

**HARIBHAKTI & CO.**

Chartered Accountants

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# CL Higher Educational Services Private Limited

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Statutory audit for  
the period ended  
March 31, 2012

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**Auditors' Report**

To  
The Members of  
CL Higher Educational Services Private Limited

1. We have audited the attached Balance Sheet of **CL Higher Educational Services Private Limited** ('the Company') as at March 31, 2012 and also the Statement of Profit and Loss and the Cash Flow Statement for the period 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. This report does not include a statement on the matters specified in paragraph 4 of the Companies (Auditors' Report) Order, 2003 ('the Order'), as amended, issued by the Central Government in terms of Section 227 (4A) of the Companies Act, 1956 ('the Act'), since in our opinion and according to the information and explanations given to us, the said Order is not applicable to the Company.
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 Act.



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- 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 Act.
- 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 Act, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India;
- a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2012;
- b) in the case of the Statement of Profit and Loss, of the loss for the period ended on that date; and
- c) in the case of Cash Flow Statement, of the cash flows for the period 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

**CL HIGHER EDUCATIONAL SERVICES PRIVATE LIMITED  
BALANCE SHEET AS AT MARCH 31, 2012**

	Note	(Amount in ₹) March 31, 2012
<b>EQUITY AND LIABILITIES</b>		
<b>Shareholders' funds</b>		
Share capital	3	100,000
Reserves and surplus	4	(165,636)
		<b>(65,636)</b>
<b>Non-current liabilities</b>		
Long-term borrowings	5	2,647,562
		<b>2,647,562</b>
<b>Current liabilities</b>		
Other current liabilities	6	100,666
		<b>100,666</b>
<b>TOTAL</b>		<b>2,682,592</b>
<b>ASSETS</b>		
<b>Non-current assets</b>		
Long term loans and advances	7	2,587,842
		<b>2,587,842</b>
<b>Current assets</b>		
Cash and bank balances	8	94,750
		<b>94,750</b>
<b>TOTAL</b>		<b>2,682,592</b>
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

Place: Greater Noida  
Date : July 30, 2012

For and on behalf of board of directors of  
**CL Higher Educational Services Private Limited**

  
Director

  
Director


Place: Greater Noida  
Date: July 30, 2012

**CL HIGHER EDUCATIONAL SERVICES PRIVATE LIMITED**  
**STATEMENT OF PROFIT AND LOSS FOR THE PERIOD ENDED MARCH 31, 2012**


	Note	(Amount in ₹) Period ended March 31, 2012
<b>Income</b>		
Other income	9	87,842
<b>Total revenue</b>		<b>87,842</b>
<b>Expenses</b>		
Finance cost	10	163,958
Other expenses	11	89,520
<b>Total expenses</b>		<b>253,478</b>
<b>Loss before tax</b>		<b>(165,636)</b>
Tax expense		-
<b>Loss for the period</b>		<b>(165,636)</b>
 <b>Loss per share (in ₹):</b>	 13	
(nominal value of ₹ 10 per share)		
-Basic and diluted		(16.77)
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 Higher Educational Services Private Limited**

  
Director

  
Director

Place: Greater Noida  
Date: July 30, 2012

Place: Greater Noida  
Date: July 30, 2012



**CL HIGHER EDUCATIONAL SERVICES PRIVATE LIMITED**  
**CASH FLOW STATEMENT FOR THE PERIOD ENDED MARCH 31, 2012**

	(Amount in ₹) Period ended March 31, 2012
<b>Cash flows from operating activities</b>	
Net Profit before tax	(165,636)
<i>Adjustments for:</i>	
Finance cost	163,958
Interest Income	(87,842)
Operating loss before working capital changes	(89,520)
<i>Movement in assets and liabilities, net</i>	
Increase in other current liabilities	100,666
	<b>100,666</b>
<b>Cash generated from operations</b>	<b>11,146</b>
Less: Taxes paid, net of refund	(8,784)
<b>Net cash generated from operating activities</b>	<b>2,362</b>
 <b>Cash flows from investing activities</b>	
Loans given to related parties	(2,500,000)
Interest received	8,784
<b>Net cash used in investing activities</b>	<b>(2,491,216)</b>
 <b>Cash flows from financing activities</b>	
Proceeds from issue of equity shares	100,000
Proceeds from long term borrowings (including current maturities)	2,500,000
Interest paid	(16,396)
<b>Net cash generated from financing activities</b>	<b>2,583,604</b>
 Net increase in cash and cash equivalents	<b>94,750</b>
<b>Cash and cash equivalents (Refer to note 8)</b>	
-Beginning of the period	-
<b>-End of the period</b>	<b>94,750</b>
Cash and bank balances as per balance sheet	<b>94,750</b>

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.:103523W  
NEW DELHI

**Raj Kumar Agarwal**  
Partner  
Membership No.:074715  
Place: Greater Noida  
Date: July 30, 2012

For and on behalf of board of directors of  
**CL Higher Educational Services Private Limited**

