,102	2,588,821

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		Employees Gratuity Fund	
	Year ended March 31, 2012	Year ended March 31, 2011	Year ended March 31, 2012	Year ended March 31, 2011
Discount rate (per annum)	8.78%	8.50%	8.78%	8.50%
Expected rate of increase in compensation levels	5.00%	5.50%	5.00%	5.50%
Expected rate of return on plan assets	N.A.	N.A.	9.25%	9.00%
Expected average remaining working lives of employees (years)	27.71	27.26	27.71	27.26
Retirement age (Years)	58	58	58	58
Mortality table	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	

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

Note:

The discount rate has been assumed at 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.

II. Present value of obligation

Particulars	(Amount in ₹)			
	Earned leave		Employees gratuity fund	
	Year ended March 31, 2012	Year ended March 31, 2011	Year ended March 31, 2012	Year ended March 31, 2011
Present value of obligation at the beginning of the year	4,919,119	4,501,246	5,220,924	4,000,554
Current service cost	1,093,486	1,027,568	1,185,043	1,073,056
Interest cost	431,758	382,606	458,397	340,047
Past service cost	-	-	-	-
Benefit paid	(1,213,354)	(1,127,608)	(456,346)	(1,455,404)
Actuarial (gain)/loss on obligation	(227,266)	135,307	(1,256,670)	1,262,641
Present value of obligation at the end of the year	5,003,743	4,919,119	5,151,348	5,220,894

III. Fair value of plan assets

Particulars	(Amount in ₹)	
	Year ended March 31, 2012	Year ended March 31, 2011
Fair value of plan assets at the beginning of the year	1,632,356	1,975,902
Expected return on plan assets	150,993	177,831
Contributions	600,000	955,067
Benefits paid	(456,346)	(1,455,404)
Actuarial gain/(loss) on plan assets	35,764	(21,040)
Fair value of plan assets at the end of the year	1,962,767	1,632,356

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

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

Particulars	(Amount in ₹)			
	Earned leave		Employees gratuity fund	
	Year ended March 31, 2012	Year ended March 31, 2011	Year ended March 31, 2012	Year ended March 31, 2011
Current service cost	1,093,486	1,027,568	1,185,043	1,073,086
Interest cost	431,758	382,606	458,397	340,047
Past service cost	-	-	-	-
Expected return on plan assets	-	-	(150,993)	(177,831)
Net actuarial (gain)/ loss to be recognized	(227,266)	135,307	(1,292,434)	1,283,681
Expense recognised in statement of Profit and Loss	1,297,978	1,545,481	200,013	2,518,983

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

Particulars	(Amount in ₹)			
	Earned leave		Employees gratuity fund	
	Year ended March 31, 2012	Year ended March 31, 2011	Year ended March 31, 2012	Year ended March 31, 2011
Present value of obligation as at the end of the year	5,003,743	4,919,119	5,151,348	5,220,924
Above amount comprises of:				
Short term present value of obligation	1,151,157	-	565,292	283,929
Long term provision	3,852,586	4,919,119	4,586,056	4,936,995
Total (A)	5,003,743	4,919,119	5,151,348	5,220,924
Fair Value of plan assets as at the end of the year	-	-	1,962,767	1,632,356
Above amount comprises of:				
Short term fair value of plan assets	-	-	565,292	283,929
Long term fair value of plan assets	-	-	1,397,475	1,348,427
Total (B)	-	-	1,962,767	1,632,356
Net liability recognized in Balance Sheet as at year end (A-B)	5,003,743	4,919,119	3,188,581	3,588,568
Amount classified as:				
Short term provision (Refer note 7)	1,151,157	-	-	-
Long term provision (Refer note 7)	3,852,586	4,919,119	3,188,581	3,588,568

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

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) Employees Gratuity Fund

Particulars	(Amount in ₹)				
	Year ended March 31, 2012	Year ended March 31, 2011	Year ended March 31, 2010	Year ended March 31, 2009	Year ended March 31, 2008
PBO	5,151,348	5,220,924	4,000,554	4,511,149	3,792,978
Plan assets	1,962,767	1,632,356	1,975,902	3,102,363	2,524,839
Net assets/(liability)	(3,188,581)	(3,588,568)	(2,024,652)	(1,408,786)	(1,286,139)
Experience gain/(loss) on PBO	785,029	(1,600,913)	500,257	-	(596,369)
Experience gain/(loss) on plan assets	39,845	(24,004)	(102,866)	-	43,682

(b) Earned Leave

Particulars	(Amount in ₹)				
	Year ended March 31, 2012	Year ended March 31, 2011	Year ended March 31, 2010	Year ended March 31, 2009	Year ended March 31, 2008
PBO	5,003,743	4,919,119	4,501,246	4,690,332	3,082,315
Plan assets	-	-	-	-	-
Net assets/(liability)	(5,003,743)	(4,919,119)	(4,501,246)	(4,690,332)	(3,082,315)
Experience gain/(loss) on PBO	(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 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, 2012 has not been provided by Life Insurance Corporation of India.

