
CL Educate Limited

Statutory Audit for the year
ended March 31, 2015

Independent Auditors' Report

To the Members of CL Educate Limited

Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of CL Educate Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2015, the Statement of Profit and Loss, 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 Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone 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 principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls and ensuring their operating effectiveness and the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these standalone financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the standalone financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the standalone financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the standalone financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the standalone financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on



whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the standalone financial statements.

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone 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, of the state of affairs of the Company as at March 31, 2015, its profit and its 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, 2015 ("the Order") issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, we give in the Annexure, a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
- (2) As required by Section 143(3) of the Act, we report that:
 - a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - b. In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - c. The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;
 - d. In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act read with Rule 7 of the Companies (Accounts) Rules, 2014;
 - e. On the basis of written representations received from the directors as on March 31, 2015, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2015 from being appointed as a director in terms of Section 164 (2) of the Act;
 - f. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - (i) The standalone financial statements disclose the impact of pending litigations on the standalone financial position of the Company - Refer Note 34 to the standalone financial statements in respect of contingent liabilities and Note 50 in respect of other pending litigations;



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(ii) The Company did not have any long-term contracts including derivative contracts hence, the question of any material foreseeable losses does not arise;

(iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

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



Raj Kumar Agarwal
Partner
Membership No. 074715



Date: June 23, 2015
Place: New Delhi

HARIBHAKTI & CO. LLP

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Annexure to Independent Auditors' Report

[Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' in the Independent Auditor's Report of even date to the members of CL Educate Limited on the standalone financial statements for the year ended March 31, 2015]

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) During the year, the fixed assets of the Company have been physically verified by the management and as informed, no material discrepancies were noticed on such verification. In our opinion, the frequency of verification is reasonable having regard to the size of the Company and the nature of its assets.
- (ii) (a) The inventory has been physically verified by the management during the year. In our opinion, the frequency of verification is reasonable.
- (b) The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) The Company is maintaining proper records of inventory. As informed no material discrepancies were noticed on physical verification carried out at the end of the year.
- (iii) (a) The Company has granted unsecured interest free loans to two companies and one other party and unsecured loan to three companies and one other party covered in the register maintained under Section 189 of the Act. 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 three companies and one other party are not, *prima facie*, prejudicial to the interest of the Company. Terms and conditions related to loans granted to two companies and one other party are, *prima facie*, prejudicial to the interest of the Company.
- (b) 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 189 of the Act.
- (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 for the purchase of inventory and fixed assets and for the sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal control system of the Company.
- (v) 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 provisions of Sections 73 to 76 of the Act and the rules framed there under.
- (vi) We have broadly reviewed the books of account maintained by the Company in respect of products where the maintenance of cost records has been specified by the Central Government under sub-section (1) of Section 148 of the Act and the rules framed there under and we are of the opinion that *prima facie*, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.
- (vii) (a) The Company is generally regular in depositing with appropriate authorities, undisputed statutory dues including provident fund, employees' state insurance, income tax, sales tax, wealth tax, service tax, value added tax, customs duty, excise duty, cess and any other material statutory dues applicable to it.



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According to the information and explanations given to us, undisputed dues in respect of provident fund, employees' state insurance, income tax, sales tax, wealth tax, service tax, value added tax, customs duty, excise duty, cess and any other material statutory dues applicable to it, which were outstanding, at the yearend for a period of more than six months from the date they became payable are as follows:

Name of the statute	Nature of the dues	Amount ₹	Period to which the amount relates	Due Date	Date of Payment
Income Tax Act, 1961	Advance Tax	6,460,720	April 2014 to September 2014	September 15, 2014	Not yet paid

(b) According to the information and explanation given to us, the dues outstanding with respect to, income tax, sales tax, wealth tax, service tax, value added tax, customs duty, excise duty, cess and any other material statutory dues applicable to it, on account of any 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	Service Tax	120,711,412	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
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
Income Tax Act, 1961	Tax deducted at Source	35,557,912	FY 2002-03 to FY 2005-06	Income Tax Appellate Tribunal, 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	38,064,894	FY 2009-10	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
Income Tax Act, 1961	Tax deducted at Source	87,668,910	FY 2011-12	Income Tax Appellate Tribunal, New Delhi




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- (c) According to the information and explanations given to us, there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
- (viii) The Company does not have accumulated losses at the end of the financial year nor has incurred cash losses in the current and immediately preceding financial year.
- (ix) 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.
- (x) 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.
- (xi) According to the information and explanations given to us, the term loans have been applied for the purpose for which the loans were obtained.
- (xii) 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 any such instance by the management.

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


Raj Kumar Agarwal
Partner
Membership No. 074715



Date: June 23, 2015
Place: New Delhi

CL Educate Limited
Balance Sheet as at March 31, 2015

		March 31, 2015	March 31, 2014
		Amount in ₹	Amount in ₹
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	3	116,451,550	99,178,100
Reserves and surplus	4	2,245,208,297	1,013,130,121
		2,361,659,847	1,112,308,221
Share application money pending allotment	5	-	13,856,563
Non-current liabilities			
Long-term borrowings	6	44,957,119	18,878,476
Deferred tax liabilities (net)	7	17,857,743	13,210,046
Long-term provisions	8	19,428,573	13,578,760
		82,243,435	45,667,282
Current liabilities			
Short-term borrowings	9	236,533,220	240,660,179
Trade payables	10	228,607,669	146,539,624
Other current liabilities	11	312,299,537	253,880,167
Short-term provisions	8	503,021	459,065
		777,943,447	641,539,035
Total		3,221,846,729	1,813,371,101
ASSETS			
Non-current assets			
Fixed assets			
- Tangible assets	12	341,468,910	336,777,797
- Intangible assets	13	117,797,046	110,746,883
- Capital work-in-progress	14	-	-
Non-current investments	15	1,525,856,286	453,285,771
Long-term loans and advances	16	70,393,960	84,666,259
Other non-current assets	17	112,341,980	132,430,427
		2,167,858,182	1,117,907,137
Current assets			
Inventories	18	44,746,228	33,647,181
Trade receivables	19	535,227,973	358,912,488
Cash and bank balances	20	113,404,920	44,662,834
Short-term loans and advances	21	283,009,192	204,907,471
Other current assets	22	77,600,234	53,333,990
		1,053,988,547	695,463,964
Total		3,221,846,729	1,813,371,101

