

HARIBHAKTI & CO. LLP

Chartered Accountants

Independent Auditors' Report

To
The Members of
CL Educate Limited

Report on the Financial Statements

We have audited the accompanying financial statements of CL Educate Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2014, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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



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Opinion

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

- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2014;
- (b) in the case of the Statement of Profit and Loss, of the profit for the year ended on that date;
and
- (c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

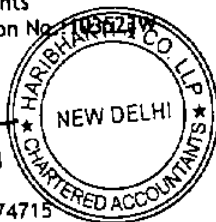
Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditors' Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Act, we give in the Annexure, a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by Section 227(3) of the Act, we report that:
 - a. we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b. in our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - c. the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
 - d. in our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Act;
 - e. on the basis of written representations received from the directors as on March 31, 2014, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2014, from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Act.

For Haribhakti & Co. LLP
Chartered Accountants
ICAI Firm Registration No. 103624W



Raj Kumar Agarwal
Partner
Membership No.: 074715



Place: New Delhi
Date: August 11, 2014

HARIBHAKTI & CO. LLP

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Annexure to Independent Auditors' Report

[Annexure referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' in the Independent Auditors' Report of even date to the members of CL Educate Limited on the financial statements for the year ended March 31, 2014]

- (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 were noticed on such verification. 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.
- (ii) (a) The inventory has been physically verified by the management at the year end. In our opinion, the frequency of verification is reasonable.
- (b) The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) The Company is maintaining proper records of inventory and no material discrepancies were noticed on physical verification carried out at the end of the year.
- (iii) (a) The Company has granted interest free unsecured loans to four companies and one other party covered in the register maintained under Section 301 of the Act. The maximum amount outstanding during the year and the year-end balance of such loans are as follows:

(Amount in ₹)

Name of the entity	Maximum amount outstanding during the year	Year-end balance
Career Launcher Education Foundation	61,246,345	45,758,320
CL Higher Educational Services Private Limited	120,000	120,000
Career Launcher Education Infrastructure and Services Limited	2,587,394	427,339
Kestone Asia Educational Hub Pte. Ltd. (formerly known as CL Asia Educational Hub Pte. Ltd.)	9,580,649	8,296,325
Career Launcher USA Inc. (upto September 30, 2013)	38,390,608	Not applicable

The Company has also granted interest bearing unsecured loan to G.K. Publications Private Limited, a company covered in the register maintained under Section 301 of the Act. The maximum amount involved during the year was ₹ 25,168,727 and the year-end balance of loan granted to such party was ₹ 20,646,855.

- (b) During the year, the Company has fully written off accumulated interest on loan granted in earlier years to Career Launcher Education Foundation, an entity over which key management personnel have significant influence, aggregating ₹ 15,488,025. Accordingly, in our opinion such loan is prejudicial to the interest of the Company.



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In our opinion and according to the information and explanations given to us, the rate of interest, wherever charged, and the other terms and conditions of loans granted to other parties except Career Launcher Education Foundation are not, *prima facie*, 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 ₹ 100,000 in respect of loans granted to companies, firms or other parties listed in the register maintained under section 301 of the Act.
- (e) According to the information and explanations given to us, the Company has not taken any loans, secured or unsecured from companies, firms or other parties covered in the register maintained under section 301 of the Act. Accordingly the provisions of clause (iii) (e), (iii) (f) and (iii) (g) of paragraph 4 of the Order are not applicable to the Company.
- (iv) In our opinion and according to the information and explanations given to us, there exists an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchase of inventory and fixed assets and for the sale of goods and services. We have not observed any continuing failure to correct major weakness in the aforesaid internal control system of the Company.
- (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 Act that need to be entered into the register maintained under section 301 of the Act have been so entered.
- (b) In our opinion and according to the information and explanations given to us, in respect of transactions made in pursuance of contracts or arrangements entered aggregating ₹ 500,000 or more in value, the prices are not comparable since similar transactions have not been undertaken with any other party not covered under section 301 of the Act.

Unsecured loans granted to parties covered in the register maintained under section 301 of the Act, are dealt with in paragraphs (iii)(a), (iii)(b), (iii)(c) and (iii)(d) above.

Unsecured loans taken from parties covered in the register maintained under section 301 of the Act, are dealt with in paragraphs (iii)(e), (iii)(f) and (iii)(g) above.

- (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) 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 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 and other material statutory dues applicable to it. *However, there are slight delays in depositing undisputed statutory dues in respect of tax deducted at source and service tax.*

According to the information and explanations given to us and on the basis of examination of the records of the Company, no undisputed amount payable in respect of provident fund, investor education and protection fund, wealth tax, service tax, employees' state insurance,



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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.

As informed statutory dues including sales-tax, customs duty, excise duty and cess are currently not applicable to the Company.

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

Name of the statute	Nature of the dues	Amount including penalty (in -)	Period to which the amount relates	Forum where dispute is pending
Finance Act, 1994	Cenvat credit reversal	4,648,826	September 2004 to March 2007	Central Excise and Service Tax Appellate Tribunal, New Delhi
Finance Act, 1994	Cenvat credit reversal	1,569,481	October 2007 to March 2008	Commissioner of Service Tax (Appeals), New Delhi
Finance Act, 1994	Cenvat credit reversal	40,097,178	April 2008 to March 2012	Commissioner of Service Tax (Appeals), New Delhi
Finance Act, 1994	Service Tax	142,013,412	July 2003 to September 2008	Central Excise and Service Tax Appellate Tribunal, New Delhi
Finance Act, 1994	Service Tax	7,372,308	October 2008 to March 2009	Central Excise and Service Tax Appellate Tribunal, New Delhi
Finance Act, 1994	Service Tax	10,664,476	April 2009 to September 2009	Central Excise and Service Tax Appellate Tribunal, New Delhi
Finance Act, 1994	Service Tax	71,756,945	October 2009 to September 2010	Central Excise and Service Tax Appellate Tribunal, New Delhi
Finance Act, 1994	Service Tax	16,635,768	October 2010 to September 2011	Commissioner of Service Tax (Appeals), New Delhi
Finance Act, 1994	Service Tax	12,553,238	October 2011 to June 2012	Commissioner of Service Tax (Appeals), New Delhi
Income Tax Act, 1961	Income Tax	202,133,704	FY 2010-11	Commissioner of Income Tax (Appeals), New Delhi
Income Tax Act, 1961	Tax deducted at Source	27,330,519	FY 2006-07 to 2008-09	Income Tax Appellate Tribunal, New Delhi
Income Tax Act, 1961	Tax deducted at Source	15,716,776	FY 2010-11	Commissioner of Income Tax (Appeals), New Delhi

Statutory dues including sales-tax, customs duty, excise duty and cess are currently not applicable to the Company.

- (x) The Company has no accumulated losses at the end of the financial year. Further, the Company has not incurred cash losses during the financial year covered by our audit and the immediately preceding financial year.
- (xi) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to any bank. The Company has no outstanding dues in respect of financial institutions or debenture holders.
- (xii) The Company has not granted loans & advances on the basis of security by way of pledge of shares, debentures and other securities. Accordingly, the provisions of clause (xii) of paragraph 4 of the Order are not applicable to the Company.



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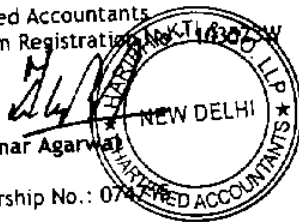
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- (xiii) In our opinion and according to the information and explanations given to us, the Company is not a chit fund or a nidhi / mutual benefit fund / society. Accordingly, the provisions of clause (xiii) of paragraph 4 of the Order are not applicable 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 provisions of clause (xiv) of paragraph 4 of the Order are 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 not, *prima facie*, 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 explanation 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 Act.
- (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 money by way of public issue 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. LLP
Chartered Accountants
ICAI Firm Registration No. 163064W

Raj Kumar Agarwal
Partner
Membership No.: 074276

Place: New Delhi
Date: August 11, 2014



CL Educate Limited
Balance Sheet as at March 31, 2014

	Note	March 31, 2014 Amount in ₹	March 31, 2013 Amount in ₹
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	3	99,178,100	99,178,100
Reserves and surplus	4	1,013,130,121	994,782,785
		<u>1,112,308,221</u>	<u>1,093,960,885</u>
Share application money pending allotment	5	13,856,563	-
Non-current liabilities			
Long-term borrowings	6	18,878,476	36,258,040
Deferred tax liabilities (net)	7	13,210,046	3,460,162
Long-term provisions	8	13,578,760	8,339,076
		<u>45,667,282</u>	<u>48,057,278</u>
Current liabilities			
Short-term borrowings	9	240,660,179	234,454,731
Trade payables	10	112,150,759	55,270,913
Other current liabilities	11	288,269,032	335,479,983
Short-term provisions	8	459,065	1,476,556
		<u>641,539,035</u>	<u>626,682,183</u>
Total		<u>1,813,371,101</u>	<u>1,768,700,346</u>
ASSETS			
Non-current assets			
Fixed assets			
- Tangible assets	12	336,777,797	349,290,335
- Intangible assets	13	110,746,883	123,356,261
- Capital work-in-progress	14	-	93,235
Non-current investments	15	453,285,771	406,014,437
Long-term loans and advances	16	84,666,259	92,682,722
Other non-current assets	17	132,430,427	150,913,633
		<u>1,117,907,137</u>	<u>1,122,350,623</u>
Current assets			
Current investments	18	-	-
Inventories	19	33,647,181	24,284,972
Trade receivables	20	358,912,488	312,965,322
Cash and bank balances	21	44,662,834	65,290,579
Short-term loans and advances	22	204,907,471	189,066,088
Other current assets	23	53,333,990	54,742,762
		<u>695,463,964</u>	<u>646,349,723</u>
Total		<u>1,813,371,101</u>	<u>1,768,700,346</u>

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Summary of significant accounting policies
The accompanying notes form an integral part of the Financial Statements.

As per our report of even date.
For Haribhakti & Co. LLP
Chartered Accountants
ICAI Firm Registration No.: 303523W

Raj Kumar Agarwal
Partner
ICAI Membership No.: 074719
Place : New Delhi
Date : August 11, 2014



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

Gautam Puri
Managing Director

Nikhil Mahajan
Director

Rachna Sharma
Company Secretary

Place : New Delhi
Date : August 11, 2014

CL Educate Limited
Statement of Profit and Loss for the year ended March 31, 2014
Particulars

Particulars	Notes	March 31, 2014	March 31, 2013
		Amount in ₹	Amount in ₹
Income			
Revenue from operations	24	1,194,095,548	1,164,087,226
Other income	25	42,047,855	183,962,688
Total Revenue		1,236,143,403	1,348,049,914
Expenses			
Purchases of traded goods	26	117,413,799	103,340,921
(Increase) in inventory of traded goods	27	(9,362,209)	(11,780,397)
Cost of services	28	477,069,716	486,568,316
Employee benefits expense	29	220,582,824	196,413,240
Finance costs	30	44,133,349	59,069,401
Depreciation and amortisation expenses	31	37,475,486	37,231,177
Other expenses	32	305,620,239	381,024,245
Total expenses		1,192,933,204	1,251,866,903
Profit before exceptional items, prior period items and tax		43,210,199	96,183,011
Exceptional expenses	48	15,488,025	-
Profit before prior period items and tax		27,722,174	96,183,011
Prior period expenses/(income) (net)	33	478,904	(3,804,590)
Profit before tax		27,243,270	99,987,601
Income tax expense:			
- Current tax		5,519,000	-
- Minimum alternate tax (MAT) credit		(5,519,000)	-
- Deferred tax charge	7	9,749,884	39,147,072
- Earlier years' tax adjustments		-	1,974,198
Total tax expenses		9,749,884	41,121,270
Net profit after tax		17,493,386	58,866,331
Earnings per equity share	34		
Nominal value of ₹ 10 each (Previous year ₹ 10 each)		3.50	6.27
- Basic before exceptional expenses		1.86	6.27
- Basic after exceptional expenses		3.39	6.22
- Diluted before exceptional expenses		1.80	6.22
- Diluted after exceptional expenses			

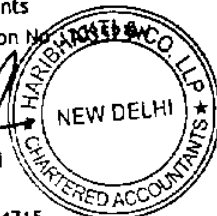
Summary of significant accounting policies 2

The accompanying notes form an integral part of the Financial Statements.

As per our report of even date.

For Haribhakti & Co. LLP
Chartered Accountants
ICAI Firm Registration No.