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

Particulars	(Amount in ₹)
	Amount
Employees Gratuity Fund	2,099,634
Earned leave	1,632,634



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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

33. 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 214,968 (previous year 177,468) 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	Year ended March 31, 2012		Year ended March 31, 2011	
	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	12,000	300.00	12,000	300.00
Granted	-	-	-	-
Exercised	2,400	300.00	-	-
Forfeited	-	-	-	-
Outstanding at the end of year	9,600	300.00	12,000	300.00
Vested during the year	2,400	300.00	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	Year ended March 31, 2012		Year ended March 31, 2011	
	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	145,796	345.97	147,456	342.32
Granted	37,500	175.00	-	-
Exercised	2,375	169.74	-	-
Forfeited	8,771	171.38	1,660	150.00
Outstanding at the end of year	172,150	320.05	145,796	345.97
Vested during the year	39,117	302.07	1,471	150.00
Weighted average grant date fair value per option for option granted during the year at less than fair value	37,500	417.00	-	-

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

Particulars	Year ended March 31, 2012	Year ended March 31, 2011
Dividend yield (%)	-	-
Expected volatility	9.20%	7.88%
Risk-free interest rate	8.45%	14.92%
Weighted average share price (in ₹)	417	350
Exercise price (in ₹)	150-300	150-300



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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

34. Auditors Remuneration (excluding service tax):-

Particulars	(Amount in ₹)	
	Year ended March 31, 2012	Year ended March 31, 2011
Statutory audit	1,900,000	1,750,000
Other engagement prescribed by statute to be done by Statutory auditors	-	750,000
Other matters	1,815,000	915,000
Total	3,715,000	3,415,000

35. Earnings per share

The calculation of Earnings 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:

	Reference	Units	Year ended March 31, 2012	Year ended March 31, 2011
Profit attributable to equity shareholders	A	₹	(56,289,310)	75,006,932
Weighted average numbers of equity shares	B	Numbers	8,777,076	8,749,003
Add: Dilutive potential equity shares (Refer footnote a and b)	C	Numbers	-	28,202
Number of equity shares for dilutive EPS	D=B+C	Numbers	8,777,076	8,777,205
Basic earnings per share (A/B)		₹	(6.41)	8.57
Diluted earnings per share (A/D)		₹	(6.41)	8.55

Footnotes

- a. 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 per share:

Weighted average number of shares	(Amount in numbers)	
	Year ended March 31, 2012	Year ended March 31, 2011
CCPS	699,208	-
Employee stock option issued during the year	163	-
Employee stock option outstanding	181,657	-
Total	881,028	-

- b. 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 2 and tranche 3 equity share of G. K. Publication Private Limited (Refer footnote a of note 13). As the numbers of shares and share price for such issue is not determinable as of the reporting date, determination of impact of the same as potential equity share for calculation of diluted earnings per share is not possible.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

36. Segment reporting

Primary segment

The company has identified one reportable business segments as primary segments: Education and training programme (including sale of study material). The segment have 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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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

Financial information about the primary segment is given below:

For the year ended March 31, 2012

Particulars	Education and training programme (including sale of study material)	Others	(Amount in ₹) Total
Segment revenue			
Operating income	806,310,303	105,387,053	911,697,356
Allocable other income	16,614,517	-	16,614,517
Total segment income-allocable	822,924,820	105,387,053	928,311,873
Total expenses- allocable	541,324,245	75,394,386	616,718,631
Total segment result- allocable	281,600,575	29,992,667	311,593,242
Unallocable other income			85,302,419
			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	232,238,441	128,253,878	360,492,319
Unallocable assets			1,288,916,604
Total assets			1,649,408,923
Segment liabilities	115,464,478	-	115,464,478
Unallocable liabilities			610,720,976
Total liabilities			726,185,454
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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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