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. 103523W

NEW DELHI

Raj Kumar Agarwal

Partner

ICAI Membership No.: 074715

For and on behalf of the Board of Directors of

CL Educate Limited

Gautam Puri

Managing Director

DIN: 00033548

Nikhil Mahajan

Director & CFO

DIN: 00033404

Rachna Sharma

Company Secretary

ICSI M. No.: A17780

Place: New Delhi

Date: JUNE 23, 2015

Place: New Delhi

Date: JUNE 23, 2015



Handwritten signatures of Gautam Puri, Nikhil Mahajan, and Rachna Sharma. A blue circular stamp of CL Educate Limited, New Delhi, is visible over the signatures, with the text 'CL EDUCATE LIMITED', 'New Delhi', and '110044'.

CL Educate Limited
Statement of Profit and Loss for the year ended March 31, 2015

Particulars	Notes	March 31, 2015	March 31, 2014
		Amount in ₹	Amount in ₹
Income			
Revenue from operations	23	1,496,369,615	1,183,105,719
Other income	24	53,219,685	53,037,684
Total Revenue		1,549,589,300	1,236,143,403
Expenses			
Purchases of traded goods	25	145,720,221	117,413,799
(Increase) in inventory of traded goods	26	(11,683,139)	(9,362,209)
Cost of services	27	587,381,022	477,069,716
Employee benefits expense	28	245,756,187	220,582,824
Finance costs	29	47,165,885	44,133,349
Depreciation and amortisation expenses	30	50,841,828	37,475,486
Other expenses	31	395,418,378	305,620,239
Total expenses		1,460,600,382	1,192,933,204
Profit before exceptional items, prior period items and tax		88,988,918	43,210,199
Exceptional expenses	47	-	15,488,025
Profit before prior period items and tax		88,988,918	27,722,174
Prior period expenses (net)	32	-	478,904
Profit before tax		88,988,918	27,243,270
Income tax expense:			
- Current tax		20,933,000	5,519,000
- Minimum alternate tax ('MAT') credit		-	(5,519,000)
- Deferred tax charge	7	2,299,599	9,749,884
Total tax expenses		23,232,599	9,749,884
Profit after tax		65,756,319	17,493,386
Earnings per equity share			
Nominal value of ₹ 10 each (Previous year ₹ 10 each)			
- Basic before exceptional expenses	33	6.14	3.50
- Basic after exceptional expenses		6.14	1.86
- Diluted before exceptional expenses		6.05	3.39
- Diluted after exceptional expenses		6.05	1.80

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. 103523W

Raj Kumar Agarwal

Partner

Membership No.:074715



Place: New Delhi

Date : JUNE 23, 2015

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

Gautam Puri
Managing Director

DIN: 00033548

Nikhil Mahajan
Director & CFO

DIN: 00033404

Rachna Sharma

Company Secretary

ICSI M. No.: A17780



Place: New Delhi

Date : JUNE 23, 2015

CL Educate Limited
Cash Flow Statement for the year ended March 31, 2015

	March 31, 2015 Amount in ₹	March 31, 2014 Amount in ₹
A Cash flow from operating activities		
Net profit before tax and after exceptional prior period items and tax	88,988,918	27,243,270
Adjustments for:		
Depreciation and amortisation on fixed assets	50,841,828	37,475,486
Depreciation and amortisation on investments property	206,878	213,750
Finance costs	43,519,246	42,563,021
Loan processing charges	2,446,639	1,541,939
Interest on delay in payment of taxes	1,200,000	-
Interest income	(19,108,259)	(18,264,511)
Loss on sale of fixed assets	4,883,393	-
Rent income on investments property	(1,525,588)	(293,750)
Fixed assets written off	325,048	679,602
Advances written off	1,238,946	505,688
Bad debts written off	60,006,567	38,996,311
Miscellaneous balances written off	1,271,188	1,622,780
Provision for doubtful advances	200,000	340,333
Provision for doubtful debts	1,178,286	-
Provision for obsolescence of inventory	584,094	-
Liability no longer required written back	(14,513,247)	(16,639,410)
Transfer to stock options outstanding	7,016,855	853,950
Exceptional non cash items:		
- Advances written off (Refer note 47)	-	15,488,025
Unrealised foreign exchange gain	(563,270)	(1,528,745)
Realised foreign exchange gain on sale of investment	-	(237,462)
Operating profit before working capital changes	228,197,522	130,560,277
Adjustments for (increase)/decrease in operating assets		
Trade receivables	(236,569,788)	(83,414,730)
Other current assets	(800,000)	-
Non current assets	20,000,000	-
Long term loans and advances	(1,481,052)	15,886,656
Short term loans and advances	(32,163,929)	(40,430,600)
Inventories	(11,683,141)	(9,362,209)
Adjustments for increase/(decrease) in operating liabilities		
Other current liabilities	62,364,373	37,240,922
Long term provisions	5,849,813	5,239,684
Short term provisions	43,956	(1,017,491)
Trade payables	82,069,965	56,879,846
Cash generated from operations	115,827,719	111,582,354
Taxes paid (net of refund)	(6,575,845)	(6,778,834)
Net cash generated from operating activities	109,251,874	104,803,520

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CL Educate Limited
Cash Flow Statement for the year ended March 31, 2015

Continued from previous page...