Raj Kumar Agarwal
Partner
Membership No.: 074715
Place: New Delhi
Date: August 11, 2014



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

Gautam Puri
Managing Director

Nikhil Mahajan
Director

Rachna Sharma
Company Secretary

Place: New Delhi
Date: August 11, 2014

CL Educate Limited
Cash Flow Statement for the year ended March 31, 2014

	March 31, 2014 Amount in ₹	March 31, 2013 Amount in ₹
A Cash flow from operating activities		
Net profit before tax and after exceptional prior period items and tax	27,243,270	99,987,601
Adjustments for:		
Depreciation and amortisation on fixed assets	37,475,486	37,231,177
Depreciation and amortisation on investments property	213,750	213,750
Finance costs	42,563,021	56,384,086
Loan processing charges	1,541,939	6,156,338
Interest income	(18,264,511)	(24,999,894)
(Profit) on sale of fixed assets	-	(128,611)
Rent income on investments property	(293,750)	(600,000)
Fixed assets written off	679,602	613,293
Advances written off	505,688	120,020,653
Bad debts written off	38,996,311	31,904,044
Deposits written off	-	391,720
Miscellaneous balances written off	1,622,780	2,403,282
Provision for doubtful advances	340,333	2,004,854
Provision for impairment of assets	-	65,760
Prior period income on fixed assets	-	(10,536,848)
Provision no longer required written back	-	(112,878,251)
Liability no longer required written back	(16,639,410)	(31,579,708)
Transfer to stock options outstanding	853,950	3,441,397
Exceptional non cash items:		
- Advances written off	15,488,025	-
Unrealised foreign exchange gain	(1,528,745)	(351,532)
Realised foreign exchange gain on sale of investment	(237,462)	-
Operating profit before working capital changes	130,560,277	179,743,113
Adjustments for changes in working capital		
(Increase) in trade receivables	(83,414,730)	(80,647,343)
Decrease in other current assets	-	14,806,242
Decrease/(increase) in long term loans and advances	15,886,656	(15,925,869)
(Increase)/decrease in short term loans and advances	(40,430,600)	14,291,393
(Increase) in inventories of traded goods	(9,362,209)	(11,780,397)
Increase/(decrease) in other current liabilities	37,240,922	(131,063,771)
Increase in long term provisions	5,239,684	1,942,757
(Decrease) in short term provisions	(1,017,491)	(319,449)
Increase/(decrease) in trade payables	56,879,846	(10,394,368)
Cash generated from/(used in) operations	111,582,354	(39,347,692)
Taxes paid (net of refund)	(6,778,834)	(6,135,418)
Net cash generated from/(used in) operating activities	104,803,520	(45,483,110)

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CL Educate Limited
Cash Flow Statement for the year ended March 31, 2014

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B Cash flow from investing activities:

	March 31, 2014 Amount in ₹	March 31, 2013 Amount in ₹
Purchase of investment of in subsidiaries (net of payable for investments)	(47,913,314)	(37,682,685)
Proceeds from sale of investment in subsidiaries	665,692	-
Purchase of fixed assets (net)	(31,788,025)	(33,286,132)
Proceeds from sale of fixed assets	-	1,270,334
Proceeds/(investments) in deposits not considered as cash and cash equivalents (net)	52,125,080	(52,316,292)
Share application money paid for acquisition of shares of subsidiary	-	(13,500,032)
Loans given to subsidiaries (including conversion of interest and receivables)	(26,014,513)	(28,997,693)
Loans given to employees	-	-
Interest income received	21,908,961	25,943,051
Rent income on investments property	293,750	600,000
Proceeds from realisation of loan given to subsidiaries (including adjustments)	32,646,904	51,516,491
Net cash generated from/(used in) investing activities	1,924,536	(86,452,956)

C Cash flow from financing activities:

Proceeds from issue of equity shares	-	356,880
Proceeds from issue of preference shares	-	5,000,000
Securities premium received on Preference shares	-	95,000,000
Securities premium received on equity shares	-	14,077,173
Share issue expense paid	-	(6,004,366)
Share application money received pending allotment (Refer note 5)	13,856,563	-
Proceeds from long-term borrowings	35,000,000	301,637,966
Repayment of long-term borrowings	(101,829,660)	(286,178,069)
Net increase in working capital borrowings	6,205,448	71,287,060
Dividend paid during the year	(28,476)	(24,150)
Loan processing fee paid	(1,541,939)	(6,156,338)
Interest paid	(43,140,183)	(57,553,187)
Net cash (used in)/generated from financing activities	(91,478,247)	131,442,969
Net increase/(decrease) in cash and cash equivalents	15,249,808	(493,098)
Unrealised foreign exchange gain on cash and cash equivalents	-	141,721
Cash and cash equivalents at beginning of the year	19,682,812	20,034,188
Cash and cash equivalents at end of the year	34,932,620	19,682,812

Cash and cash equivalents comprise

Balances with banks:		
- on current accounts	28,080,092	7,443,744
Cheques/ drafts on hand	2,898,968	5,428,904
Cash on hand	3,953,560	6,810,164
	34,932,620	19,682,812

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CL Educate Limited
Cash Flow Statement for the year ended March 31, 2014

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	March 31, 2014 Amount in ₹	March 31, 2013 Amount in ₹
Add:		
- Deposits with original maturity for more than 3 months but less than 12 months from the reporting date	5,999,700	45,561,727
- on unpaid dividend account	19,822	46,040
Current restricted cash (Margin money deposit and under lien deposits)	3,710,692	-
Total cash and bank balances at end of the year (Refer note 21)	44,662,834	65,290,579

Notes :

1. The above Cash Flow Statement has been prepared under the indirect method set out in AS-3 "Cash Flow Statements" as notified under section 211(3C) of the Companies Act, 1956.

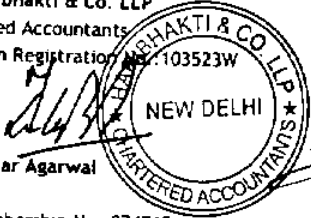
2. Notes to the Financials Statements are integral part of the Cash Flow Statement.

As per our report of even date.

For Haribhakti & Co. LLP

Chartered Accountants

ICAI Firm Registration No.: 103523W



Raj Kumar Agarwal

Partner

ICAI Membership No.: 074715

Place: New Delhi

Date : August 11, 2014

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

Gautam Puri

Managing Director

Place: New Delhi

Date : August 11, 2014

Nikhil Mahajan

Director

Rachna Sharma

Company Secretary

CL Educate Limited
Notes to the Financial Statements for the year ended March 31, 2014

1. Background

CL Educate Limited ('the Company') was incorporated in India on April 25, 1996 to conduct various educational and consulting programmes. The Company is a closely held company with 68.58% (previous year 68.58%) of the shares being held by the promoters / directors of the Company and their relatives and the balance 31.42% (previous year 31.42%) of the shares are being held by other individuals and companies.

2. Summary of significant accounting policies

(i) Basis for preparation of Financial Statements:

The financial statements have been prepared to comply in all material respects with the Accounting Standards notified by Companies (Accounting Standards) Rules, 2006, (as amended) and the relevant provisions of the Companies Act, 1956 ('the Act'). 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 and are consistent with those used in the previous year.

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

(ii) Use of estimates

The 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, liabilities and contingent liabilities at the reported date and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on the managements' best knowledge of current events and actions, actual results could differ from these estimates. Any revision in accounting estimate is recognised prospectively in current and future periods.

(iii) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefit will flow to the Company and revenue can be reliably measured.

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

Revenue from services

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

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



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CL Educate Limited
Notes to the Financial Statements for the year ended March 31, 2014

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 and is recorded net of discounts and taxes, if any.

Other operating income

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

Grant income

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

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

Grants related to specific fixed assets are shown as a deduction from the gross value of the asset concerned in arriving at its book value. The grant is thus recognised in the Statement of Profit and Loss over the useful life of a depreciable asset by way of a reduced depreciation charge. Where the grant equals the whole, or virtually the whole, of the cost of the asset, the asset is shown in the Balance Sheet at a nominal value. Grants for various government projects carried out by the Company are disclosed in other operating income as grant income.

Unbilled revenue

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

Unearned revenue

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



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CL Educate Limited
Notes to the Financial Statements for the year ended March 31, 2014

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.

Rent income

Rent income is recognised on the basis of time period.

Dividend

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

(iv) *Fixed assets*

Tangible assets

Tangible fixed assets are stated at cost of acquisition net of recoverable taxes (wherever applicable), 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.

Subsequent expenditure related to an item of fixed asset is added to its book value only if it increases the future benefits from the existing asset beyond its previously assessed standard of performance. All other expenses on existing fixed assets, including day to day repair and maintenance and cost of replacing parts, are charged to the Statement of Profit and Loss for the period during which such expenses are incurred.

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

Intangible assets

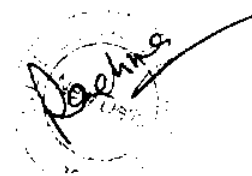
An intangible asset is recognized when it is probable that the future economic benefits attributable to the asset will flow to the enterprise and where its cost can be reliably measured. Intangible assets are stated at cost of acquisition less accumulated amortisation and impairment losses, if any. Cost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

Losses arising from the retirement of, and gain or losses arising from disposal of an intangible asset are determined as the difference between the net disposal proceeds and the carrying amount of asset and recognised as income or expense in the Statement of Profit and Loss.

(v) *Depreciation and amortisation*

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

Particulars	Useful life (years)
Tangible assets:	
Leasehold land	90 (period of lease)
Building	60
Furniture and fixtures	10-15



CL Educate Limited

Notes to the Financial Statements for the year ended March 31, 2014

Office equipment	10
Vehicle	10
Computer equipment	5
Leasehold improvements	Lesser of 3 years or period of lease
Intangible assets:	
Trademark	5
Software	5
Content development	5
License fees	10
Intellectual property rights	10
Goodwill	5

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

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

(vi) Impairment of assets

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

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

(vii) Borrowing cost

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

(viii) Leases:

Where the Company is lessee

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

A leased asset is depreciated on a straight-line basis over the useful life of the asset as determined by the management or the useful life envisaged in Schedule XIV to the Act, whichever is lower. However, if there is no reasonable certainty that the Company will obtain the ownership by the end of the lease



Rishakti

term, the capitalised asset is depreciated on a straight-line basis over the shorter of the estimated useful life of the asset, the lease term and the useful life envisaged in Schedule XIV to the Act.

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 recognised as an expense in the Statement of Profit and Loss on a straight-line basis over the lease term.

Where the Company is the lessor

Leases in which the Company transfers substantially all the risks and benefits of ownership of the asset are classified as finance leases. Assets given under finance lease are recognised 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 recognised in the Statement of Profit and Loss. Initial direct costs such as legal costs, brokerage costs, etc. are recognised 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 recognised in the Statement of Profit and Loss on a straight-line basis over the lease term. Costs, including depreciation, are recognised as an expense in the Statement of Profit and Loss. Initial direct costs such as legal costs, brokerage costs, etc. are recognised immediately in the Statement of Profit and Loss.

(ix) Investment property

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

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

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

On disposal of an investment, the difference between its carrying amount and net disposal proceeds is charged or credited to the Statement of Profit and Loss.

(x) Investments other than investments property

Accounting treatment

Investments, which are readily realisable 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 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.



Rachna

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 recognise a decline other than temporary in the value of long term investments on individual investment basis.

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 as per requirements of Revised Schedule VI

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 comprising traded goods are valued at the lower of cost and net realisable value. Cost comprises all costs of purchases and other costs incurred in bringing the inventory to their present location and condition. 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. The comparison of cost and net realisable value is made on individual item basis.

(XII) Employee Benefits

Short term employee benefits:

All employee benefits payable wholly within twelve months of rendering the service are classified as short term employee benefits. Benefits such as salaries, wages, and bonus etc are recognised in the Statement of Profit and Loss in the period in which the employee renders the related service.

Long term employee benefits:

- Defined contribution plan: Provident fund

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

Defined contribution plan: Employee state insurance

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

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

- Defined Benefit Plan: 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



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the plan assets is recognised as an income or expense in the Statement of Profit and Loss. The expected return on plan assets is based on the assumed rate of return of such assets. The Company contributes to a trust set up by the Company which further contributes to a policy taken from the Life Insurance Corporation of India.

Other long-term benefits: Leave encashment

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

Employee stock option scheme

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

(xiii) Foreign exchange transactions

Transactions in foreign currency are recorded at the exchange rate prevailing at the date of the transaction. Exchange differences arising on foreign currency transactions settled during the year are recognized 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 recognized in the Statement of Profit and Loss. Non monetary assets and liabilities are recorded at the rates prevailing on the date of the transaction.

Translation of integral and non integral foreign operations

The Company classifies its foreign operations as either "integral foreign operations" or "non integral foreign operations".

The financial statements of an integral foreign operation are translated as if the transactions of the foreign operations have been those of the Company itself. The assets and liabilities (except share capital which is taken at historical cost) both monetary and non monetary, of the non integral foreign operation are translated at the closing rate. Income and expense items of the non integral foreign operation are translated at average rates at the date of transaction. All resulting exchange differences are accumulated in a foreign currency translation reserve until the disposal of the net investment, at which time the accumulated amount is recognized as income or as expense.

When there is a change in the classification of a foreign operation, the translation procedures applicable to the revised classifications are applied from the date of the change in the classified.