For the year ended March 31, 2011

Particulars	Education and training programme (including sale of study material)	Others	(Amount in ₹) Total
Segment revenue			
Operating income	810,063,310	42,172,364	852,235,674
Allocable other income	2,664,738	-	2,664,738
Total segment income-allocable	812,728,048	42,172,364	854,900,412
Total expenses- allocable	661,339,292	31,437,414	692,776,706
Total segment result- allocable	151,388,756	10,734,950	162,123,706
Unallocable other income			82,399,612
			244,523,316
Total expenses- unallocable			105,469,546
Operating profit before exceptional expenses, tax and prior period			139,053,772
Exceptional expenses			17,127,786
Operating profit before tax and prior period			121,925,986
Prior period expense/(income)			-
Profit before tax			121,925,986
Total tax expenses			46,919,054
Net profit			75,006,932
Segment assets	156,638,581	17,739,085	174,377,666
Unallocable assets			1,265,125,082
Total assets			1,439,502,748
Segment liabilities	93,062,128	-	93,062,128
Unallocable liabilities			408,086,701
Total liabilities			501,148,829
Other information			
Capital expenditure-allocable	-	-	-
Capital expenditure-unallocable			69,489,350
Depreciation and amortisation-allocable	-	3,485,207	3,485,207
Depreciation and amortisation-unallocable			17,462,755
Other significant non-cash expenses (net)-allocable	26,349,463	-	26,349,463
Other significant non-cash expenses (net)-unallocable			17,517,213

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012**Secondary segment**

The company has identified Geographical Segment as Secondary Segment.

Financial information about the geographic segment is given below:

For the year ended March 31, 2012

Particulars	Within India	Overseas	(Amount in ₹) Total
Segment revenue	<u>866,329,767</u>	<u>45,367,590</u>	<u>911,697,357</u>

For the year ended March 31, 2011

Particulars	Within India	Overseas	(Amount in ₹) Total
Segment revenue	<u>825,553,442</u>	<u>26,682,232</u>	<u>852,235,674</u>

Information on assets and capital expenditure has not been provided by locations of customers, as such information is not realistically allocable and identifiable.

37. Leases**As lessee**

The company is a lessee under various operating leases. Rental expense for operating lease for the year ended March 31, 2012 and March 31, 2011 was ₹ 35,063,486 and ₹ 35,668,494 respectively. Expected future minimum commitments for non-cancellable Leases are as follows:

Particulars	(Amount in ₹)	
	As at March 31, 2012	As at March 31, 2011
Not later than one year	<u>538,065</u>	<u>620,000</u>
Later than one year but not later than 5 years	-	-
Later than 5 years	-	-
Total	<u>538,065</u>	<u>620,000</u>

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

38. Expenditure in foreign currency

Particulars	(Amount in ₹)	
	Year ended March 31, 2012	Year ended March 31, 2011
Travelling and conveyance	131,835	333,744
Bank charges	51,088	25,038
Salaries and Wages	-	499,609
Franchise recurring payments	33,082,654	193,106,076
Others	3,169,780	1,439,498
Total	36,435,357	195,403,965

39. Earnings in foreign currency

Particulars	(Amount in ₹)	
	Year ended March 31, 2012	Year ended March 31, 2011
Test preparation training services	47,972,178	26,682,232
Sale of study material	4,258,800	3,042,292
Total	52,230,978	29,724,524

40. Un-hedged foreign currency exposure

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

Particulars	As at	As at	As at	As at
	March 31, 2012 (₹)	March 31, 2011 (₹)	March 31, 2012 (Foreign currency)	March 31, 2011 (Foreign currency)
Receivables in foreign currency				
- Trade receivable	14,511,252	89,84,271	AED 1,025,661	AED 737,020
- Short term loans and advances	46,601,081	41,390,513	SGD 203,072 USD 735,689	SGD 203,072 USD 735,689
- Other current assets	1,558,800	1,489,620	USD 30,000	USD 30,000
- Cash and bank balances	2,389,055	5,162,379	AED 125,147 USD 11,901	AED 379,713 USD 11,901
Payable in foreign currency				
- Trade payable	3,866,069	7,964,007	AED 273,255	AED 653,323
- Other current liability	-	240,432	-	AED 19,714

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012**41. Deferred tax asset/ (liability)**

In accordance with Accounting Standard 22 on 'Accounting for Taxes on Income' the net decrease in deferred tax liability of ₹ 41,066,280 for the current year has been recognised as benefit in the statement of profit and loss. The tax effect of significant timing differences as at March 31, 2012 that reverse in one or more subsequent years gave rise to the following net deferred tax liability as at March 31, 2012.