B Cash flow from investing activities:

	March 31, 2015 Amount in ₹	March 31, 2014 Amount in ₹
Purchase of investment of in subsidiaries (net of payable for investments)	(1,072,777,393)	(47,913,314)
Proceeds from sale of investment in subsidiaries	-	665,692
Purchase of fixed assets (net)	(70,303,621)	(31,788,025)
Disposal of fixed assets	1,600,002	-
(Investments)/proceeds in deposits not considered as cash and cash equivalents (net)	(40,877,589)	52,125,080
Loans given to subsidiaries (including conversion of interest and receivables)	(92,012,702)	(26,014,513)
Interest income received	18,571,584	21,908,961
Rent income on investments property	1,525,588	293,750
Proceeds from realisation of loan given to subsidiaries (including adjustments)	43,043,288	32,646,904
Net cash (used in)/ generated from investing activities	(1,211,230,843)	1,924,536

C Cash flow from financing activities:

Proceeds from issue of equity shares	17,273,450	-
Securities premium received on equity shares (net of share issue expenses)	1,145,914,510	-
Share application money received pending allotment (Refer note 5)	(13,856,563)	13,856,563
Proceeds from long-term borrowings	94,000,000	35,000,000
Repayment of long-term borrowings	(63,793,627)	(101,829,660)
Net increase in working capital borrowings	(4,126,959)	6,205,448
Dividend paid during the year	-	(28,476)
Loan processing fee paid	(2,446,639)	(1,541,939)
Interest paid	(43,156,440)	(43,140,183)
Net cash generated from / (used in) financing activities	1,129,807,733	(91,478,247)

Net increase in cash and cash equivalents

27,828,764

15,249,808

Unrealised foreign exchange gain on cash and cash equivalents

35,732

Cash and cash equivalents at beginning of the year

34,932,620

19,682,812

Cash and cash equivalents at end of the year

62,797,116

34,932,620

Cash and cash equivalents comprise

Balances with banks:

- on current accounts
- Cheques/ drafts on hand
- Cash on hand

54,355,176

28,080,092

4,486,231

2,898,968

3,955,709

3,953,560

62,797,116

34,932,620

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Particulars	Revised Useful life (years)	Existing useful life (years)
Tangible assets:		
Leasehold land	90 (period of lease)	90 (period of lease)
Building	60	60
Furniture and fixtures	8-10	10-15
Office equipment	5	10
Vehicle	8-10	10
Computer equipment	3	5
Computer servers and networks	6	5
Leasehold improvements	Lesser of 3 years or period of lease	Lesser of 3 years or period of lease
Intangible assets: (Life ascertained in accordance with AS- 26)		
Trademark	5	5
Software	5	5
Content development	5	5
License fees	10	10
Intellectual property rights	10	10
Goodwill	5	5

accordance with the transitional provisions of Schedule II, in respect of assets where the remaining useful life is 'Nil', their carrying amount aggregating ₹ 7,102,533 and deferred tax thereon has been adjusted after retaining the residual value as on April 1, 2014 as determined by the management has been adjusted against the opening balance of retained earnings as on that date.

As a consequence, had the company not adopted Schedule II to the Companies Act, 2013, depreciation for the year would have been lower by ₹ 1,474,962, profit for the year would have been higher by ₹ 1,474,962 and the written down value of assets as at March 31, 2015 would have been ₹ 467,843,452 as against reported written down value of ₹ 459,265,957. Impact of change in estimates of useful lives on subsequent periods is not realistically ascertainable.

(vii) Impairment of assets

The carrying amounts of assets are reviewed at each Balance Sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is 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.

(viii) 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.



CL Educate Limited
Cash Flow Statement for the year ended March 31, 2015


	<u>March 31, 2015</u>	<u>March 31, 2014</u>
	<u>Amount in ₹</u>	<u>Amount in ₹</u>
Continued from previous page...		
Add:		
Fixed deposits shown under other Cash and bank balances		
- Deposits with original maturity for more than 3 months but less than 12 months from the reporting date	2,592,505	5,999,700
- on unpaid dividend account	17,075	19,822
Current restricted cash (Margin money deposit and under lien deposits)	47,998,224	3,710,692
Total cash and bank balances at end of the year (Refer note 20)	<u>113,404,920</u>	<u>44,662,834</u>

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: **JUNE 23, 2015**



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


Gautam Puri
Managing Director
DIN: 00033548

Place: New Delhi
Date: **JUNE 23, 2015**


Nikhil Mahajan
Director & CFO
DIN: 00033404


Rachna Sharma
Company Secretary
ICSI M. No.: A17780



1. Background

CL Educate Limited ('the Company') was incorporated in India on April 25, 1996 to conduct various educational and consulting programmes. 67.47% (previous year 68.58%) of the shares are being held by the promoters/directors of the Company and their relatives and the balance 32.53% (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 under Section 133 of the Companies Act, 2013 ('the Act'), read with Rule 7 of the Companies (Accounts) Rules, 2014. 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 Schedule III 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 management's 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 business of the Company includes 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. Fee is 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. After, taking into account the uncertainty involved in conditions to be fulfilled under the terms of the contract.

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.

Interest

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

Dividend

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

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.

iv. *Grant*

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.



CL Educate Limited

Notes to the Financial Statements for the year ended March 31, 2015

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.

(v) 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.

(vi) Depreciation and amortisation

Depreciation has been calculated on Straight Line Method at the useful lives, which are equal to useful lives specified as per schedule II to the Act. Amortisation has been calculated on straight line method at the useful lives, based on management estimates and in accordance with AS-26.

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 up to the date of sale, deduction or discard of fixed assets as the case may be.

Schedule II to the Companies Act 2013 has become applicable to the Company with effect from April 1, 2014. Accordingly, the Company has determined the useful life of its assets as per Schedule II. Revised useful lives and earlier useful lives are as under:



(ix) Leases:

Where the Company is lessee

Finance leases, which effectively transfer to the Company substantially all the risks and benefits incidental to ownership of the leased item, are capitalized at the inception of the lease term at the lower of the fair value of the leased property and present value of minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are 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 II 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 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 II 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.

(x) 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 II to the Act.

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.



(xi) 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.

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 Schedule III

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.

(xii) 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.

(xiii) 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:

i. 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.

ii. 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 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.

iii. Other long-term benefits: Leave encashment

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

(xiv) Foreign exchange transactions

Transactions in foreign currency are recorded at the exchange rate prevailing at the date of the transaction. Exchange differences arising on foreign currency transactions settled during the year are recognised in the Statement of Profit and Loss.

Monetary assets and liabilities denominated in foreign currencies as at the balance sheet date, not covered by forward exchange contracts, are translated at year end rates. The resultant exchange differences are 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 classification.

(xv) 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.