(xiv) Taxation

Tax expense for the year comprising current tax, deferred tax charge or benefit and MAT credit entitlement is included in determining the net profit for the year.



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Current tax

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

Deferred tax

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

The break-up of the major components of the deferred tax assets and liabilities as at Balance Sheet date has been arrived at after setting off deferred tax assets and liabilities where the entity has a legally enforceable right to set-off assets against liabilities and where such assets and liabilities relate to taxes on income levied by the same governing taxation laws.

Minimum alternate tax

Minimum alternate tax (MAT) under the Income Tax Act, 1961, payable for the year is charged to the Statement of Profit and Loss as current tax. The company recognizes MAT credit available as an asset only to the extent that there is convincing evidence that the Company will pay normal income tax during the specified period, i.e., the period for which MAT credit is allowed to be carried forward. In the year in which the Company recognizes MAT credit as an asset in accordance with the Guidance Note on accounting for credit available in respect of Minimum Alternative Tax under the Income-tax Act, 1961, the said asset is created by way of credit to the Statement of Profit and Loss and shown as "MAT Credit Entitlement." The Company reviews the "MAT credit entitlement" asset at each reporting date and writes down the asset to the extent the Company does not have convincing evidence that it will pay normal tax during the specified period.

(xv) Provisions, contingent liabilities and contingent assets

Provision

The Company creates a provision when there is present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of obligation.

Contingent liabilities

A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that probably will not require an outflow of resources or where a reliable estimate of the obligation cannot be made.

Contingent assets

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

(xvi) Cash and cash equivalents

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



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CL Educate Limited
Notes to the Financial Statements for the year ended March 31, 2014

(xvii) Exceptional items

Items of income or expense from ordinary activities which are of such size, nature or incidence that, their disclosure is relevant to explain the performance of the enterprise for the period, are disclosed separately in the Consolidated Statement of Profit and Loss.

(xviii) 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 year are adjusted for events such as 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 into equity shares as at the beginning of the year, unless they have been issued at a later date.

(xix) Segment Reporting

The Company identifies primary segments based on the dominant source, nature of risks and returns and the internal organisation and management structure. The operating segments are the segments for which separate financial information is available and for which operating profit/loss amounts are evaluated regularly by the executive Management in deciding how to allocate resources and in assessing performance.

The accounting policies adopted for segment reporting are in line with the accounting policies of the Company. Segment revenue, segment expenses, segment assets and segment liabilities have been identified to segments on the basis of their relationship to the operating activities of the segment. Inter-segment revenue is accounted on the basis of transactions which are primarily determined based on market / fair value factors.

Revenue, expenses, assets and liabilities which relate to the Company as a whole and are not allocable to segments on reasonable basis have been included under "unallocated revenue / expenses / assets / liabilities".

(xx) Share issue expenses

Share issue expenses are adjusted against the securities premium account as permissible under Section 78 of the Act, to the extent balance is available for utilization in the securities premium account. The balance of share issue expenses in excess of securities premium account, if any, are charged to Statement of Profit and Loss.

(xxi) Material Events

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

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CL Educate Limited

Notes to the Financial Statements for the year ended March 31, 2014

3. Share capital

a) The Company has three classes of shares i.e. Equity shares (Class-I), Compulsorily convertible 0.01% non cumulative preference shares (CCPS)(Class -II) and Optionally convertible 0.01% non cumulative preference shares (OCPS)(Class- III), having a par value of ₹ 10 per share.

Particulars	March 31, 2014		March 31, 2013	
	Numbers	Amount in ₹	Numbers	Amount in ₹
Authorised				
Equity shares of ₹ 10 each (previous year ₹ 10) with equal voting rights	13,000,000	130,000,000	13,000,000	130,000,000
Preference shares of ₹ 10 each (previous year ₹ 10)	2,000,000	20,000,000	2,000,000	20,000,000
	<u>15,000,000</u>	<u>150,000,000</u>	<u>15,000,000</u>	<u>150,000,000</u>
Issued, subscribed and fully paid up				
Equity shares of ₹ 10 each (previous year ₹ 10) with equal voting rights (Class -I)	9,417,810	94,178,100	9,417,810	94,178,100
Compulsorily convertible 0.01% non cumulative preference shares (CCPS) of ₹10 each (previous year ₹10) (Class -II)	411,045	4,110,450	411,045	4,110,450
Optionally convertible 0.01% non cumulative preference shares (OCPS) of ₹10 each (Class -III)	88,955	889,550	88,955	889,550
	<u>9,917,810</u>	<u>99,178,100</u>	<u>9,917,810</u>	<u>99,178,100</u>

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

1) Class-I shares-Equity shares

Particulars	March 31, 2014		March 31, 2013	
	Numbers	Amount in ₹	Numbers	Amount in ₹
At the beginning of year	9,417,810	94,178,100	9,334,706	93,347,060
Add: Share issued during the year by way of:				
-Allotment of share for a consideration otherwise than in cash (Refer footnote a)	-	-	83,104	831,040
Outstanding at the end of the year	<u>9,417,810</u>	<u>94,178,100</u>	<u>9,417,810</u>	<u>94,178,100</u>

Footnote

a) In the previous year, the amount represent shares issued to Promoters of G. K. Publications Private Limited (GKP) for consideration other wise than in cash for first and second tranche of payments as per Investment agreement to purchase shares of GKP (Refer footnote i) of note 15):

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



Rakesh

2) Class-II shares-CCPS

Particulars	March 31, 2014		March 31, 2013	
	Numbers	Amount in ₹	Numbers	Amount in ₹
At the beginning of the year	411,045	4,110,450	-	-
Add: Share issued during the year	-	-	411,045	4,110,450
Outstanding at the end of the year	<u>411,045</u>	<u>4,110,450</u>	<u>411,045</u>	<u>4,110,450</u>

3) Class-III shares-DCPS

Particulars	March 31, 2014		March 31, 2013	
	Numbers	Amount in ₹	Numbers	Amount in ₹
At the beginning of the year	88,955	889,550	-	-
Add: Share issued during the year	-	-	88,955	889,550
Outstanding at the end of the year	<u>88,955</u>	<u>889,550</u>	<u>88,955</u>	<u>889,550</u>

c) Terms/rights attached to shares

A. Voting

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

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

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

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B. Dividends

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

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

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

C. Liquidation

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

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

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

D. Other terms and conditions

1) **Class-II shares-CCPS:**

In the previous year, on December 14, 2012 the Company has issued 411,045 class-II, 0.01% CCPS of ₹ 10 each.

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

Conversion price 1:

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



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Conversion price 2:

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

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

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

Conversion price 3:

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

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

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

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

2) Class-III shares-OCPS:

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

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

Conversion price 1:

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



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CL Educate Limited

Notes to the Financial Statements for the year ended March 31, 2014

Conversion price 2:

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

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

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

Conversion price 3:

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

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

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

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

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CL Educate Limited

Notes to the Financial Statements for the year ended March 31, 2014

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

1) Class-I shares-Equity shares

Name of share holders	March 31, 2014		March 31, 2013	
	Numbers	% held	Numbers	% held
Mr. Gautum Puri	2,549,186	27.07%	2,549,186	27.07%
Mr. Satya Narayanan R	2,549,186	27.07%	2,549,186	27.07%
Bilakes Consulting Private Limited	786,859	8.36%	786,859	8.36%
GPE (India) Limited	765,747	8.13%	765,747	8.13%
	6,650,978	70.62%	6,650,978	70.62%

There is no holding and ultimate holding company and no shares are held by any associates and subsidiaries.

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

2) Class-II shares-CCPS

Name of share holders	March 31, 2014		March 31, 2013	
	Numbers	% held	Numbers	% held
GPE (India) Limited	411,045	100.00%	411,045	100.00%
	411,045	100.00%	411,045	100%

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

3) Class-III shares-OCPS

Name of share holders	March 31, 2014		March 31, 2013	
	Numbers	% held	Numbers	% held
Gaja Trustee Company Private Limited	88,955	100.00%	88,955	100.00%
	88,955	100.00%	88,955	100.00%

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

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

1) Class-I shares-Equity shares

	March 31, 2014	March 31, 2013
	Numbers In aggregate	Numbers In aggregate
Equity shares allotted as fully paid-up pursuant to contracts for consideration other than cash	670,032	720,032
	670,032	720,032



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CL Educate Limited
Notes to the Financial Statements for the year ended March 31, 2014

In addition, the Company has issued total equity shares in current year 4,775 of ₹ 10 each fully paid up (previous year 4,775 of ₹ 10 each fully paid up) 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.

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

Shares reserved for issue under options

g) Employees stock option schemes (ESOP) (refer note 38)

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, 2014 and March 31, 2013 the Company had 56,143 and 66,268 number of shares reserved for issue under the scheme respectively.

Pursuant to the Special Resolution passed by the members in the extraordinary general meeting held on May 29, 2013, and the resolution passed by the Board of Directors at its meeting on January 28, 2014 the Company renewed "Career Launcher Employee Stock Options Plan 2008" for a further period of one year i.e. May 30, 2014 and March 31, 2015 respectively.

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4. Reserves and Surplus

4.1. Securities premium account

Opening balance		
(+) Share premium received/adjusted		
-on issue of CCPS in cash		
-on issue of OCPS in cash		
-on issue of equity shares consideration other than cash		
(-) Share issue expenses		
(-) Transfer to Class-II shares-CCPS conversion reserve		
(-) Transfer to Class-III shares-OCPS redemption/conversion reserve		
Closing balance		

March 31, 2014	March 31, 2013
Amount in ₹	Amount in ₹
693,701,683	567,534,397
-	16,901,450
-	78,098,550
-	43,048,364
-	(6,004,366)
-	(4,831,186)
-	(1,045,526)
<u>693,701,683</u>	<u>693,701,683</u>

4.2. Class-II shares-CCPS conversion reserve

Opening balance		
(+) Transferred from share premium during the year		
Closing balance		

4,831,186	
<u>4,831,186</u>	<u>4,831,186</u>

4.3. Class-III shares-OCPS redemption/conversion reserve

Opening balance		
(+) Transferred from share premium during the year		
Closing balance		

1,045,526	
<u>1,045,526</u>	<u>1,045,526</u>

4.4. Capital reserves

Opening balance		
Closing balance		

19,939	19,939
<u>19,939</u>	<u>19,939</u>

4.5. General reserves

Opening balance		
Closing balance		

5,784,256	5,784,256
<u>5,784,256</u>	<u>5,784,256</u>

4.6. Employee stock option outstanding

Gross employee stock compensation for options granted in earlier years		
(+) Gross compensation for options for the year		
Closing balance		

8,473,256	5,031,859
853,950	3,441,397
<u>9,327,206</u>	<u>8,473,256</u>

4.7. Surplus in the Statement of Profit and Loss

Opening balance		
(-) Net profit for the year		
Closing balance		

280,926,939	222,060,608
17,493,386	58,866,331
<u>298,420,324</u>	<u>280,926,939</u>
<u>1,013,130,121</u>	<u>994,782,785</u>

Total reserves and surplus



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5. Share application money pending allotment

During the year, the Company acquired the third and last tranche of shares in G.K. Publications Private Limited by payment of consideration as stipulated in the investment agreement entered on November 12, 2011 with the promoters of G.K. Publications Private Limited, including consideration by way of issue of equity shares of the Company of value ₹ 13,856,863, which has been recorded as 'share application money pending allotment' by the Company. (Refer footnote (i) of note 15)

Further, subsequent to the Balance Sheet date, the Board in its meeting held on July 22, 2014 has proposed to issue 23,486 equity shares at a premium of ₹ 580 per share against the said share application money subject to approval by shareholders in ensuing annual general meeting.

6. Long-term borrowings

	Non-current portion		Current maturities	
	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013
	Amount in ₹	Amount in ₹	Amount in ₹	Amount in ₹
Term loans (secured)				
-From banks				
a) Vehicle loans (Refer footnote i)	1,477,994	2,330,790	852,801	907,499
b) Other term loans (Refer footnote ii)	17,400,482	33,927,250	47,718,368	97,113,766
The above amount includes				
Amount disclosed under the head "Other current liabilities" (Refer note 11)	-	-	(48,571,169)	(98,021,265)
Net amount	<u>18,878,476</u>	<u>36,258,040</u>	<u>-</u>	<u>-</u>

Footnotes

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

The repayment terms of the vehicle loans are as follows:

For amount outstanding as at March 31, 2014

Loan	Outstanding Amount	Rate of Interest	Equal monthly instalment (EMI)	Date of Last EMI
	Amount in ₹		Amount in ₹	
Loan 1	752,948	11.99%	33,030	May 7, 2016
Loan 2	633,268	12.27%	24,618	July 9, 2016
Loan 3	944,579	11.53%	32,700	January 5, 2017
	<u>2,330,795</u>			

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For amount outstanding as at March 31, 2013

Loan	Outstanding Amount	Rate of Interest	Equal monthly Installment (EMI)	Date of Last EMI
	Amount in ₹		Amount in ₹	
Loan 1	48,267	11.07%	16,400	June 7, 2013
Loan 2	101,698	9.03%	25,905	July 1, 2013
Loan 3	1,040,044	11.99%	33,030	May 7, 2016
Loan 4	837,192	12.27%	24,618	July 9, 2016
Loan 5	1,211,088	11.53%	32,700	January 5, 2017
	3,238,289			

ii. Secured term loans from bank-other term loans

In the previous year, the Company had entered into a finance facility agreement amounting ₹ 366,900,000 with Kotak Mahindra Bank, under which various term loans and overdrafts have been availed at different times during the current and previous year.