Deferred tax assets and liabilities are attributable to the following:

Particulars	(Amount in ₹)		
	As at March 31, 2012	(Benefit)/ Charge for the year	As at March 31, 2011
Deferred tax assets			
- Share issue expenses	1,907,574	696,416	2,603,990
- Unabsorbed depreciation and brought forward business losses	3,711,046	(3,711,046)	-
- Provision for investment (Refer note 46)	123,358	(123,358)	-
- Provision for gratuity	1,034,535	157,498	1,192,033
- Leave encashment	1,623,464	10,544	1,634,008
- Provision for loans and advances (Refer note 46)	49,025,901	(49,025,901)	-
- Provision for incentive	2,377,425	(2,377,425)	-
- Provision for doubtful dues	505,753	(505,753)	-
- Provision for doubtful debts	333,866	7,950	341,816
	<u>60,642,922</u>	<u>(54,871,075)</u>	<u>5,771,847</u>
Deferred tax liabilities			
- Difference between written down value of fixed assets as per Companies Act, 1956 and Income Tax Act, 1961.	(24,956,013)	13,804,795	(11,151,218)
	<u>(24,956,013)</u>	<u>13,804,795</u>	<u>(11,151,218)</u>
Net deferred tax assets /(liability)	<u>35,686,909</u>	<u>(41,066,280)</u>	<u>(5,379,371)</u>

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

43. As per Accounting Standard 16 on Accounting for Borrowing Cost, the company has capitalized interest ₹ Nil (Previous Year ₹ 11,889,090) to various fixed assets including capital work in progress in the year ended March 31, 2012.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

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

	As at March 31, 2012	(Amount in ₹) As at March 31, 2011
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	115,464,478	93,062,128
- other current liabilities	321,896,843	248,468,523
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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 NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

45. 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
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
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	March 31, 2012 (₹)	March 31, 2011 (₹)
1. Revenue from operations		
a. Business development and allied services		
- Career Launcher Education Foundation	2,289,778	3,773,714
b. License fees		
- CL Media Private Limited	15,000,000	-
- Career Launcher Education Foundation	715,556	603,635
	15,715,556	603,635
c. Royalty income		
- CL Media Private Limited	5,947,115	-
d. Advertising Income		
- CL Media Private Limited	10,067,312	8,810,318



CL EDUCATE LIMITED
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 NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

Particulars	March 31, 2012 (₹)	March 31, 2011 (₹)
2. Other income		
a. Interest on loans and advances		
- Career launcher education foundation	25,482,281	13,827,851
- Kestone Integrated Marketing Services Private limited	433,193	140,190
- Career Launcher Higher Education Services Private Limited	163,958	-
- Career Launcher Education Infrastructure & Services Limited	-	1,152,488
- Career Launcher USA Inc	-	3,114,143
- Career Launcher Asia Educational Hub Pte. Ltd.	-	112,716
	26,079,432	18,347,388
b. Infrastructure Fees		
- Career Launcher Education Infrastructure & Services Limited	1,380,000	1,380,000
- Career Launcher Education Foundation	33,000,000	42,000,000
	34,380,000	43,380,000
c. Rent income		
- Career Launcher Education Infrastructure & Services Limited	120,000	-
	120,000	-
3. Other expenses		
a. CL Media Private Limited		
- License fees	4,800,000	4,800,000
- Royalty Expense	583,362	-
	5,383,362	4,800,000
b. CLEF - AP		
- Dues Written off	40,000	-
	40,000	-
c. Managerial remuneration	15,011,880	15,377,365

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

Particulars	March 31, 2012 (₹)	March 31, 2011 (₹)
4. Reimbursement of expense from related parties		
- Career Launcher Education Foundation	12,457,791	-
- Career Launcher Education Infrastructure & Services Limited	561,796	216,515
- Kestone Integrated Marketing Services Private limited	325,537	164,740
- Nalanda foundation	12,000	-
	13,357,124	381,255
5. Reimbursement of expense to related parties		
- Kestone Integrated Marketing Services Private Limited	462,346	629,988
- CL Media Private Limited	374,115	-
- Career Launcher Education Infrastructure & Services Limited	9,000	-
- Career Launcher Asia Educational Hub Pte. Ltd.	86,035	381,411
	931,496	1,011,399
6. Loans given to related party		
- Career Launcher Education Infrastructure & Services Limited	-	50,000
- CL Media Private Limited	7,145,000	950,000
- Career Launcher Education Foundation	21,540,557	11,190,738
- Kestone Integrated Marketing Services Private limited	23,000,000	-
	51,685,557	12,190,738
7. Repayment of loan given		
Career Launcher Education Infrastructure & Services Limited	-	17,342,780
Kestone Integrated Marketing Services Private Limited	23,000,000	-
CL Media Private Limited	60,000	1,000,000
Career Launcher Education Foundation	4,000,000	16,734,065
	27,060,000	35,076,845
8. Transfer of assets from related party		
Career Launcher Education Foundation	-	279,500
9. Transfer of assets to related party		
Career Launcher Education Infrastructure & Services Limited	-	382,226
Career Launcher Infrastructure Private Limited	891,153	-
	891,153	382,226