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.



(xvi) 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.

(xvii) 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.

(xviii) 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 Statement of Profit and Loss.

(xix) 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.

(xx) 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".



CL Educate Limited

Notes to the Financial Statements for the year ended March 31, 2015

(xxi) Share issue expenses

Share issue expenses are adjusted against the securities premium account as permissible under Section 52 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.

(xxii) 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, 2015

3. Share capital

a) The Company has one class of shares i.e. Equity Shares [previous year 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, 2015		March 31, 2014	
	Numbers	Amount in ₹	Numbers	Amount in ₹
Authorised				
Equity shares of ₹ 10 each (previous year ₹ 10) with equal voting rights	16,000,000	160,000,000	13,000,000	130,000,000
Preference shares of ₹ 10 each (previous year ₹ 10)	-	-	2,000,000	20,000,000
	<u>16,000,000</u>	<u>160,000,000</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)	11,645,155	116,451,550	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
Optionally convertible 0.01% non cumulative preference shares (OCPS) of ₹10 each (Class -III)	-	-	88,955	889,550
	<u>11,645,155</u>	<u>116,451,550</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 year

1) Class-I shares-Equity shares

Particulars	March 31, 2015		March 31, 2014	
	Numbers	Amount in ₹	Numbers	Amount in ₹
At the beginning of year	9,417,810	94,178,100	9,417,810	94,178,100
Add: Share issued during the year by way of:				
-Allotment of share for a consideration in cash (Refer footnote i)	1,064,426	10,644,260	-	-
-Allotment of share for a consideration other than in cash (Refer footnote ii, iii and iv)	1,162,919	11,629,190	-	-
Outstanding at the end of the year	<u>11,645,155</u>	<u>116,451,550</u>	<u>9,417,810</u>	<u>94,178,100</u>

Footnote i.

During the year, pursuant to a Share Subscription and Amendment Agreement dated August 12, 2014 between the Company, individual promoters and a shareholder GPE (India) Limited, Mauritius, the Company has issued 467,293 equity shares of ₹ 10 each at a price of ₹ 590 per share to GPE (India) Limited, Mauritius in two tranches of 230,000 equity shares and 237,293 equity shares on September 05, 2014 and September 16, 2014 respectively.

During the year, pursuant to the Share Subscription Agreement dated September 05, 2014 between the Company, individual promoters and a shareholder Housing Development Finance Corporation Limited (HDFC Limited), the Company has issued 594,233 equity shares of ₹ 10 each at a price of ₹ 590 per share to HDFC Limited on September 05, 2014.

Footnote ii.

The Board of Directors of the Company at its meeting held on August 11, 2014 proposed a scheme wherein eligible domestic shareholders of a subsidiary company Career Launcher Education and Infrastructure Services ("CLEIS Investor") holding equity shares of CLEIS were given a "share swap option" to swap shares of CLEIS with shares of CL Educate Limited at an agreed share swap ratio. This share swap option was proposed with an objective to consolidate company's shareholding in CLEIS.



CL Educate Limited

Notes to the Financial Statements for the year ended March 31, 2015

Pursuant to such share option swap, the Board of Directors of the Company at its meeting held on September 05, 2014 approved to allot 1 equity share of the Company of ₹ 10 each for 2.10 equity shares of CLEIS held by the eligible CLEIS investors subject to adjustment and rounding up. Such swap ratio has been determined in accordance with the Relative Valuation Report obtained by the Company from a Category-1 Merchant Banker.

Pursuant to the resolutions passed by the Board of directors at its meetings held on August 11 and September 05, 2014 and pursuant to the shareholders' approval to the scheme at the Annual General Meeting of the Company held on September 05, 2014, the Company issued 904,139 equity shares of ₹ 10 each at an effective price of ₹ 590 to CLEIS investors in lieu of 1,898,684 shares of CLEIS. Consequent to share swap, the Company now holds 97.99% shares in CLEIS as against 57.55% shares prior to the share swap.

Footnote iii

The Company has acquired third and last tranche of shares in GKP by payment of cash consideration and balance consideration amounting ₹ 13,856,863 is settled by issue of 23,486 equity shares at the price of ₹ 590 per share . (Refer footnote i of note 15)

2) Class-II shares-CCPS

Particulars	March 31, 2015		March 31, 2014	
	Numbers	Amount in ₹	Numbers	Amount in ₹
At the beginning of the year	411,045	4,110,450	411,045	4,110,450
Add: Share issued during the year	-	-	-	-
Less: conversion into equity shares (refer footnote iv)	411,045	4,110,450	-	-
Outstanding at the end of the year	-	-	411,045	4,110,450

3) Class-III shares-OCPS

Particulars	March 31, 2015		March 31, 2014	
	Numbers	Amount in ₹	Numbers	Amount in ₹
At the beginning of the year	88,955	889,550	88,955	889,550
Add: Share issued during the year	-	-	-	-
Less: conversion into equity shares (refer footnote iv)	88,955	889,550	-	-
Outstanding at the end of the year	-	-	88,955	889,550

Footnote iv

During the financial year 2012-13, the Company had issued 411,045, 0.01% Non-Cumulative Compulsorily Convertible Preference Shares (CCPS) of ₹ 10 each at a price of ₹ 200 per share termed as Class II and 88,955, 0.01% Non-Cumulative Optionally Convertible Preference Shares (OCPS) of ₹ 10 each issued at a price of ₹ 200 per share termed as Class III to GPE (India) Limited and Gaja Trustee Company Private Limited respectively.

Each holder of CCPS had to get his shares converted in to equity shares as per the terms of conversion stipulated in the addendum number 3 to the Share Subscription and Shareholders Agreement dated November 02, 2012 within 5 years from the closing date i.e. November 09, 2012. (The price of conversion is detailed below. Refer footnote D)

Each holder of OCPS had either to get his shares converted in to equity shares or redeemed in cash as per the terms of conversion stipulated in the addendum number 3 to the Share Subscription and Shareholders Agreement dated November 02, 2012 at any time. (The price of conversion is detailed below. Refer footnote D).