The term loans so availed comprises four loans of ₹ 104,467,627, ₹ 83,558,732, ₹ 12,000,000 and ₹ 35,000,000. Year end balances of these loans are ₹ Nil, ₹ 26,726,611, ₹ 7,273,186 and ₹ 31,119,053 (previous year ₹ 57,818,980, ₹ 62,338,864 and ₹ 10,883,172) respectively.

Interest rate:

These loans carry interest at Bank's base rate + 4.25% per annum ranging from 14% to 14.25% (previous year 13.50% to 14%).

Repayment schedule:

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

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

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

The loan of ₹ 35,000,000 is repayable in 24 equal monthly installments of ₹ 1,684,587 (inclusive of interest) for which December 25, 2015 is the last installment date.

Primary security

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

Collateral security

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

- Plot No. 15-A , Block II , Knowledge Park, Greater Noida
- Plot No. 9A, Sector 27-A, Faridabad
- Office space No. 1 and 2, Third Floor, FC Road, Shivaji Nagar, Pune
- Unit No. 207, Second Floor, District Centre, Laxmi Nagar, Delhi
- Office Space No. 201, Second Floor, Business Point, Andheri West, Mumbai.
- Lien over fixed deposits of ₹ 130,000,000



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CL Educate Limited

Notes to the Financial Statements for the year ended March 31, 2014

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

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

These loans are part of overall limit sanctioned by the bank to the Company, which comprise term loans above, overdraft facility upto ₹ 265,000,000 (Previous year ₹ 245,000,000) (disclosed in short term borrowings in the financial statements) and cash management facility of ₹ 2,500,000 (Previous Year ₹ 2,500,000) (unavailed). Securities mentioned above are securities provided by the Company for such overall limit.

iii. Aggregate amount of loans guaranteed by whole time executive directors of the Company ₹ 65,118,850 (previous year ₹ 131,041,016) [Includes amount of ₹ 47,718,368 (previous year ₹ 97,113,766) disclosed under other current liabilities as current maturities of long term borrowing (Refer note 11)]

7. Deferred tax liabilities

In accordance with Accounting Standard 22 on 'Accounting for Taxes on Income' the addition in Deferred Tax Liability of ₹ 9,749,884 for the current year has been recognised as charge in the Statement of Profit and Loss. The tax effect of significant timing differences as at March 31, 2014 that reverse in one or more subsequent years gave rise to the following net Deferred Tax Assets as at March 31, 2014.

	March 31, 2014	Charge/ (benefit)	March 31, 2013
	Amount in ₹	Amount in ₹	Amount in ₹
Deferred tax assets			
Unabsorbed depreciation and brought forward business losses	5,473,346	5,874,984	11,348,330
Provision for diminution in value of investment	21,336	123,357	144,693
Provision for gratuity	2,275,057	(1,010,184)	1,264,873
Provision for leave encashment	2,279,515	(359,706)	1,919,809
Provision for loans and advances	13,648,004	(594,976)	13,053,028
Provision for incentive	1,100,174	273,129	1,373,303
Provision for doubtful advances	-	505,753	505,753
Provision for doubtful debts	333,866	-	333,866
	25,131,298	4,812,357	29,943,655
Deferred tax liabilities			
On account of depreciation	38,341,344	4,937,527	33,403,817
Total deferred tax liabilities	38,341,344	4,937,527	33,403,817
Net deferred tax liabilities	13,210,046	9,749,884	3,460,162

8. Provisions (Refer Note 37)

	Long-term		Short-term	
	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013
	Amount in ₹	Amount in ₹	Amount in ₹	Amount in ₹
Provision for employees benefits				
Provision for gratuity	6,510,281	3,253,667	150,473	644,848
Provision for leave encashment	7,068,479	5,085,409	308,592	831,708
	13,578,760	8,339,076	459,065	1,476,556



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9. Short-term borrowings

	March 31, 2014 Amount in ₹	March 31, 2013 Amount in ₹
Secured, from bank, repayable on demand		
-Cash credit (Refer footnote i)	240,660,179	233,564,731
Unsecured from related parties		
Career Launcher Employee Welfare Society (Refer note 47 and footnote ii)	-	890,000
Net amount	240,660,179	234,454,731

Footnotes (i)

For the year ended March 31, 2014

Overdraft from Kotak Mahindra Bank

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

1. It carries interest rate of bank's base rate plus 4.50 % ranging from 14% to 14.25% calculated on monthly basis on the actual amount utilised.
2. Security details: Refer footnote ii of note 6.

For the year ended March 31, 2013

Overdraft from Kotak Mahindra Bank

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

1. It carries interest rate of base rate plus 4.50 % ranging from 13.50% to 14% calculated on monthly basis on the actual amount utilised.
2. Security details: Refer footnote ii of note 6.

- ii. Represents interest free loan repayable on demand.

10. Trade payables

	March 31, 2014 Amount in ₹	March 31, 2013 Amount in ₹
Trade payables		
- Related parties (Refer note 47)	64,195,880	13,606,738
- Others	47,954,879	41,664,175
	112,150,759	55,270,913

For dues to Micro, Small and Medium Enterprises refer note 46

11. Other current liabilities

	March 31, 2014 Amount in ₹	March 31, 2013 Amount in ₹
Current maturities of long term borrowing (Refer note 6)		
Term Loans- secured		
- From Banks- Vehicle loan (Refer footnote i of note 6)	852,801	907,499
- From Banks- Term loan (Refer footnote ii of note 6)	47,718,368	97,113,766
Interest accrued but not due on borrowings	298,169	875,331
Unearned revenue on education and training services	129,810,726	125,677,943
Unclaimed dividend	-	28,476
Book overdraft	-	1,179,842
Other Payables		
- Payable on purchase of fixed assets (Refer note 46)	363,980	18,120,709
- Payables on investments made	-	12,636,162
- Employee related payables	18,165,474	23,308,368
- Statutory dues payable	10,868,957	18,069,240
Payables for expenses		
- Related party (Refer note 46 and 47)	34,661,613	7,026,281
- Others (Refer note 46)	45,528,944	30,536,366
	288,269,032	335,479,983



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CL Educate Limited
Notes to the Financial Statements for the year ended March 31, 2014

12. Tangible assets*

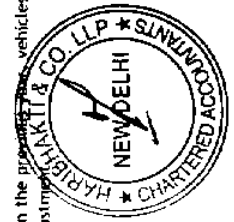
Particulars	Gross block (at cost)				Accumulated depreciation				Net block	
	As at April 1, 2013	Additions	Disposals/ Adjustments	As at March 31, 2014	As at April 1, 2013	Depreciation for the year	Disposals/ Adjustments	As at March 31, 2014	As at March 31, 2014	As at March 31, 2013
Leased assets										
Land (Refer footnote ii)	20,043,350	-	-	20,043,350	1,936,492	222,481	-	2,158,973	17,884,377	18,106,858
Owned assets										
Building (Refer footnote i)	303,750,926	-	-	303,750,926	15,538,276	4,951,141	-	20,489,417	283,261,509	288,212,650
Plant & machinery	8,372,154	-	378,379	7,993,775	4,919,830	591,910	237,797	5,273,943	2,719,832	3,452,324
Leasehold improvement	20,039,322	3,530,666	4,020,123	19,549,865	14,596,918	3,879,097	4,017,487	14,458,528	5,091,337	5,442,404
Furniture and fixtures	5,574,109	144,203	356,115	5,362,197	3,265,556	367,183	309,800	3,322,939	2,039,258	2,308,553
Vehicles	12,616,453	-	-	12,616,453	4,484,026	1,261,646	-	5,745,672	6,870,781	8,132,427
Office equipment	20,429,671	905,476	734,245	20,600,902	7,227,784	2,031,689	452,726	8,806,747	11,794,155	13,201,887
Computers	28,443,783	1,189,373	1,509,906	28,123,250	18,010,551	4,316,556	1,320,405	21,006,702	7,116,548	10,433,232
Total	419,269,768	5,769,718	6,998,768	418,040,718	69,979,433	17,621,703	6,338,215	81,282,921	336,777,797	349,290,335
Previous year	466,847,028	8,502,152	56,079,412	419,269,768	55,339,286	17,099,909	2,459,762	69,979,433	349,290,335	

*Tangible assets are subject to first *pari passu* charge to secure the Company's borrowings referred in notes as secured term loan from banks and bank overdrafts in the current and previous year. (See note 6).

Footnote:

- Building includes 5 shares of ₹50 each (Previous year 5 shares of ₹50 each) being the cost of shares in Tardeo Air conditioned Market Building Cooperative Society Limited, Mumbai.
- 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.
- Pursuant to the board resolution dated October 31, 2012, the Company had classified freehold land of ₹ 51,864,647 located at Faridabad, as fixed assets held for sale under other current assets. (Refer note 23)

iv. In the previous year, vehicles amounting ₹ 1,232,019 represent additions made in earlier years. Depreciation for the previous year on vehicle include ₹ 82,360 of prior period expenses on account of such adjustments.



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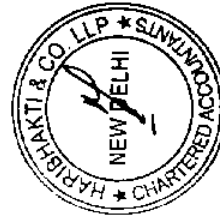
CL Educate Limited
Notes to the Financial Statements for the year ended March 31, 2014

13. Intangible assets*

Particulars	Gross block (at cost)			Accumulated amortisation		Net block		
	As at April 1, 2013	Additions	Disposals/ Adjustments	As at March 31, 2014	As at April 1, 2013	Disposals/ Adjustments	As at March 31, 2014	As at March 31, 2013
Owned assets								
Intellectual property rights and trademarks	166,147,995	-	-	166,147,995	51,920,781	-	67,557,786	114,227,214
Softwares	10,367,762	940,750	78,300	11,230,212	8,990,500	59,250	9,586,575	1,377,262
Content development	12,600,000	4,122,705	-	16,722,705	5,406,575	-	8,034,788	7,193,425
License fees	600,000	2,200,000	-	2,800,000	41,640	-	974,860	558,360
CAT online module	1,830,150	-	-	1,830,150	1,830,150	-	1,830,150	-
Total	191,545,907	7,263,455	78,300	198,731,062	68,189,646	59,250	87,984,179	123,356,261
Previous year	193,001,962	16,985,991	18,442,046	191,545,907	63,055,632	18,442,046	68,189,646	123,356,261

*Intangible assets are subject to first pari passu charge to secure the Company's borrowings referred in notes as secured term loan from banks and bank overdrafts in the current and previous year. (See note 6).

i. In the previous year, content development amounting ₹ 10,200,000 represent additions made in earlier years. Depreciation for the previous year on vehicle include ₹ 82,360 of prior period expenses on account of such adjustment.



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CL Educate Limited
Notes to the Financial Statements for the year ended March 31, 2014

14. Capital work in progress

Particulars	March 31, 2014	March 31, 2013
	Amount in ₹	Amount in ₹
Opening balance	93,235	93,235
Less: Capitalised during the year as: Leasehold improvements	93,235	-
Closing balance	-	93,235

15. Non-current investments

Particulars	March 31, 2014	March 31, 2013
	Amount in ₹	Amount in ₹
Investment property (Non-trade, valued at cost less accumulated depreciation)		
Cost of building	13,113,500	13,113,500
Less: Accumulated depreciation	1,407,690	1,193,940
Closing balance (A)	11,705,810	11,919,560
Equity shares in subsidiary companies (Non-trade, un-quoted, at cost)		
5,430,026 (Previous year 5,369,758) fully paid up equity shares of ₹ 10 each of Career Launcher Education Infrastructure and Services Limited	223,990,983	210,490,951
Nil (Previous year 14,000) fully paid up equity shares of SGD 1 each of Career Launcher Asia Educational Hub Pte. Ltd. (Refer footnote ii)	-	428,230
10,000 (Previous year 10,000) fully paid up equity shares of ₹ 10 each of CL Media Private Limited	100,000	100,000
1,000,000 (Previous year 1,000,000) fully paid up equity shares of ₹ 10 each of Kestone Integrated Marketing services Private Limited.	69,100,000	69,100,000
6,576 (Previous year 6,576) fully paid up equity shares of ₹ 10 each of CL Higher Education Services Private Limited	65,760	65,760
190,000 (Previous year 144,400) fully paid up equity shares of ₹ 10 each of G.K. Publications Private Limited (Refer footnote i)	143,388,978	108,975,696
	436,645,721	389,160,637
Less : Provision for diminution in value of investment in CL Higher Education Services Private Limited	65,760	65,760
Closing balance (B)	436,579,961	389,094,877
Equity shares in other companies (Non-trade, un-quoted, at cost)		
909 (Previous year 909) fully paid up equity shares of ₹ 10 each of Threesixtyone Degree Minds Consulting Private Limited	5,000,000	5,000,000
Closing balance (C)	5,000,000	5,000,000
Closing balance (A+B+C)	453,285,771	406,014,437



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CL Educate Limited

Notes to the Financial Statements for the year ended March 31, 2014

The aggregate book value of unquoted non current investment are as follows:

	March 31, 2014	March 31, 2013
	Amount in ₹	Amount in ₹
Aggregate book value of unquoted non current investment	441,645,721	394,160,637

The Company has given undertaking to HDFC Limited against the loan of ₹ 280,000,000 taken by Career Launcher Infrastructure Private Limited (CLIP), a subsidiary company of its subsidiary named Career Launcher Education Infrastructure and Services Limited (CLEIS), that it will continue to hold atleast 51% of equity shares of CLEIS throughout the tenure of said loan.