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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

Particulars	March 31, 2012 (₹)	March 31, 2011 (₹)
10. Purchase of additional investment		
Career Launcher Education Infrastructure & Services Limited	-	59,998,951
Career Launcher Higher Education Services	65,760	-
	65,760	59,998,951
11. 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	-
12. Exceptional expenses (Refer note 46)		
Balances written-off/provided for of related parties balances:		
i. Career Launcher Education Foundation (Refer footnote a)		
-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 b)		
-Provision for doubtful advances	21,098,605	17,127,786
-Provision for doubtful receivables	1,558,800	-
-Provision for impairment of investments	380,205	-
Total (B)	23,037,610	17,127,786
Total (A+B)	196,616,459	17,127,786
(c) Balance outstanding with or from related parties as at:		
Particulars	March 31, 2012 (₹)	March 31, 2011 (₹)
1. Trade receivable		
CL Media Private Limited	60,757,615	28,360,247
2. Short-term loans and advances		
- Career Launcher USA Inc.	38,226,391	34,255,571
- Kestone Integrated Marketing Services Private Limited	983,787	983,787
- CL Media Private Limited	47,760,000	40,675,000
- Career Launcher Asia Educational Hub Pte. Ltd.	8,374,689	7,134,942
- Career Launcher Education Foundation	153,532,475	132,390,611
- Nalanda Foundation	1,716,929	1,716,929
- CLEF - AP	858,465	858,465
- Career Launcher Higher Education Services Private Limited	2,647,562	-
	254,100,298	218,015,305



CL EDUCATE LIMITED
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 NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

Particulars	March 31, 2012 (₹)	March 31, 2011 (₹)
3. Provision for doubtful dues		
a. Career Launcher Education Foundation (Refer note 46)		
- Provision for doubtful loans and advances	112,878,251	-
b. Career Launcher USA Inc. (Refer note 46)		
- Provision for doubtful loans and advances	38,226,391	17,127,786
- Provision for doubtful receivables	1,558,800	-
- Provision for Impairment	380,205	-
	153,043,647	17,127,786
4. Trade payable		
- CL Media Private Limited	29,774,618	24,430,545
5. Other current liabilities		
a. Payable for expenses		
- CL Media Private Limited	374,115	-
- Career Launcher Education Foundation	3,800	10,450
- Kestone Integrated Marketing Services Private Limited	1,108,929	647,279
	1,486,844	657,729
6. Other current assets		
a. Interest accrued on loans and advances		
- Kestone Integrated Marketing Services Private Limited	793,972	404,098
b. Due from subsidiaries:		
- CL Media Private Limited	110,324	-
- Career Launcher USA Inc.	1,558,800	1,489,620
- Career Launcher Education Infrastructure & Services Limited	2,676,123	839,918
- Career Launcher Infrastructure Private Limited	891,153	-
- Kestone Integrated Marketing Services Private Limited	4,889	-
- Career Launcher Education Foundation	12,728,037	-
- Nalanda Foundation	12,000	-
- CLEF - AP	-	40,000
- G.K. Publications Private Limited	5,000,000	-
	22,981,326	2,369,538
7. Guarantees given on behalf of (Refer note 30):		
G. K. Publication Private Limited (towards guarantee of loan given by directors to the Company)	36,917,461	-
Kestone Integrated Marketing Services Private Limited (Guarantee to bank for loan taken by the Company)	55,000,000	45,000,000
Career Launcher Infrastructure Private Limited (Guarantee to bank for loan taken by the Company)	215,000,000	715,000,000
	306,917,461	760,000,000



CL EDUCATE LIMITED
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 NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

46. Exceptional expenses

Particulars	(Amount in ₹)	
	Year ended March 31, 2012	Year ended March 31, 2011
Balances written- off/provided for of related parties balances:		
i. Career Launcher Education Foundation (Refer footnote a)		
-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 b)		
-Provision for doubtful advances	21,098,605	17,127,786
-Provision for doubtful receivables	1,558,800	-
-Provision for impairment of investments	380,205	-
Total (B)	23,037,610	17,127,786
Total (A+B)	196,616,459	17,127,786

Footnotes

- a. During the year, the Company has 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.