Director

Place: Greater Noida  
Date: July 30, 2012

Director

**CL HIGHER EDUCATIONAL SERVICES PRIVATE LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED MARCH 31, 2012**

**1. BACKGROUND**

CL Higher Educational Services Private Limited ('the Company') was incorporated in India on August 28, 2011 to establish, setup, and run in any part of India Schools, Colleges, Universities, where in professional, Technical, vocational or higher education will be imparted. The Company is a subsidiary of CL Educate Limited (formerly known as Career Launcher (India) Limited) that holds 65.76% of its share capital. The accompanying financial statements reflect the results of the activities undertaken by the Company during the period 28<sup>th</sup> August, 2011 to 31<sup>st</sup> March, 2012.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

(i) Basis for preparation of Financial Statements:

The Financial Statements have been prepared in accordance with the generally accepted accounting principles in India (Indian GAAP) under the historical cost convention on accrual basis. These financial statements have been prepared to comply in all material respects with the accounting standards notified under the Companies (Accounting Standards) Rules, 2006 (as amended) and relevant provision of the Companies Act, 1956. The accounting policies adopted in the preparation of financial statements are consistent with those of previous period.

(i) Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting period. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates. Any revision in accounting estimate is recognized prospectively in current and future periods.

(ii) Revenue recognition

Income from loans and interest bearing securities is recognized on the time proportion method.

(iii) Cash and cash equivalents

Cash and cash equivalents include cash with bank.

(iv) Taxation

a) Tax expense comprises of Current and deferred taxes. Current Income Tax is measured at the amount expected to be paid to the tax authorities, using the applicable tax rates and tax laws.

b) Deferred Tax expense or benefit is recognized on timing difference between accounting and taxable income that originates in one period and is capable of reversal in one or more subsequent periods. Deferred tax assets and liabilities are measured using the tax rates and laws that are enacted or substantively enacted by the balance sheet date.

The Deferred tax assets are recognized only to the extent there is reasonable certainty that sufficient future taxable income will be available against which these assets can be realized in future where as in cases of existence of carry forward of losses or unabsorbed depreciation, deferred tax assets are recognized only if there is virtual certainty of realization backed by convincing evidence. Deferred tax assets are reviewed at each balance sheet date.

c) Minimum alternative tax payable under the provisions of the Income Tax Act 1961 is recognized as an asset in the year in which credit becomes eligible and is set off to the extent allowed in the year in which the Company becomes liable to pay income taxes at the enacted tax rates.





CL HIGHER EDUCATIONAL SERVICES PRIVATE LIMITED  
 NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED MARCH 31, 2012

(v) Earnings per share

Basic earnings per share are calculated by dividing the net profit for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period 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.

(vi) Provisions and Contingencies

Provisions are recognized when the Company has a present obligation as a result of past events and it is more likely that an outflow of resources will be required to settle the obligations and the amount has been reliably estimated. Such provisions are not discounted to their present value and are determined based on the management's estimation of the obligation required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect management's current estimates.

Disclosure for a contingent liability is made where it is more likely than not that a present obligation or possible obligation may result in or involve an outflow of resources. When no present or possible obligation exists and the possibility of an outflow of resources is remote, no disclosure is made.

Contingent Assets are neither recognized nor disclosed in the financial statements.

(vii) Material events

Material Events occurring after the Balance Sheet date are taken into cognizance.

3. Share capital

The Company has only one class of share capital having a par value of ₹ 10 per share, referred to herein as equity share.

Particulars	March 31, 2012	
	Numbers	Amount in ₹
Authorised shares		
Equity shares of ₹ 10/- each	10,000	100,000
Issued, subscribed and fully paid up shares		
Equity shares of ₹ 10/- each	10,000	100,000
	10,000	100,000

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

Particulars	March 31, 2012	
	Numbers	Amount in ₹
At the beginning of the period	-	-
Issued during the period	10,000	100,000
Outstanding at the end of the period	10,000	100,000





**b) Terms/rights attached to equity share**

*Voting*

The company has only one class of equity shares having par value of ₹ 10 per share. Each holder of equity shares is entitled to one vote per share held.

*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.

*Liquidation*

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.

**c) Shares held by the holding company / ultimate holding company and/or their associates/ subsidiaries.**

Name of share holders	March 31, 2012		
	Numbers	Amount in ₹	% held
CL Educate Limited (Formerly known as Career Launcher (India) Limited), the holding company	6,576	65,760	65.76

**d) Details of shareholders holding more than 5% shares in the company**

Name of share holders	March 31, 2012		
	Numbers	Amount in ₹	% held
Bilakes Exports Private Limited	2,619	26,190	26.19
Shantanu Prakash	571	5,710	5.71

e) No class of shares have been allotted as fully paid up pursuant to contract(s) without payment being received in cash, allotted as fully paid up by way of bonus shares or bought back.