There are no other significant restrictions on the right of ownership, realisability of investments or the remittance of income and proceeds of disposal.

Footnotes:

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

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

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

Considerations to be paid for each tranches are as follows:

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

For the year ended March 31, 2014

The Company has acquired third and last tranche of shares in GKP by payment of cash consideration as stipulated above. Balance consideration amounting ₹ 13,856,863 to be settled by issue of equity shares. The Board in its meeting held on July 22, 2014 has proposed to issue 23,486 equity shares at the price of ₹ 590 per share subject to approval by shareholders in ensuing annual general meeting. Pending issue of such shares as at Balance Sheet date, the Company has recorded consideration so payable as share application money pending allotment. (Refer note 5)

For the year ended March 31, 2013

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

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

ii. During the year, the Company has transferred equity shares held by it in Career Launcher Asia Educational Hub Pte. Ltd. to Kestone Integrated Marketing Services Private Limited at book value.



Reading

CL Educate Limited
Notes to the Financial Statements for the year ended March 31, 2014

16. Long-term loans and advances

	March 31, 2014 Amount in ₹	March 31, 2013 Amount in ₹
Unsecured, considered good, unless otherwise stated		
Capital advances	1,291,359	200,000
Security deposits		
- Considered good	8,098,254	12,481,571
- Considered doubtful	436,266	436,266
	9,825,879	13,117,837
- Less: provision for doubtful security deposits	436,266	436,266
	<u>9,389,613</u>	<u>12,681,571</u>
Share application money given and pending allotment (Refer note 47)	-	13,500,032
Other loans and advances		
Balance with government authorities		
- Service tax paid under protest	21,302,000	21,302,000
Loans and advances to employees	2,071,834	90,000
Advance income-tax [(net of provision for tax of ₹ 131,238,800) (P.Y. ₹125,719,800)]	46,358,953	45,099,119
MAT Credit Entitlement	5,519,000	-
Others (Gratuity trust)	24,859	10,000
Total	<u>84,666,259</u>	<u>92,682,722</u>

17. Other non-current assets

	March 31, 2014 Amount in ₹	March 31, 2013 Amount in ₹
Unsecured, considered good		
Interest accrued on non current deposits	88,447	2,324,125
Non-current bank balances (Refer note 21)	132,341,980	148,589,508
	<u>132,430,427</u>	<u>150,913,633</u>

18. Current investments

	March 31, 2014 Amount in ₹	March 31, 2013 Amount in ₹
Equity shares in subsidiary companies		
(Non-trade, un-quoted, at cost and fair value whichever is lower)		
Nil (Previous year 8,500) fully paid up common stock of \$ 1 each of Career Launcher USA Inc (refer footnote i)	-	380,205
Less : Provision for diminution in value of investment	-	380,205
	<u>-</u>	<u>-</u>

(i) During the year, the Company has transferred common stock held by it in CL USA to other shareholder at Nil value.

The aggregate book value of unquoted current investment are as follows:

	March 31, 2014 Amount in ₹	March 31, 2013 Amount in ₹
Aggregate book value of unquoted current investment	-	380,205

There are no significant restrictions on the right of ownership, realisability of investments or the remittance of income and proceeds of disposal.



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CL Educate Limited
Notes to the Financial Statements for the year ended March 31, 2014

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

Traded goods
- Text books

March 31, 2014	March 31, 2013
Amount in ₹	Amount in ₹
33,647,181	24,284,972
33,647,181	24,284,972

20. Trade receivables

Unsecured, considered good unless stated otherwise

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

- Considered good
- Considered doubtful

Less: Provision for doubtful trade receivables

Others (Refer footnote i)

March 31, 2014	March 31, 2013
Amount in ₹	Amount in ₹
65,968,856	76,284,985
1,029,022	1,029,022
66,997,878	77,314,007
1,029,022	1,029,022
65,968,856	76,284,985
292,943,632	236,680,337
358,912,488	312,965,322

Footnote:

The above includes ₹ 12,602,599 (Previous year ₹ 11,221,983) recoverable from Monica Oli (Authorised to run Comprehensive Education and IT Training Institute). (Refer note 49)

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CL Educate Limited
Notes to the Financial Statements for the year ended March 31, 2014

21. Cash and bank balances

	Non-current		Current	
	March 31, 2014 Amount in ₹	March 31, 2013 Amount in ₹	March 31, 2014 Amount in ₹	March 31, 2013 Amount in ₹
Cash and cash equivalents				
Balances with banks:				
- on current accounts	-	-	28,080,092	7,443,744
Cheques/ drafts on hand	-	-	2,898,968	5,428,904
Cash on hand	-	-	3,953,560	6,810,164
			34,932,620	19,682,812
Other bank balances				
- in unpaid dividend account	-	-	19,822	46,040
- Deposits with original maturity for more than 3 months but less than 12 months from the reporting date	-	-	5,999,700	45,561,727
- Margin money deposits and under lien deposits (Refer footnote i)	132,341,980	148,589,508	3,710,692	-
	132,341,980	148,589,508	44,662,834	65,290,579
Amount disclosed under other non-current assets (Refer note 17)	(132,341,980)	(148,589,508)	-	-
	-	-	44,662,834	65,290,579

Footnote: 1

Current deposits include:

- Deposits of ₹1,694,629 (Previous year ₹ nil) for issue of guarantees in favor of Northern Eastern Council Secretariat, Shilong.
- Deposits of ₹ 1,447,000 (Previous year ₹ nil) in favour of Khanna Paper Mills for the purpose of paper purchase.
- Deposits of ₹ 504,063 (Previous year ₹ nil) for issue of guarantees in favor of The Directorate of Employment Training, Gandhi Nagar-TDD.
- Deposits of ₹ 65,000 (Previous year ₹ nil) submitted in bank against consumer court case appeal

Non current deposits include:

- Deposits of ₹ nil (Previous year ₹1,566,193) for issue of guarantees in favor of Northern Eastern Council Secretariat, Shilong.
- Deposits of ₹99,518 (Previous year ₹99,518) for issue of guarantees in favor of value added tax authorities.
- Deposits of ₹2,003,429 (Previous year ₹1,684,764) for issue of guarantees in favor of Development Support Agency of Gujarat- TDD Project.
- Deposits of ₹239,033 (Previous year ₹239,033) for issue of guarantees in favor of The Directorate of Employment Training, Gandhi Nagar-TDD.
- Deposits aggregating to ₹130,000,000 (Previous year ₹145,000,000) pledged with banks for overall loan facility (Refer footnote ii of note 6).



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CL Educate Limited
Notes to the Financial Statements for the year ended March 31, 2014

22. Short term loans and advances

	March 31, 2014 Amount in ₹	March 31, 2013 Amount in ₹
Unsecured, considered good, unless otherwise stated		
Security deposit (A)	13,078,700	8,056,345
Loans and advance to related parties (Refer note 47)		
- Considered good	80,423,719	86,073,051
- Considered doubtful	1,404,371	39,794,980
	81,828,090	125,868,030
Less: Provision for doubtful advances	1,404,371	39,794,980
Subtotal (B)	80,423,719	86,073,051
Other receivables from related parties (Refer note 47)		
- on account of transfer of fixed assets	1,618,979	6,618,979
- Considered good	158,521	226,166
- Considered doubtful	-	1,558,800
	1,777,501	8,403,945
Less: provision for doubtful balance	-	1,558,800
Subtotal (C)	1,777,501	6,845,145
Subtotal D (B+C)	82,201,220	92,918,196
Other loans and advances		
Loans and advances to employees	317,093	6,296,505
Balance with government authorities		
- Service tax credit receivable not available for adjustment	413,434	332,604
Other advances recoverable in cash or in kind		
- Prepaid expenses	105,861,084	76,765,847
- Loan and advances to franchisees	70,000	2,701,997
- Advance to suppliers	116,456	1,994,595
- Receivable from others (good)	2,849,485	-
- Receivable from others (doubtful)	40,224,409	-
	149,851,961	88,091,548
- Less: Provision for doubtful loans and advances	40,224,409	-
Subtotal (E)	109,627,552	88,091,548
Total (A+D+E)	204,907,471	189,066,088

23. Other current assets

	March 31, 2014 Amount in ₹	March 31, 2013 Amount in ₹
Interest accrued but not due on fixed deposits	1,469,343	2,409,388
Interest accrued but not due on loans and advances		
- From related parties (Refer note 47)	-	468,727
Total (A)	1,469,343	2,878,115
Fixed asset held for sale (Refer footnote (iii) of note 12)*	51,864,647	51,864,647
Total (B)	51,864,647	51,864,647
Total (A+B)	53,333,990	54,742,762

*Tangible assets are subject to first pari passu charge to secure the Company's borrowings referred in notes as secured term loan from banks and bank overdrafts in the current and previous year. (See note 6).



CL Educate Limited
Notes to the Financial Statements for the year ended March 31, 2014

24. Revenue from operations

	March 31, 2014 Amount in ₹	March 31, 2013 Amount in ₹
Revenue from operations		
Sale of products (traded)		
- Sale of text book	186,524,306	187,223,138
Sale of services		
- Education and training programmes	812,617,942	782,209,461
- Vocational training services	97,994,122	67,252,181
	1,097,136,370	1,036,684,780
Other operating revenue		
Start up fees from franchisees	17,313,898	16,234,009
Royalty income (refer footnote i)	-	18,726,382
Advertising income (refer footnote i)	10,989,830	9,506,249
Campus placement income	3,666,000	3,249,907
Grant income	64,878,538	78,863,235
Scrap sale	110,912	822,664
Revenue from operations	1,194,095,548	1,164,087,226

Footnotes

i. Includes income from related party (refer Note 47).

25. Other Income

	March 31, 2014 Amount in ₹	March 31, 2013 Amount in ₹
Interest income on		
-Fixed deposits	16,480,065	14,466,705
-Income tax refund	-	2,338,358
- loans and advances (refer footnote i)	1,784,446	8,194,831
Net gain on foreign currency transactions and translations	1,619,365	1,137,051
Liabilities no longer required written back	16,639,410	31,579,708
Infrastructure fees (refer footnote ii)	1,380,000	1,380,000
Rent income from investment property net of expenses (refer footnote ii)	80,000	386,250
Rent income others	-	240,000
Profit on sale of fixed assets (net)	-	128,611
Bad debts recovered	807,504	573,099
Provisions written back	-	112,878,251
Keyman insurance policy surrender	-	7,187,799
Notice period recovery	1,978,958	1,454,528
Miscellaneous income	1,278,107	2,017,497
	42,047,855	183,962,688

Footnotes

i. Include income from related parties (refer note 47).

ii. Rent Income (net of expense)

Rent income on building classified as Investment property

Less: Depreciation on building classified as investment property

293,750	600,000
213,750	213,750
80,000	386,250



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CL Educate Limited
Notes to the Financial Statements for the year ended March 31, 2014

26. Purchase of traded goods

	March 31, 2014 Amount in ₹	March 31, 2013 Amount in ₹
Text books	102,850,342	65,425,538
Paper	2,019,971	2,185,644
Others	12,543,486	35,729,739
	117,413,799	103,340,921

27. (Increase) in inventories of traded goods

	March 31, 2014 Amount in ₹	March 31, 2013 Amount in ₹
Opening stock	A 24,284,972	12,504,575
Closing stock	B 33,647,181	24,284,972
(Increase) in inventory of traded goods	(A-B) (9,362,209)	(11,780,397)

28. Cost of services

	March 31, 2014 Amount in ₹	March 31, 2013 Amount in ₹
Other test prep related consumables	2,271,894	4,040,603
Faculty expenses	84,083,443	81,395,069
Franchisee expenses	327,596,622	372,101,811
Equipment hire expenses (Refer footnote i)	25,267,255	14,194,946
Hostel expenses	11,896,229	10,752,672
Mobilization expenses	13,708,555	3,174,110
Project monitoring charges	837,218	418,605
Placement support expenses	11,408,500	490,500
	477,069,716	486,568,316

Footnotes

i. Includes expense from related party (refer Note 47).