The Board of Directors at its meeting dated July 22, 2014 approved of the conversion of such CCPS and OCPS into equity shares of ₹ 10 each at a price of ₹ 425 per share. The details of the equity shares issued are as given below:

Name of the Shareholder	Nature of Preference Shares held	No. of Preference Shares held	No. of Equity Share Issued
GPE (India) Limited	OCPS	411,045	193,433
Gaja Trustee Company Private Limited	CCPS	88,955	41,861



c) Terms/rights attached to equity shares

For the year ended March 31, 2015

Voting

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

Dividends

The Company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to approval of the shareholders in ensuing Annual General Meeting except in the case where interim dividend is distributed. The Company has not distributed any dividend in the current year and previous year.

Liquidation

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

For the year ended March 31, 2014

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-OCPS:** This class of shares do not carry any voting rights.

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 had 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 had 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.



CL Educate Limited

Notes to the Financial Statements for the year ended March 31, 2015

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:

On December 14, 2012 the Company had issued 411,045 class- II, 0.01% CCPS of ₹ 10 each.

Each share holder of CCPS had 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.

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:

On December 14, 2012, the company had issued 88,955 class-II, 0.01% OCPS of ₹10 each.

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



CL Educate Limited**Notes to the Financial Statements for the year ended March 31, 2015****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 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.

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 following conditions shall apply:

i. If shareholder had 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 had 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.

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, 2015		March 31, 2014	
	Numbers	% held	Numbers	% held
Mr. Gautum Puri	2,562,579	22.01%	2,549,186	27.07%
Mr. Satya Narayanan R	2,562,579	22.01%	2,549,186	27.07%
Bilakes Consulting Private Limited	1,245,193	10.69%	786,859	8.36%
GPE (India) Limited	1,426,473	12.25%	765,747	8.13%
HDFC Limited	594,233	5.10%	-	-
	8,391,057	72.06%	6,650,978	70.62%



CL Educate Limited

Notes to the Financial Statements for the year ended March 31, 2015

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, 2015		March 31, 2014	
	Numbers	% held	Numbers	% held
GPE (India) Limited	-	-	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, 2015		March 31, 2014	
	Numbers	% held	Numbers	% held
Gaja Trustee Company Private Limited	-	-	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 year 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, 2015	March 31, 2014
	Numbers In aggregate	Numbers In aggregate
Equity shares allotted as fully paid-up pursuant to contracts for consideration other than cash	1,826,951	670,032
	1,826,951	670,032

In addition, the Company has issued total equity shares 7,675 of ₹ 10 each fully paid up (as on March 31, 2014 4,775 of ₹ 10 each fully paid up) during the year 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 year of five years immediately preceding the reporting date.

Shares reserved for issue under options

g) Employees stock option schemes (ESOP) (refer note 37)

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 Stock 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 5 years from the date of respective grants. As at March 31, 2015 and March 31, 2014 the Company had 29,743 and 56,143 number of shares reserved for issue under the scheme respectively.



CL Educate Limited

Notes to the Financial Statements for the year ended March 31, 2015

Pursuant to the resolution passed by the Board of Directors at its meeting held on January 28, 2014 and special resolution passed by the members in the Extraordinary general meeting held on May 29, 2014, the Company renewed "Career Launcher Employee Stock Options Plan 2008" for a further period of one year i.e. from April 01, 2014 upto March 31, 2015 by Board and from May 30, 2014 upto May 29, 2015 by shareholders respectively. Subsequently, the Company has approved and adopted the amended "Career Launcher Employee Stock Options Plan 2008" in its Annual General Meeting held on September 5, 2014 and the same is valid for a period of 3 years.

Further, pursuant to the resolution passed by the Board of Directors at its meeting held on August 11, 2014 and resolution passed by the members in the Annual General Meeting held on September 05, 2014, the Company renewed "Career Launcher Employee Stock Options Plan 2008" for a further period till May 29, 2015.

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CL Educate Limited

Notes to the Financial Statements for the year ended March 31, 2015

4. Reserves and Surplus

	March 31, 2015 Amount in ₹	March 31, 2014 Amount in ₹
4.1. Securities premium account		
Opening balance	693,701,683	693,701,683
(+) Securities premium received		
-on issue of shares in cash	616,463,580	-
-on issue of equity shares consideration other than cash	540,669,510	-
(+) Transfer from Class-II shares-CCPS conversion reserve	4,831,186	-
(+) Transfer from Class-III shares-OCPS redemption/conversion reserve	1,045,526	-
(-) Share swap expenses	(11,218,580)	-
Closing balance	<u>1,845,492,905</u>	<u>693,701,683</u>
4.2. Class-II shares-CCPS conversion reserve		
Opening balance	4,831,186	4,831,186
(-) Transferred to share premium during the year	(4,831,186)	-
Closing balance	<u>-</u>	<u>4,831,186</u>
4.3. Class-III shares-OCPS redemption/conversion reserve		
Opening balance	1,045,526	1,045,526
(-) Transferred to share premium during the year	(1,045,526)	-
Closing balance	<u>-</u>	<u>1,045,526</u>
4.4. Capital reserves		
Opening balance	19,939	19,939
Closing balance	<u>19,939</u>	<u>19,939</u>
4.5. General reserves		
Opening balance	5,784,256	5,784,256
Closing balance	<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	9,327,206	8,473,256
(+) Gross compensation for options for the year	7,016,855	853,950
(+) Gross compensation for options granted to employees of subsidiary (Refer footnote i of note 22)	22,841,122	-
Closing balance	<u>39,185,183</u>	<u>9,327,206</u>
4.7. Surplus in the Statement of Profit and Loss		
Opening balance	298,420,325	280,926,939
(+) Net profit for the year	65,756,319	17,493,386
(-) Adjusted depreciation	(7,102,533)	-
(-) Schedule II adjustment of deferred tax	(2,348,097)	-
Closing balance	<u>354,726,014</u>	<u>298,420,325</u>
Total reserves and surplus	<u>2,245,208,297</u>	<u>1,013,130,121</u>

Pursuant to the transitional provisions of Schedule II in respect of fixed assets where the remaining useful life is "Nil" as on April 1, 2014, their carrying amount aggregating ₹ 7,102,533 and deferred tax thereon has been adjusted against the opening reserves.