**4. Reserves and surplus**

**Surplus/ (deficit) in the Statement of Profit and Loss**

	(Amount in ₹) March 31, 2011
Opening balance	-
Add: Loss after tax for the period from Statement of profit and loss	(165,636)
<b>Reserves and Surplus</b>	<b>(165,636)</b>



CL HIGHER EDUCATIONAL SERVICES PRIVATE LIMITED  
 NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED MARCH 31, 2012

5. Long term borrowings

	(Amount in ₹)	
	March 31, 2012	
	Non Current portion	Current portion
Unsecured loan from relates party (refer note 17)	2,647,562	-
	<u>2,647,562</u>	<u>-</u>

6. Other current liabilities

	(Amount in ₹)
	March 31, 2012
Payables for expenses (refer note 16)	75,843
Others	
- Other liabilities (represent statutory liabilities payable to government authorities)	24,823
	<u>100,666</u>

7. Long-term loans and advances

	(Amount in ₹)
	March 31, 2012
Unsecured, considered good	
Advance income tax (net of provisions ₹ Nil)	8,784
Loan given to related party (refer note 17)	2,579,058
	<u>2,587,842</u>

8. Cash and bank balances

	(Amount in ₹)
	March 31, 2012
Cash and cash equivalents	
Balances with scheduled bank	
-in current account	94,750
	<u>94,750</u>

9. Other income

	(Amount in ₹)
	Period ended
	March 31, 2012
Interest on loans given to related parties (refer note 17)	87,842
	<u>87,842</u>

10. Finance cost

	(Amount in ₹)
	Period ended
	March 31, 2012
Interest expense on borrowings	163,958
	<u>163,958</u>



11. Other expenses

	(Amount in ₹) Period ended March 31, 2012
Printing and stationery	1,750
Legal and professional expenses (refer note 12)	87,770
	<u>89,520</u>

12. Auditors Remuneration (excluding service tax)

	(Amount in ₹) Period ended March 31, 2012
Statutory audit	75,000
Out of pocket expenses	-
<b>Total</b>	<u>75,000</u>

13. 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	Period ended March 31, 2012
Loss after tax	A	₹	(165,636)
Weighted average no. of equity shares	B	Nos.	9,875
Add: Dilutive potential equity shares	C	Nos.	-
Number of equity shares (of ₹ 10 each) for Dilutive EPS	D=B+C	Nos.	9,875
Basic earnings per share (A/B)		₹	(16.77)
Diluted earnings per share (A/D)		₹	(16.77)

14. Segment reporting

**Primary Segment**

Based on similarity of activities, risks and reward structure, organization structure and internal reporting systems, the company operates in one business segment mainly comprising provision of education and related services.

**Geographic Segment**

Since the company's activities / operations are primarily within the country and considering the nature of services it deals in, the risks and returns are same and as such there is only one geographical segment.



CL HIGHER EDUCATIONAL SERVICES PRIVATE LIMITED  
 NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED MARCH 31, 2012

15. Deferred tax assets

The Company estimates the deferred tax charge/credit using applicable rate of taxation based on the impact of timing differences between financial statements and estimated taxable income for the current period. The component of deferred tax as at 31 March 2012 is as under:

Particulars	Benefit/ (Charge) for the period	(Amount in ₹) As at March 31, 2012
Deferred tax asset arising on account of:		
Current year business loss	165,636	165,636

However, in the absence of virtual certainty of realization in case of accumulated business losses as at 31 March 2012, deferred tax asset has not been recognized.

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

	(Amount in ₹) Period ended March 31, 2012
<b>Balance of payables for expenses</b>	
- Principal amount due to Micro, Small and Medium Enterprises	-
- Principal amount due to Others	75,843
<b>Total</b>	<b>75,843</b>
<b>Interest accrued and due at the end of the period</b>	
- Interest on payments due to Micro, Small and Medium Enterprises	-
- Interest on payments due to others	-
- Interest due and payable on amounts paid during the period to Micro, Small and Medium Enterprises beyond the appointed date	-
<b>Total</b>	-
<b>Paid during the period</b>	
Principal amount (including interest) paid to Micro, Small and Medium Enterprises beyond the appointed date	-
- Principal amount	-
- Interest thereon	-
Principal amount (excluding interest) paid to Micro, Small and Medium Enterprises beyond the appointed date	-
<b>Others</b>	
- Interest accrued in the prior period and paid during the period	-
- Interest accrued during the period and paid during the period	-





17. Related Party Disclosure

The Disclosure as required by the Accounting Standard -18 "Related Party Disclosures" are given below:

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

- a) Holding Company : CL Educate Limited (formerly known as Career Launcher (India) Limited).
- b) Enterprises in which key management personnel and their relatives are able to exercise significant influence : Career Launcher Education Foundation

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

	(Amount in ₹) Period ended March 31, 2011
1. Long term loans and advances granted To Career Launcher Education Foundation	2,500,000
2. Interest income From Career Launcher Education Foundation	87,842
3. Long term borrowings From CL Educate Limited (formerly known as Career Launcher (India) Limited)	2,500,000
4. Interest expense on long term borrowings To CL Educate Limited	163,958
5. Balance outstanding as at the period end	
Long term loans and advances - Career Launcher Education Foundation	2,579,058
Long term borrowings CL Educate Limited	2,647,562

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 Higher Educational Services Private Limited

  
 Director

  
 Director

Place: Greater Noida  
 Date: July 30, 2012

Place: Greater Noida  
 Date: July 30, 2012