29. Employee benefits expense

	March 31, 2014 Amount in ₹	March 31, 2013 Amount in ₹
Salary, wages, bonus and other benefits	203,229,236	179,693,869
Contribution to provident and other funds (Refer note 37)	3,821,528	3,752,922
Gratuity expense (Refer note 37)	2,909,148	1,048,275
Leave encashment expense (Refer note 37)	3,181,687	2,656,440
Expense on employee stock option (ESOP) scheme (Refer note 38)	853,950	3,441,397
Staff welfare expenses	6,587,275	5,820,337
	220,582,824	196,413,240

30. Finance costs

	March 31, 2014 Amount in ₹	March 31, 2013 Amount in ₹
Interest expense on borrowings		
- Vehicle loan	329,502	460,693
- Overdraft	30,184,490	27,171,579
- Term loan	11,938,856	24,500,271
Other borrowing charges		
- Loan processing charges	1,541,939	6,156,338
- Bank guarantee charges	110,173	-
Interest on delayed payment of statutory dues	28,389	780,520
	44,133,349	59,069,401



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31. Depreciation and amortisation expenses

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

March 31, 2014	March 31, 2013
Amount in ₹	Amount in ₹
17,621,703	17,017,549
19,853,783	20,213,628
37,475,486	37,231,177

32. Other expenses

Rent expenses (Refer note 41)
Office expenses
Travelling and conveyance expenses
Legal and professional expenses (Refer note 39)
Communication expenses
Repairs and maintenance expenses
-Building
-Others
Water and electricity expenses
Freight and cartage expenses
Printing and stationery expenses
Newspaper, books and periodicals expenses
Insurance expenses
Royalty expenses
Recruitment, training and development expenses
Rates and taxes expenses
Donations
Business service fee expenses
Bank charges (other than finance cost)
Marketing research
Advertisement, publicity and sales promotion
Business promotion expenses
Material development and printing expenses
Sales Incentive
Commission to non executive directors
Bad debts written off
Doubtful advances written-off
Miscellaneous balances written-off
Doubtful deposits written-off
Provision for doubtful advance
Provision for impairment of investment
Fixed assets written off
Miscellaneous expenses

March 31, 2014	March 31, 2013
Amount in ₹	Amount in ₹
58,775,267	48,991,829
30,107,739	25,459,318
22,438,168	21,646,621
10,746,254	11,229,993
16,594,488	11,460,571
8,955,719	7,052,136
3,906,874	3,680,857
11,670,790	9,702,521
3,333,010	5,779,814
2,884,612	2,301,955
755,416	517,487
1,322,287	2,656,741
-	2,181,211
2,857,661	1,813,544
18,865	609,367
119,810	143,750
2,400,000	2,400,000
2,984,365	2,601,532
12,237,225	7,825,899
55,797,859	41,072,445
7,144,908	6,822,498
3,627,030	2,644,544
1,872,088	945,596
122,642	414,022
38,996,311	31,904,044
505,688	120,020,653
1,622,780	2,403,282
-	391,720
340,333	2,004,854
-	65,760
679,602	613,293
2,802,448	3,666,388
305,620,239	381,024,245



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CL Educate Limited
Notes to the Financial Statements for the year ended March 31, 2014

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

Prior period income

- Content development fees wrongly expensed off in previous years, now capitalised

- Legal and professional expenses

- Other

- Expenses debited in Statement of Profit and Loss in earlier year incurred on behalf of others

A

March 31, 2014	March 31, 2013
Amount in ₹	Amount in ₹
-	10,200,000
500,000	-
52,596	-
-	336,848
552,596	10,536,848

Prior period expenses

- Salary, wages, bonus and other benefits

- Depreciation of tangible assets

- Amortisation of intangible assets

- Interest on term Loan

- Franchisee payments

- Rent

- Legal and professional expenses

- Bad debts

- Insurance

- Rates & taxes

- Miscellaneous expenses

B
(A-B)

-	92,216
-	82,360
-	3,362,432
-	564,906
-	714,058
-	65,200
844,000	995,728
-	219,721
-	205,001
-	420,556
187,500	10,080
1,031,500	6,732,258
478,904	(3,804,590)

Prior period expenses/(income) (net) (A-B)

34. Basic and diluted earnings per equity 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	March 31, 2014	March 31, 2013
A	₹	17,493,386	58,866,331
		15,488,025	-
		32,981,411	58,866,331
B			
C	Numbers	9,417,810	9,393,087
D	Numbers	304,946	75,756
E=C+D	Numbers	9,722,756	9,468,843
	₹	3.50	6.27
	₹	3.39	6.22
	₹	1.86	6.27
	₹	1.80	6.22

Footnotes:

i. Following are the potential equity shares considered to be dilutive in nature, hence these have been adjusted to arrive at the dilutive earnings per share:

Weighted average number of shares

Shares to be issued to Rakesh Mittal and Poonam Mittal (Refer footnote a)

Employee stock option outstanding (Refer footnote b)

Class-II shares-CCPS (Refer footnote c)

Class-III shares-OCPS (Refer footnote c)

March 31, 2014	March 31, 2013
In numbers	In numbers
23,486	-
46,166	75,756
193,433	-
41,861	-
304,946	75,756



CL Educate Limited

Notes to the Financial Statements for the year ended March 31, 2014

a. The Company has committed to issue equity shares of CL Educate Limited to the promoters of G. K. Publication Private Limited for purchase of third and last tranche of equity share of G. K. Publication Private Limited (Refer footnote 1 of note 15). As the numbers of shares and share price for such issue is determined as of the reporting date, the impact of the same as potential equity share for calculation of diluted earnings per share has been taken.

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

c. The Company has committed to issue equity shares of CL Educate Limited to GPE (India) Limited on conversion of Class- II shares-CCPS and Gaja Trustee Company Private Limited for Class- III shares-OCPS as per terms mentioned in footnote D of note 3. The conversion price 1 and 2 as mentioned in footnote D of note 3 of the financial statements has elapsed. Shareholders have right to seek the conversion of these shares at a price per equity shares of ₹ 425 each as stipulated in conversion price 3. Hence, number of shares is determined as of the reporting date, therefore, such shares are considered as dilutive and are added to the number of equity shares outstanding in the computation of diluted earnings per share.

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CL Educate Limited

Notes to the Financial Statements for the year ended March 31, 2014

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

Particulars	March 31, 2014	March 31, 2013
	Amount in ₹	Amount in ₹
Claims against the Company not acknowledged as debt [Refer footnote (i)]	319,293,266	307,311,632
Corporate guarantees [Refer footnote (ii)]	355,000,000	370,000,000
Guarantee to director of a subsidiary [Refer footnote (iii)]	-	10,752,963
	674,293,266	688,064,595

Footnote i: Details of claims against the Company not acknowledged as debt

For the year ended March 31, 2014

Amount above include:

Demand for service tax aggregating ₹ 160,784,835 for the period July 1, 2003 to September 30, 2010 is disputed by the Company. Penalty of ₹ 71,022,306 has also been imposed under Section 78 of the Finance Act, 1994. The Company has preferred an appeal with CESTAT against these orders of the Commissioner of Service tax.

Demand for service tax aggregating ₹ 29,189,006 for the period October 2010 to June 2012 is disputed by the Company against which the Company has filed an appeal before Commissioner (Appeals) of Service tax.

Demand for service tax aggregating ₹ 3,118,307 for the period September 2004 to March 2008 due to incorrect availment of service tax cenvat credit is disputed by the Company. Penalty, aggregating ₹ 3,100,000 has also been levied under Section 15 read with Rule 15 of Cenvat Credit Rules, 2004. During the year, the Company has received an order passed by Commissioner (Appeals) of Service tax. The Company has preferred an appeal with CESTAT against the order of the Commissioner (Appeals) of Service tax.

The Company had received a demand for service tax in earlier years aggregating ₹ 40,097,178 for the period September 2004 to March 2007 due to incorrect availment of service tax cenvat credit. The Company has disputed the demand and has preferred an appeal with Commissioner (Appeals) Central Excise and Customs.

The Company had been allotted a land located at Faridabad (Haryana) in an auction by Hon'ble High Court of Jharkhand. When the Company applied for transfer of ownership in the records of Haryana Urban Development Authority (HUDA), the transfer permission was granted with levy of extension fee of ₹ 6,700,000 on account of various dues not paid by the erstwhile owner. The Company has disputed the demand and has preferred an appeal with the Administrator, HUDA.

Rashtriya advertising & Prabhatam Advertising Pvt Ltd, a service provider has filed a claim against the Company for recovery of an amount of ₹ 1,456,079 with interest as balance of amounts due. The Company has disputed the demand and the case is under trial in the court of law.

Triangle Education, a franchisee of the Company in Jaipur, had arbitrarily terminated the agreement and started a competing business using the brand of CL Educate. The Company has filed a statement of claim before the sole Arbitrator amounting ₹ 19,000,000 against triangle education. Triangle Education also filed a counter claim against the Company amounting ₹ 3,205,961.

A student, Kshtiz Srivastava, has filled a case against the Company for refund of fees amounting ₹ 619,594 on the ground that he paid fees to Brilliant Tutorials considering the fact that the Company has a tie-up with brilliant tutorial which was subsequently called off by the Company.

As assessed by the management, the likeliness of liability of above disputes/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 and accordingly the Company has disclosed these as Contingent Liabilities.

For the year ended March 31, 2013

Amount above include:

Demand for service tax aggregating ₹ 160,784,835 for the period July 1, 2003 to September 30, 2010 is disputed by the Company. Penalty of ₹ 71,022,306 has also been imposed under Section 78 of the Finance Act, 1994. The Company has preferred an appeal with CESTAT against these orders of the Commissioner of Service tax.



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CL Educate Limited

Notes to the Financial Statements for the year ended March 31, 2014

• Demand for service tax aggregating ₹ 29,189,006 for the period October 2010 to June 2012 is disputed by the Company against which the Company has filed a reply and an order of the service tax department is awaited.

• During the earlier years, the Company received a demand for service tax aggregating ₹ 43,215,485 for the period September 2004 to March 2007 due to incorrect availment of service tax cenvat credit. Penalty, aggregating ₹3,100,000 has also been levied under Section 15 read with Rule 15 of Cenvat Credit Rules, 2004. The Company has preferred an appeal with Commissioner (Appeals) of Service Tax.

Footnote ii: Corporate guarantees

Corporate guarantees aggregating ₹ 280,000,000 (Previous year ₹ 280,000,000) provided to HDFC Limited in respect of loans granted to Career Launcher Infrastructure Private Limited (CLIP), a wholly owned subsidiary of Career Launcher Education Infrastructure and Services Limited, a subsidiary of the Company. ₹ 50,000,000 (Previous year ₹ 65,000,000) provided to IndusInd Bank Limited in respect of loans granted to Kestone Integrated Marketing Services Private Limited, a wholly owned subsidiary company and ₹ 25,000,000 (previous year ₹25,000,000) provided to Kotak Mahindra Bank in respect of loans granted to CL Media Private Limited, a wholly owned subsidiary company of the Company.

The Company has given an undertaking to continue to provide financial support to CL Higher Education Services Private Limited (CLHES), the subsidiary of the Company, to meet financial liabilities for continued business activities of CLHES.

As assessed by the management, the likeliness of liability of above disputes/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 and accordingly the Company has disclosed these as Contingent Liabilities.