5. Share application money pending allotment

There is no share application money pending allotment as at March 31, 2015.

For the year ended March 31, 2014

Share application money in the previous year represent shares to be issued to former promoters of G.K. Publications Private Limited for acquiring 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 former 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 had been recorded as 'share application money pending allotment' by the Company.

During the year, on July 22, 2014, 23,486 equity shares of ₹ 10 each have been issued to the former promoters of GK Publications Private Limited against the said share application money at a premium of ₹ 580 per share.

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

6. Long-term borrowings

	Non-current portion		Current maturities	
	March 31, 2015	March 31, 2014	March 31, 2015	March 31, 2014
	Amount in ₹	Amount in ₹	Amount in ₹	Amount in ₹
Term loans (secured)				
-From banks				
a) Vehicle loans (Refer footnote i)	517,935	1,477,994	960,058	852,801
b) Other term loans (Refer footnote ii)	44,439,184	17,400,482	51,738,842	47,718,368
The above amount includes				
Amount disclosed under the head "Other current liabilities" (Refer note 11)			(52,698,900)	(48,571,169)
Net amount	44,957,119	18,878,476	-	-

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, 2015

Loan	Outstanding Amount	Rate of Interest	Equal monthly installment (EMI)	Date of Last EMI
	Amount in ₹		Amount in ₹	
Loan 1	429,473	11.99%	33,030	May 7, 2016
Loan 2	402,871	12.27%	24,618	July 9, 2016
Loan 3	645,649	11.53%	32,700	January 5, 2017
	1,477,993			

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CL Educate Limited

Notes to the Financial Statements for the year ended March 31, 2015

For amount outstanding as at March 31, 2014

Loan	Outstanding Amount	Rate of Interest	Equal monthly installment (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
	2,330,795			

ii. Secured term loans from bank

The Company had entered into a finance facility agreement with revised limit amounting ₹ 484,200,000 (previous year ₹ 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 five loans ₹ 83,558,732, ₹ 12,000,000, ₹ 35,000,000, ₹ 50,000,000 and ₹ 44,000,000. Year end balances of these loans are ₹ Nil, ₹ 3,126,045, ₹ 14,274,445, ₹ 34,777,536 ₹ 44,000,000 (previous year ₹ 26,726,611, ₹ 7,273,186 ₹ 31,119,053, ₹ Nil and ₹ Nil) respectively.

Interest rate:

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

Repayment schedule:

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 was 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.

The loan of ₹ 50,000,000 is repayable in 24 equal monthly installments of ₹ 2,406,554 (inclusive of interest) for which July 25, 2016 is the last installment date.

The loan of ₹ 44,000,000 is repayable in 48 equal monthly installments of ₹ 1,207,890 (inclusive of interest) for which March 01, 2019 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.

Lien over fixed deposits of ₹ 45,000,000.

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 ₹ 110,000,000



The loan was 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 ₹ 355,000,000 (Previous year ₹ 265,000,000) (disclosed in short term borrowings in the financial statements), cash management facility of ₹ 2,500,000 (Previous Year ₹ 2,500,000) and OD against credit card receivables of ₹ 15,000,000 (availed). Securities mentioned above are securities provided by the Company for such overall limit.

iii. Aggregate amount of loans guaranteed by directors of the Company ₹ 332,731,246 (previous year ₹ 305,779,029) [Includes amount of ₹ 51,738,842 (previous year ₹ 47,718,368) disclosed under other current liabilities as current maturities of long term borrowing (Refer note 11)] and short term borrowings amounting ₹ 236,553,220 (previous year ₹ 240,660,179) (Refer note 9).

7. Deferred tax liabilities

In accordance with Accounting Standard 22 on 'Accounting for Taxes on Income' the addition in Deferred Tax Liability of ₹ 2,299,599 (net of schedule II adjustment of ₹ 2,348,097) 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, 2015 that reverse in one or more subsequent years gave rise to the following net Deferred Tax Liabilities as at March 31, 2015.

	March 31, 2015 Amount in ₹	Charge/(benefit) Amount in ₹	March 31, 2014 Amount in ₹
Deferred tax assets			
Unabsorbed depreciation and brought forward business losses		5,473,346	5,473,346
Provision for diminution in value of investment	21,742	(406)	21,336
Provision for gratuity	3,179,598	(904,541)	2,275,057
Provision for leave encashment	3,410,385	(1,130,870)	2,279,515
Provision for loans and advances	13,974,092	(326,088)	13,648,004
Provision for incentive	3,771,030	(2,670,857)	1,100,174
Provision for doubtful debts	389,577	(55,711)	333,866
Provision for obsolescence of inventory	193,119	(193,119)	-
	24,939,543	191,754	25,131,298
Deferred tax liabilities			
On account of depreciation	42,797,286	4,455,942	38,341,344
Total deferred tax liabilities	42,797,286	4,455,942	38,341,344
Net deferred tax liabilities	17,857,743	4,647,696	13,210,046
Deferred tax charge for the year		4,647,696	
Less: Adjusted against opening reserves on account of depreciation according to Schedule II (refer note 4)		2,348,097	
Net Deferred tax charge for the year		2,299,599	

8. Provisions (Refer Note 36)

	Long-term		Short-term	
	March 31, 2015 Amount in ₹	March 31, 2014 Amount in ₹	March 31, 2015 Amount in ₹	March 31, 2014 Amount in ₹
Provision for employees benefits				
Provision for gratuity	9,259,254	6,510,281	162,679	150,473
Provision for leave encashment	10,169,319	7,068,479	340,342	308,592
	19,428,573	13,578,760	503,021	459,065



CL Educate Limited

Notes to the Financial Statements for the year ended March 31, 2015

9. Short-term borrowings

March 31, 2015	March 31, 2014
Amount in ₹	Amount in ₹
236,533,220	240,660,179
236,533,220	240,660,179

Secured, from bank, repayable on demand

-Cash credit (Refer footnote i)

Footnotes (i)

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 and iii of note 6.