The evaluation of provision involves usage of assumptions and significant judgments based on valuation methodologies/judgements, which mainly include discontinuation of affiliation by Pondicherry University of college run by Career Launcher Education Foundation. Keeping the attendant circumstances in view, the management believes it is prudent to impair these balances. These will be evaluated on a going forward basis for any further changes.

Impairment of the balances have been done by way provisions and write offs. Write offs have been done for the portion of balances which are considered fully unrecoverable and provisions have been made for the portion for which the management believes that the amount shall be more likely than not be unrecovered.

Detail of balances and provision against the same:

Particulars	(Amount in ₹)	
	Year ended March 31, 2012	Year ended March 31, 2011
Balances outstanding, included in:		
-Short term loans and advances	222,643,476	132,390,611
-Other current assets	12,728,037	-
Total outstanding (A)	235,371,513	132,390,611
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	132,390,611



CL EDUCATE LIMITED

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

* The provision for doubtful advances referred above include amounts booked as income in books of the Company in earlier years which has been converted into loans subsequently due to an agreement between the Company and Career Launcher Education Foundation.

Details of income credited to statement of profit and loss in earlier years and included in the amount of provision for doubtful advances mentioned above are as follows:

Particulars	(Amount in ₹)		
	Year ended March 31, 2011	Year ended March 31, 2012	Total
Infrastructure fees receivable (net of payments and TDS)	45,462,492	35,671,020	81,133,512
Licence fees & Soft Skills fees receivable (net of payments and TDS)	2,845,361	3,254,861	6,100,222
Interest	7,669,634	17,806,532	25,476,166
Total	55,977,487	56,732,413	112,709,900

The advances written off referred above include amounts booked as income in books of the Company in earlier years which has been converted into loans subsequently due to an agreement between the Company and Career Launcher Education Foundation.

Details of income credited to statement of profit and loss in earlier years and included in the amount of advances written off mentioned above are as follows:

Particulars	(Amount in ₹)			
	Year ended March 31, 2008	Year ended March 31, 2009	Year ended March 31, 2010	Total
Infrastructure fees receivable (net of payments, Service Tax and TDS)	9,633,361	21,250,903	19,632,200	50,516,464
Licence fees & Soft Skills fees receivable (net of payments, Service Tax and TDS)	7,602,246	291,301	348,658	8,242,205
Total	17,235,607	21,542,204	19,980,858	58,758,669

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

- b. During the year, the Company has 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 considered to be other than temporary and other current assets and loans and advances are 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. However, keeping the attendant circumstances in view, the management believes it is prudent to impair these balances. These will be evaluated on a going forward basis for any further changes.

Detail of balances and provision against the same:

Particulars	(Amount in ₹)	
	Year ended March 31, 2012	Year ended March 31, 2011
Balances outstanding, included in:		
-Short term loans and advances	38,226,391	34,255,571
-Other current assets	1,558,800	1,489,620
-Long term investments	380,205	380,205
Total outstanding (A)	40,165,396	36,125,396
Provisions/write-offs		
-Provision for doubtful advances	38,226,391	17,127,786
-Provision for doubtful receivables	1,558,800	-
-Provision for impairment of investments	380,205	-
Total provision/write-off(B)	40,165,396	17,127,786
Total amount not provided for and considered good(A-B)	-	18,997,610

47. The financial statements for the year ended March 31, 2011 had been prepared as per the applicable, pre-revised schedule VI to the Companies Act, 1956 ('the Act'). During the year, the revised Schedule VI notified under the Act has become applicable to the Company. Accordingly, the Company has reclassified previous year figures to conform to the current year's classification. The adoption of revised Schedule VI does not impact recognition and measurement principle followed for preparation of financial statements. However, it has a significant impact on presentation and disclosures made in 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

For and on behalf of board of directors of

CL Educate Limited [Formerly Career Launcher (India) Limited]


Gautam Puri
Managing Director



Nikhil Mahajan
Director



Rachna Sharma
Company Secretary

Place: Greater Noida

Date : July 30, 2012

Place: Greater Noida

Date : July 30, 2012