Footnote iii: Guarantee to director of a subsidiary

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

36. Commitments

Particulars

	<u>March 31, 2014</u> Amount in ₹	<u>March 31, 2013</u> Amount in ₹
Estimated amount of contracts remaining to be executed on capital account and not provided for		
- to related party [Net of advances of ₹ Nil (previous year ₹ Nil)]	10,800,000	13,200,000
- to others [Net of advances of ₹1,291,359 (previous year ₹ 200,000)]	-	2,000,000
Commitment for license fees from Threesixtyone Degree Minds Consulting Private Limited	250,000	10,551,000
Total capital commitments (A)	<u>11,050,000</u>	<u>25,751,000</u>
Other material Commitments		
Commitment towards purchase of Nil (previous year 24%) of equity shares of G.K. Publication Private Limited (Refer footnote (i) of note 15)	-	34,413,354
Commitment for maintenance of contents to related party	10,800,000	13,200,000
Total other material commitments (B)	<u>10,800,000</u>	<u>47,613,354</u>
Total commitments (A+B)	<u>21,850,000</u>	<u>73,364,354</u>

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CL Educate Limited

Notes to the Financial Statements for the year ended March 31, 2014

37. 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	March 31, 2014	March 31, 2013
	Amount in ₹	Amount in ₹
Employers contribution to provident fund	3,699,184	3,533,726
Employers contribution to employees' state insurance	122,344	219,196
Total (Refer note 29)	3,821,528	3,752,922

Defined benefit plans and other long term employee benefits:

The present value obligation in respect of gratuity and earned leave 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:

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I. Actuarial assumptions

Particulars	Earned Leave (unfunded)		Gratuity (funded)	
	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013
Discount rate (per annum)	9.07%	8.00%	9.07%	8.00%
Expected rate of increase in compensation levels	7.39%	5.00%	7.39%	5.00%
Expected rate of return on plan assets	N.A.	N.A.	8.75%	9.25%
Expected average remaining working lives of employees (years)	26.90	27.19	26.90	27.19
Retirement age (Years)	58	58	58	58
Mortality table	IALM (2006-08)	IALM (1994-96)	IALM (2006-08)	IALM (1994-96)
Ages	Withdrawal Rate (%)		Withdrawal Rate (%)	
Up to 30 Years	3		3	
From 31 to 44 years	2		2	
Above 44 years	1		1	

Note:

The discount rate has been assumed at 9.07% (previous year 8.00%) 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	Earned Leave (unfunded)		Gratuity (funded)	
	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013
Present value of obligation at the beginning of the year	5,917,117	5,003,743	5,930,320	5,151,348
Current service cost	1,343,014	1,135,740	1,698,003	1,238,319
Interest cost	473,369	400,299	474,426	412,108
Past service cost	-	-	-	-
Benefit paid	(1,721,733)	(1,743,066)	(1,197,117)	(447,980)
Actuarial loss/(gain) on obligation	1,365,304	1,120,401	886,768	(423,475)
Present value of obligation at the end of the year	7,377,071	5,917,117	7,792,400	5,930,320

III. Fair value of plan assets

Particulars	Gratuity (funded)	
	March 31, 2014 Amount in ₹	March 31, 2013 Amount in ₹
Fair value of plan assets at the beginning of the year	2,031,805	1,962,767
Adjustment on account of wrong non-deduction by life insurance corporation (LIC) in earlier year (Refer footnote i)	-	(604,936)
Expected return on plan assets	177,783	181,556
Contributions	88,063	943,277
Benefits paid	(1,138,271)	(447,980)
Actuarial (loss) on plan assets	(27,734)	(2,879)
Fair value of plan assets at the end of the year	1,131,646	2,031,805

Footnote:

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

Particulars	March 31, 2014 Amount in ₹	March 31, 2013 Amount in ₹
Fund Amount	-	465,412
Interest amount	-	139,524
	-	604,936



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IV. Expenses recognised in the Statement of Profit and Loss for the year

Particulars	Earned leave (unfunded)		Gratuity (funded)	
	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013
	Current service cost	1,343,014	1,135,740	1,698,003
Interest cost	473,369	400,299	474,426	412,108
Past service cost	-	-	-	-
Expected return on plan assets	-	-	(177,783)	(181,556)
Net actuarial loss/(gain) to be recognized	1,365,304	1,120,401	914,502	(420,596)
Expense recognised in Statement of Profit and Loss	3,181,687	2,656,440	2,909,148	1,048,275

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

Particulars	Earned Leave (unfunded)		Gratuity (funded)	
	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013
Present value of obligation as at the end of the year (A)	7,377,071	5,917,117	7,792,400	5,930,320
Fair Value of plan assets as at the end of the year (B)	-	-	1,131,646	2,031,805
Net liability recognized in Balance Sheet as at year end (A-B)	7,377,071	5,917,117	6,660,754	3,898,515
Amount classified as:				
Short term provision (Refer note 8)	308,592	831,708	150,473	644,848
Long term provision (Refer note 8)	7,068,479	5,085,409	6,510,281	3,253,667

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

(a) Gratuity (Funded)

Particulars	March 31, 2014	March 31, 2013	March 31, 2012
	PBO	7,792,400	5,930,320
Plan assets	1,131,646	2,031,805	1,962,767
Net (liability)	(6,660,754)	(3,898,515)	(3,188,581)
Experience gain/(loss) on PBO	452,704	924,288	785,029
Experience gain/(loss) on plan assets	(37,893)	(2,879)	39,845

Particulars	March 31, 2011	March 31, 2010
	PBO	5,220,924
Plan assets	1,632,356	1,975,902
Net (liability)	(3,588,568)	(2,024,652)
Experience gain/(loss) on PBO	(1,600,913)	500,257
Experience gain/(loss) on plan assets	(24,004)	(102,866)

(b) Earned Leave (unfunded)

Particulars	March 31, 2014	March 31, 2013	(Amount in ₹) March 31, 2012
	PBO	7,377,071	5,917,117
Plan assets	-	-	-
Net (liability)	(7,377,071)	(5,917,117)	(5,003,743)
Experience (loss) on PBO	(191,308)	(648,627)	(201,840)
Experience gain/(loss) on plan assets	-	-	-

Particulars	March 31, 2011	March 31, 2010
	PBO	4,919,119
Plan assets	-	-
Net (liability)	(4,919,119)	(4,501,246)
Experience (loss) on PBO	(442,554)	(219,025)
Experience gain/(loss) on plan assets	-	-



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CL Educate Limited

Notes to the Financial Statements for the year ended March 31, 2014

The plan assets of the Company are managed by Life Insurance Corporation of India through a trust managed by the Company in terms of an insurance policy taken to fund obligations of the Company with respect to its gratuity plan. The categories of plan assets as a percentage of total plan assets is based on information provided by Life Insurance Corporation of India with respect to its investment pattern for group gratuity fund for investments managed in total for several other companies. Information on categories of plan assets as at March 31, 2014 and March 31, 2013 has not been provided by Life Insurance Corporation of India.

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

Particulars	Amount in ₹
Employees gratuity fund	2,902,021
Earned leave	1,472,393

38. Employees share based payment 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 directors and employees of the Company and its subsidiaries companies. The plan entitles directors and employees to purchase equity shares in the Company at the stipulated exercise price, subject to compliance with vesting conditions. All exercised options shall be settled by physical delivery of equity shares. As per the plan holders of vesting options are entitle to purchase one equity share for each option. Till date 248,968 (previous year 243,968) stock options have been granted under this scheme.

The terms and conditions related to grant of the share options are as follows:

Employees entitled	No. of options	Vesting conditions	Contractual life of options (in years)
Directors of the Company	154,857	3 years' service from the grant date	1.58
Employees	94,111	3 years' service from the grant date	3.22

Share based payment expenses	March 31, 2014	March 31, 2013
	Amount in ₹	Amount in ₹
CL ESOP -2008 (Refer footnote)	853,950	3,441,397

Footnote:

Includes expenses on account of stock options of CLEIS, a subsidiary of the Company, to employees of the Company.

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

ESOP to directors of the Company

Particulars	March 31, 2014		March 31, 2013	
	Number of Stock Options	Weighted average exercise Price (₹)	Number of Stock Options	Weighted average exercise Price (₹)
<u>Employees Stock Option Plan 2008</u>				
Outstanding at the beginning of the year	9,600	300.00	9,600	300.00
Granted during the year	-	-	-	-
Exercised during the year	-	-	-	-
Forfeited during the year	-	-	-	-
Expired during the year	-	-	-	-
Outstanding at the end of year	9,600	300.00	9,600	300.00
Exercisable at year end	9,600	300.00	9,600	300.00
Vested during the year	-	-	-	-
Weighted average grant date fair value per option for option granted during the year at less than fair value	-	-	-	-



CL Educate Limited

Notes to the Financial Statements for the year ended March 31, 2014

ESOP to person other than directors of the Company

Particulars	March 31, 2014		March 31, 2013	
	Number of Stock Options	Weighted average exercise ₹	Number of Stock Options	Weighted average exercise ₹
Employees Stock Option Plan 2008				
Outstanding at the beginning of the year	181,357	318.45	172,450	320.05
Granted during the year	5,000	262.00	29,000	210.00
Exercised during the year	-	-	-	-
Forfeited during the year	4,250	175.00	14,380	173.04
Expired during the year	2,625	175.00	5,713	173.04
Outstanding at the end of year	179,482	322.37	181,357	318.45
Exercisable at year end	15,750	214.13	7,250	210.00
Vested during the year	8,500	217.64	48,639	335.17
Weighted average grant date fair value per option for option granted during the year at less than fair value	5,000	415.00	29,000	524.95

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

Particulars	March 31, 2014	March 31, 2013
Dividend yield (%)	-	-
Expected volatility (%)*	19.04%	26.95%
Risk-free interest rate (%)	8.70%	7.75%
Weighted average share price (in ₹)	334	524.95
Exercise price (in ₹)	175-300	175-300

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

39. Payment to auditors (excluding service tax)(included in legal and professional expense)

Particulars	March 31, 2014	March 31, 2013
	Amount in ₹	Amount in ₹
Statutory audit	2,300,000	2,100,000
Other engagement prescribed to be done by statutory auditors	-	600,000
Other matters	678,414	775,000
Out of pocket expenses	-	39,140
Total	2,978,414	3,514,140

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40. Segment reporting

Primary segment

The company has identified two reportable business segments as primary segments: Education and training programme (including sale of study material) and Vocational training. 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.

Vocational training includes specific projects undertaken (including government projects).

Financial information about the primary segments is given below:

For the Year ended March 31, 2014

Particulars				(Amount in ₹)
	Education and training programme (including sale of study material)	Vocational Training	Others	Total
Revenue				
External revenue	1,016,456,146	162,872,660	14,766,742	1,194,095,548
Total revenue	<u>1,016,456,146</u>	<u>162,872,660</u>	<u>14,766,742</u>	<u>1,194,095,548</u>
Results				
Segment results	<u>176,244,966</u>	<u>7,762,894</u>	<u>14,766,740</u>	<u>198,774,600</u>
Unallocated expenses				153,478,907
Operating profit				45,295,693
Finance costs				(44,133,349)
Other income including finance income				42,047,855
Prior period expenses(net)				(478,904)
Exceptional expenses				(15,488,025)
Profit before tax				<u>27,243,270</u>
Income taxes				<u>(9,749,884)</u>
Net profit				<u>17,493,386</u>
<u>As at March 31, 2014</u>				
Segment assets	421,294,545	180,973,555	-	602,268,100
Unallocable assets				1,211,103,001
Total assets				<u>1,813,371,101</u>
Segment liabilities	214,638,743	81,537,524	-	296,176,267
Unallocable liabilities				391,030,050
Total liabilities				<u>687,206,317</u>
<u>Other information</u>				
Capital expenditure-allocable	5,243,558	526,160	-	5,769,718
Capital expenditure-unallocable	-	-	-	7,263,455
Depreciation and amortisation- allocable	7,253,788	723,067	-	7,976,855
Depreciation and amortisation-unallocable	-	-	-	29,498,631
Other significant non-cash expenses (net)-allocable	46,073,747	867,399	-	46,941,146
Other significant non-cash expenses (net)-unallocable	-	-	-	1,794,952



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CL Educate Limited
Notes to the Financial Statements for the year ended March 31, 2014

Secondary segment

The Company has identified Geographical Segment as Secondary Segment.

Financial information about the geographic segment is given below:

Particulars	(Amount in ₹)		
	Within India	Overseas	Total
Segment revenue	1,236,143,403	-	1,236,143,403
Segment assets	1,790,907,005	22,464,096	1,813,371,101
Segment liabilities	686,937,633	268,684	687,206,317
Capital expenditures	12,871,230	161,943	13,033,173

For the Year ended March 31, 2013

Particulars	(Amount in ₹)			Total
	Education and training programme (including sale of study material)	Vocational Training	Others	
Revenue				1,164,087,226
External revenue	985,666,607	146,115,417	32,305,202	1,164,087,226
Total revenue	985,666,607	146,115,417	32,305,202	
Results				323,767,658
Segment results	232,824,536	58,637,920	32,305,202	
Unallocated expenses				(352,477,934)
Operating profit				(28,710,276)
Finance costs				(59,069,401)
Other income including finance income				183,962,688
Exceptional expenses				-
Prior period income (net)				3,804,590
Profit before tax				99,987,601
Income taxes				(41,121,270)
Net profit				58,866,331
<u>As at March 31, 2013</u>				637,216,521
Segment assets	500,473,761	136,742,760	-	1,131,483,825
Unallocable assets				1,768,700,346
Total assets				
Segment liabilities	214,194,836	10,408,363	-	224,603,199
Unallocable liabilities				450,136,262
Total liabilities				674,739,461
<u>Other information</u>				7,786,838
Capital expenditure-allocable	7,028,294	758,544	-	17,794,540
Capital expenditure-unallocable				19,264,202
Depreciation and amortisation- allocable	18,220,570	1,043,632	-	17,966,975
Depreciation and amortisation-unallocable				27,786,876
Other significant non-cash expenses (net)-allocable	27,172,273	614,603	-	20,179,875
Other significant non-cash expenses (net)-unallocable				



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Secondary segment

The Company has identified Geographical Segment as Secondary Segment.