10. Trade payables

March 31, 2015	March 31, 2014
Amount in ₹	Amount in ₹
147,317,298	98,584,745
81,290,371	47,954,879
228,607,669	146,539,624

Trade payables

- Related parties (Refer note 46)

- Others

For dues to Micro, Small and Medium Enterprises refer note 45

11. Other current liabilities

March 31, 2015	March 31, 2014
Amount in ₹	Amount in ₹
960,058	852,801
51,738,842	47,718,368
660,975	298,169
153,901,160	129,810,726
9,197,181	-
6,358,243	363,980
19,088,918	18,165,474
11,135,979	10,868,957
11,192,840	272,748
48,065,341	45,528,944
312,299,537	253,880,167

Current maturities of long term borrowing (Refer note 6)

Term Loans- secured

- From Banks- Vehicle loan (Refer footnote i of note 6)

- From Banks- Term loan (Refer footnote ii and iii of note 6)

Interest accrued but not due on borrowings

Unearned revenue on education and training services

Advance from customers

- Payable on purchase of fixed assets (Refer note 45 and 46)

- Employee related payables

- Statutory dues payable

Payables for expenses

- Related party (Refer note 45 and 46)

- Others (Refer note 45)

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CL Educate Limited
Notes to the Financial Statements for the year ended March 31, 2015

12. Tangible assets**

Particulars	Gross block (at cost)			Accumulated depreciation			Net block			
	As at April 1, 2014	Additions	Disposals/ Adjustments	As at March 31, 2015	As at April 1, 2014	Depreciation for the year	Adjustment as per Schedule II	Disposals/ Adjustments	As at March 31, 2015	As at March 31, 2015
Leased assets										
Land (Refer footnote ii)	20,043,350	-	-	20,043,350	2,158,973	222,481	-	-	2,381,454	17,661,896
Owned assets										
Building(Refer footnote i)	303,750,926	-	-	303,750,926	20,489,417	4,799,061	-	-	25,288,478	278,462,448
Plant & machinery	7,993,775	1,564,982	-	9,558,757	5,273,943	722,573	-	-	5,996,516	3,562,241
Leasehold improvement	19,549,865	5,356,414	1,250,171	23,656,108	14,458,528	3,846,302	-	1,250,171	17,054,659	6,601,449
Furniture and fixtures	5,362,197	1,769,083	1,749,302	5,381,978	3,322,939	1,020,421	54,368	1,710,407	2,687,321	2,694,657
Vehicles	12,616,453	-	-	12,616,453	5,745,672	1,351,400	260,474	-	7,357,546	5,258,907
Office equipment	20,600,902	1,615,342	4,486,698	17,729,546	8,806,747	2,906,582	5,994,114	4,200,545	13,506,898	4,222,648
Computers	28,123,250	36,559,587	15,932,466	48,750,371	21,006,702	13,394,499	793,577	9,449,071	25,745,707	23,004,664
Total	418,040,718	46,865,408	23,418,637	441,487,489	81,262,921	28,263,319	7,102,533	16,610,194	100,018,579	341,468,910

*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).

#Pursuant to the transitional provisions of Schedule II in respect of fixed assets where the remaining useful life is "Nil" as on April 1, 2014, their carrying amount aggregating ₹ 7,102,533 and deferred tax thereon has been adjusted against the opening reserves.

Footnote:

i. Building includes 5 shares of ₹ 50 each being the cost of shares in Tardeo Air conditioned Market Building Cooperative Society Limited, Mumbai.

ii. 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.

iii. 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 22). Further, fixed assets aggregating ₹ 800,000 are also classified as held for sale in current year.



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CL Educate Limited
Notes to the Financial Statements for the year ended March 31, 2015

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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, 2014
Leased assets										
Land (Refer footnote ii)	20,043,350	-	-	20,043,350	1,936,492	222,481	-	2,158,973	17,884,377	
Owned assets										
Building(Refer footnote i)	303,750,926	-	-	303,750,926	15,538,276	4,951,141	-	20,489,417	283,261,509	
Plant & machinery	8,372,154	-	378,379	7,993,775	4,919,830	591,910	237,797	5,273,943	2,719,832	
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	
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	
Vehicles	12,616,453	-	-	12,616,453	4,484,026	1,261,646	-	5,745,672	6,870,781	
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	
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	
Total	419,269,768	5,769,718	6,998,768	418,040,718	69,979,433	17,621,703	6,338,215	81,262,921	336,777,797	

*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 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



CL Educate Limited
Notes to the Financial Statements for the year ended March 31, 2015

13. Intangible assets*

Particulars	Gross block (at cost)			Accumulated amortisation			Net block	
	As at April 1, 2014	Additions	Disposals/ Adjustments	As at March 31, 2015	As at April 1, 2014	Amortisation for the year	Disposals/ Adjustments	As at March 31, 2015
Owned assets								
Intellectual property rights and trademarks	166,147,995	-	-	166,147,995	67,557,786	13,661,648	-	81,219,434
Softwares	11,230,212	917,752	-	12,147,964	9,586,575	545,563	-	10,132,138
Content development	16,722,705	22,900,000	-	39,622,705	8,034,788	5,746,131	-	13,780,919
License fees	2,800,000	-	-	2,800,000	974,880	933,240	-	1,908,120
CAT online module	1,830,150	5,810,920	-	7,641,070	1,830,150	1,691,927	-	3,522,077
Total	198,731,062	29,628,672	-	228,359,734	87,984,179	22,578,509	-	110,562,688
								117,797,046

*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).

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CL Educate Limited
Notes to the Financial Statements for the year ended March 31, 2015

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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	Amortisation for the year	Disposals/ Adjustments	As at March 31, 2014
Owned assets								
Intellectual property rights and trademarks	166,147,995	-	-	166,147,995	51,920,781	15,637,005	-	98,590,209
Softwares	10,367,762	940,750	78,300	11,230,212	8,990,500	655,325	59,250	1,643,637
Content development	12,600,000	4,122,705	-	16,722,705	5,406,575	2,628,213	-	8,687,917
License fees	600,000	2,200,000	-	2,800,000	41,640	933,240	-	1,825,120
CAT online module	1,830,150	-	-	1,830,150	1,830,150	-	-	-
Total	191,545,907	7,263,455	78,300	198,731,062	68,189,646	19,853,783	59,250	110,746,883

*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).