Financial information about the geographic segment is given below:

Particulars	(Amount in ₹)		
	Within India	Overseas	Total
Segment revenue	1,304,430,138	43,619,776	1,348,049,914
Segment assets	1,756,367,958	12,332,388	1,768,700,346
Segment liabilities	674,739,461	-	674,739,461
Capital expenditures	25,581,378	-	25,581,378

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

41. Leases

As lessee

The Company is a lessee under various operating leases for coaching centres across India. The lease terms of these premises range from 1 to 2 years and accordingly are short term leases. Rental expense for operating lease for the year ended March 31, 2014 and March 31, 2013 was ₹ 58,775,267 and ₹ 48,991,829 respectively. Total of future minimum lease payments under non-cancellable leases are as follows:

Particulars	March 31, 2014	March 31, 2013
	Amount in ₹	Amount in ₹
Not later than one year	1,700,426	198,000
Later than one year but not later than 5 years	-	-
Later than 5 years	-	-
Total	1,700,426	198,000

As lessor

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

Lease receipts are recognized in the Statement of Profit and Loss during the year amounting ₹ 293,750 (Previous year ₹ 840,000). There are no non cancellable leases and hence disclosure relating to minimum lease receipts has not been provided.

42. Expenditure in foreign currency

Particulars	March 31, 2014	March 31, 2013
	Amount in ₹	Amount in ₹
Travelling and conveyance	-	132,854
Bank charges	46,009	65,810
Franchise recurring payments	-	33,048,417
Rent	407,375	-
Salary and wages	2,196,836	-
Others	69,835	236,860
Total	2,720,055	33,483,941

43. Earnings in foreign currency

Particulars	March 31, 2014	March 31, 2013
	Amount in ₹	Amount in ₹
Test preparation training services	-	38,004,516
Sale of study material	-	4,123,220
Start up fees from franchisee	-	1,492,040
Total	-	43,619,776



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44. Un-hedged foreign currency exposure

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

Receivables in foreign currency

Particulars	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013
	Amount in ₹	Amount in ₹	Amount in Original Currency	Amount in Original Currency
- Trade receivables	14,242,769	12,714,023	AED 773,930 QAR 100,000	AED 773,930 QAR 100,000
- Short term loans and advances	48,637,047	49,368,776	SGD 174,867 USD 768,589 AED 23,815	SGD 213,695 USD 768,589 AED 3,845
- Cash and bank balances	138,309	913,812	AED 8,494	AED 61,767

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

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

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

	March 31, 2014	March 31, 2013
	Amount in ₹	Amount in ₹
The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year included in		
- Trade payables	112,150,759	55,270,913
Other current liabilities		
- Payables for expenses	80,190,557	37,562,647
- Payables on purchase of fixed assets	363,980	18,120,709
Principal amount due to micro and small enterprises	-	-
Interest due on above	-	-
	192,705,296	110,954,269

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.



CL Educate Limited

Notes to the Financial Statements for the year ended March 31, 2014

47. 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 companies (Including subsidiaries of subsidiaries)	i. Career Launcher USA Inc., USA (upto September 30, 2013)
	ii. Career Launcher Education Infrastructure & Services Ltd, India
	iii. CL Media Private Limited, India
	iv. Career Launcher Asia Educational Hub Pte Ltd, Singapore (upto December 4, 2013)
	v. Kestone Asia Educational Hub Pte Ltd, Singapore (from December 5, 2013)
	vi. Kestone Integrated Marketing Services Private Limited, India
	vii. Career Launcher Infrastructure Private Limited, India
	viii. CL Higher Education Services Private Limited, India
	ix. G K Publications Private limited, India (from 1 October 2012)
Enterprises in which key management personnel and their relatives are able to exercise significant influence	i. Career Launcher Education Foundation, India
	ii. Career Launcher Employee Welfare Society
	iii. Career Launcher Employee Group Gratuity Trust
	iv. Natanda Foundation
	v. Bilakes Consulting Private Limited
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, 2014 Amount in ₹	March 31, 2013 Amount in ₹
1. Revenue from operations-Other operating revenue		
a. Royalty Income		
- CL Media Private Limited	-	18,726,382
b. Advertising Income		
- CL Media Private Limited	10,989,830	9,506,248
c. Infrastructure Fees		
- Career Launcher Education Infrastructure & Services Limited	1,380,000	1,380,000
2. Other income		
a. Interest on loans and advances		
- Career Launcher Education Foundation	-	7,474,519
- Kestone Integrated Marketing Services Private limited	-	114,456
- G K Publications Private Limited	1,769,587	520,808
	1,769,587	8,109,783
c. Rent income-others		
- Career Launcher Education Infrastructure and Services Limited	180,000	180,000



CL Educate Limited
Notes to the Financial Statements for the year ended March 31, 2014

	March 31, 2014 Amount in ₹	March 31, 2013 Amount in ₹
d. Miscellaneous income-Soft skill fee		
- Kestone Integrated Marketing Services Private limited	-	120,000
e. Prior period income		
- Kestone Asia Educational Hub Pte. Ltd. (formally known as Career Launcher Asia Educational Hub Pte. Ltd)	-	336,848
3. Other expenses		
a. CL Media Private Limited		
- Content maintenance fees	2,400,000	2,400,000
- Purchase of traded goods	94,636,327	89,939,110
- Miscellaneous expense	-	24,080
	<u>97,036,327</u>	<u>92,363,190</u>
b. G.K. Publications Private Limited		
- Purchase of traded goods	6,464,998	236,023
c. Kestone Integrated Marketing Services Private Limited		
- Equipment hiring charges	26,509,207	7,668,288
- Marketing expenses	596,938	-
- Business promotion expenses	-	283,500
- Legal and professional charges	370,778	82,110
- Miscellaneous expenses	-	2,265,750
	<u>27,476,923</u>	<u>8,033,898</u>
d. Career Launcher Education Foundation		
- Training and development expenses	-	165,700
- Marketing research expenses	2,200,000	2,040,000
- Miscellaneous expenses	-	320,000
	<u>2,200,000</u>	<u>2,525,700</u>
e. Managerial remuneration*		
- Mr. Gautam Puri	5,609,352	5,095,560
- Mr. Satya Narayanan R.	5,609,352	5,095,560
- Mr. Nikhil Mahajan	5,459,352	4,947,840
	<u>16,678,056</u>	<u>15,138,960</u>
*Does not include provision for incremental gratuity and leave encashment liabilities, since the provisions are based on actuarial valuation for the Company as a whole.		
4. Reimbursement of expense from related parties		
- Career Launcher Education Infrastructure and Services Limited	390,000	900,886
- Kestone Integrated Marketing Services Private Limited	-	78,608
- Career Launcher Infrastructure Private Limited	-	14,027
- G K Publications Private Limited	158,521	1,640,462
	<u>548,521</u>	<u>2,633,983</u>
5. Reimbursement of expense to related parties		
- Kestone Integrated Marketing Services Private Limited	-	73,432
- CL Media Private Limited	-	1,342,942
- Career Launcher Education Infrastructure and Services Limited	41,832	34,117
	<u>41,832</u>	<u>1,450,491</u>
6. Amount received on behalf of related parties		
- CL Media Private Limited	7,680	216,188



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CL Educate Limited

Notes to the Financial Statements for the year ended March 31, 2014

	March 31, 2014 Amount in ₹	March 31, 2013 Amount in ₹
b. Receivables on account of transfer of fixed assets		
- Career Launcher Infrastructure Private Limited	1,618,979	1,618,979
- GK Publications Private Limited	-	5,000,000
	<u>1,618,979</u>	<u>6,618,979</u>
c. Other dues from related parties:		
- Career Launcher USA Inc.	-	1,558,800
- Career Launcher Education Infrastructure and Services Limited	-	226,166
- GK Publications Private Limited	158,521	-
	<u>158,521</u>	<u>1,784,966</u>
5. Short term borrowings		
- Career Launcher Employee Welfare Society	-	890,000
	<u>-</u>	<u>890,000</u>
6. Guarantees given on behalf of (Refer note 35):		
G.K. Publication Private Limited (towards gaurantee of loan given by directors to the Company)	-	10,752,963
Kestone Integrated Marketing Services Private Limited (Guarantee to bank for loan taken by the Company)	50,000,000	65,000,000
CL Media Private Limited (Guarantee to bank for loan taken by the Company)	25,000,000	25,000,000
Career Launcher Infrastructure Private Limited (Guarantee to bank for loan taken by the Company)	280,000,000	280,000,000
Total	<u>355,000,000</u>	<u>380,752,963</u>
7. Guarantees given by:		
Bilakes Consulting Private Limited (Guarantee against loans given to Career Launcher Education Foundation)	45,758,320	-
Total	<u>45,758,320</u>	<u>-</u>

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CL Educate Limited

Notes to the Financial Statements for the year ended March 31, 2014

48. Exceptional expenses

Particulars	March 31, 2014	March 31, 2013
	Amount in ₹	Amount in ₹
Balances written off of related party balances		
i. Career Launcher Education Foundation (Refer footnote)		
- Loans and advances written off	15,488,025	-
	<u>15,488,025</u>	<u>-</u>

Footnote:

During the year, the Company has written off balances due in the nature of short terms loans and advances ('referred as balances') recoverable from Career Launcher Education Foundation, enterprise 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.

49. In the financial year 2009-10, the Company has given a franchisee to Ms Monica Oli in the name of Comprehensive Education and IT Training Institute to provide test preparation services in Dubai (UAE). In the financial year 2012-13, the Company had terminated the franchise agreement on account of non-recovery of fees collected by the franchisee from students. At the time of the cancellation of agreement the total amount of receivables from and payable to Ms Monica Oli in the name of Comprehensive Education and IT Training Institute were AED 1,019,842 (₹ 15,088,052) and AED 261,318 (₹ 3,866,069) respectively. The details of the amount recoverable are as follows:

1. An amount of AED 625,775 on account of short deposit of fee collected by Monica Oli in the name of the Company from the students;
2. An amount of AED 1,392,200 on account of fee collected by Monika Oli against the installment due as on January 31, 2013 and did not deposit in the bank account of the Company.
3. An amount of AED 18,120 on account of settlement of wage account and cancellation of visa of Mr. Yogeshwar Singh Batyal by the Company;
4. An amount of AED 4,300 on account of payment of outstanding dues of bill in respect of communication expenses of Mr. Akhilesh Jha, an employee and erstwhile center manager of Dubai office of the Company.

In the previous year, the Company has adjusted/squared off traded receivables of AED 261,318 (₹ 3,866,069) against the amounts payable to AED 261,318 (₹ 3,866,069) on account of its share in the books of account.

In the previous year, the Company has initiated legal actions against Monica Oli to recover the said amounts. The Company had sent legal notice dated November 6, 2013 to Monica Oli asking her to pay the flowing amounts to the Company.

- 1) An amount of AED 2,040,395 as mentioned above;
- 2) An amount of AED 50,000 on account of losses suffered by the Company due to non-communication by Monika Oli regarding termination of agreement;
- 3) An amount of AED 1,000,000 on account of damages for starting a same/similar business in violation of terms of the agreement and unauthorizedly using data/information, manuals etc. pertaining to the Company;

Further, the Company has preferred arbitration in the matter and the Hon'ble Arbitrator has issued notices to parties for appearance.

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CL Educate Limited

Notes to the Financial Statements for the year ended March 31, 2014

50. The Company is in the process of conducting a Transfer Pricing Study for the financial year 2013-14 using the services of an independent chartered accountant for Specified Domestic Transactions ('SDT') with its associated parties domiciled in India as stipulated in Section 92BA of the Income Tax Act, 1961, applicable in India, to determine whether such SDT with associated parties in India are being undertaken at "arm's length basis".

The management is of the opinion that all transactions with associated enterprises are undertaken at negotiated contracted prices on usual commercial terms and are at arms' length, and there will not be any impact on the financial statements as a consequence of the legislation.

51. The Company has reclassified/regrouped previous year figures where necessary to conform to the current year's classification.

As per our report of even date

For Haribhakti & Co. LLP

Chartered Accountants

ICAI Firm Registration No. 145287

Raj Kumar Agarwal

Partner

ICAI Membership No. 015707



Place: New Delhi

Date : August 11, 2014

For and on behalf of board of Directors of
CL Educate Limited

A handwritten signature in black ink, appearing to be "Gautam Puri".

Gautam Puri

Managing Director

Place: New Delhi

Date : August 11, 2014

A handwritten signature in black ink, appearing to be "Nikhil Mahajan".

Nikhil Mahajan

Director

A handwritten signature in black ink, appearing to be "Rachna Sharma".

Rachna Sharma

Company Secretary