CL Educate Limited

Notes to the Financial Statements for the year ended March 31, 2015

14. Capital work in progress

Particulars	March 31, 2015	March 31, 2014
	Amount in ₹	Amount in ₹
Opening balance	-	93,235
Less: Capitalised during the year as:		
Leasehold improvements	-	93,235
Closing balance	-	-

15. Non-current investments

Particulars	March 31, 2015	March 31, 2014
	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	1,614,568	1,407,690
Closing balance (A)	11,498,932	11,705,810
Equity shares in subsidiary companies (Trade, un-quoted, at cost)		
92,48,053 (Previous year 5,430,026) fully paid up equity shares of ₹ 10 each of Career Launcher Education Infrastructure and Services Limited	1,296,768,376	223,990,983
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
190,000 (Previous year 190,000) fully paid up equity shares of ₹ 10 each of G.K. Publications Private Limited (Refer footnote i)	143,388,978	143,388,978
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
Less : Provision for diminution in value of investment in CL Higher Education Services Private Limited	(65,760)	(65,760)
Closing balance (B)	1,509,357,354	436,579,961
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)	1,525,856,286	453,285,771



CL Educate Limited

Notes to the Financial Statements for the year ended March 31, 2015

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

	<u>March 31, 2015</u>	<u>March 31, 2014</u>
	<u>Amount in ₹</u>	<u>Amount in ₹</u>
Aggregate book value of unquoted non current investment (excluding provision for impairment)	1,514,423,114	441,645,721

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:

For the year ended March 31, 2015

During the year, the Company has issued 12,917 and 10,569 number of shares to Rakesh Mittal and Poonam Mittal respectively on September 5, 2014 and adjusted against the share application money received in the previous year amounting ₹ 13,856,863. (Refer note 5)

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 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 had recorded consideration so payable as share application money pending allotment. (Refer note 5)

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16. Long-term loans and advances

	March 31, 2015 Amount in ₹	March 31, 2014 Amount in ₹
Unsecured, considered good, unless otherwise stated		
Capital advances	1,095,163	1,291,359
Security deposits	11,575,140	8,098,254
Subtotal A	12,670,303	9,389,613
Service tax paid under protest	21,302,000	21,302,000
Loans and advances to employees	76,000	2,071,834
Advance income-tax [(net of provision for tax of ₹ 147,852,800) (P.Y. ₹125,719,800)]	31,200,183	46,358,953
MAT Credit Entitlement	5,120,615	5,519,000
Others (Refer note 46)	24,859	24,859
Subtotal B	57,723,657	75,276,646
Total (A+B)	70,393,960	84,666,259

17. Other non-current assets

	March 31, 2015 Amount in ₹	March 31, 2014 Amount in ₹
Unsecured, considered good		
Interest accrued on non current deposits	-	88,447
Non-current bank balances (Refer note 20)	112,341,980	132,341,980
	112,341,980	132,430,427

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

	March 31, 2015 Amount in ₹	March 31, 2014 Amount in ₹
Traded goods		
- Text books	45,330,322	33,647,181
Less: Provision for obsolescence of inventory	584,094	-
	44,746,228	33,647,181

19. Trade receivables

	March 31, 2015 Amount in ₹	March 31, 2014 Amount in ₹
Unsecured, considered good unless stated otherwise		
Outstanding for a period exceeding six months from the date they are due for payment (Refer footnote i)		
- Considered good	234,728,090	65,968,856
- Considered doubtful	1,178,286	1,029,022
	235,906,376	66,997,878
Less: Provision for doubtful trade receivables	1,178,286	1,029,022
	234,728,090	65,968,856
Others	300,499,883	292,943,632
	535,227,973	358,912,488

Footnote:

The above includes ₹ 13,172,289 (Previous year ₹ 12,602,599) recoverable from Monica Oli (Authorised to run Comprehensive Education and IT Training Institute). (Refer note 48)



CL Educate Limited

Notes to the Financial Statements for the year ended March 31, 2015

20. Cash and bank balances

	Non-current		Current	
	March 31, 2015	March 31, 2014	March 31, 2015	March 31, 2014
	Amount in ₹	Amount in ₹	Amount in ₹	Amount in ₹
Cash and cash equivalents				
Balances with banks:				
- on current accounts	-	-	54,355,176	28,080,092
Cheques/ drafts on hand	-	-	4,486,231	2,898,968
Cash on hand	-	-	3,955,709	3,953,560
			62,797,116	34,932,620
Other bank balances				
- in unpaid dividend account	-	-	17,075	19,822
- Deposits with original maturity for more than 3 months but less than 12 months from the reporting date	-	-	2,592,505	5,999,700
- Margin money deposits and under lien deposits (Refer footnote i)	112,341,980	132,341,980	47,998,224	3,710,692
	112,341,980	132,341,980	113,404,920	44,662,834
Amount disclosed under other non-current assets (Refer note 17)	(112,341,980)	(132,341,980)	-	-
			113,404,920	44,662,834

Footnote: i

Current deposits include:

- Deposits of ₹ 1,837,750 (Previous year ₹ 1,694,629) for issue of guarantees in favor of Northern Eastern Council Secretariat, Shilong,
- Deposits of ₹ 750,600 (Previous year ₹ 1,447,000) in favour of for the purpose of paper purchase,
- Deposits of ₹ 339,605 (Previous year ₹ 504,063) for issue of guarantees in favor of The Directorate of Employment Training, Gandhi Nagar-TDD,
- Deposits of ₹ 70,269 (Previous year ₹ 65,000) submitted in bank against consumer court case appeal
- Deposits of ₹ 45,000,000 (Previous year ₹ Nil) submitted in bank against overdraft facility

"Non current deposits include:

- 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 ₹ 2,003,429) 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 ₹ 110,000,000 (Previous year ₹130,000,000) pledged with banks for overall loan facility (Refer footnote ii of note 6).



CL Educate Limited

Notes to the Financial Statements for the year ended March 31, 2015

21. Short term loans and advances

	March 31, 2015	March 31, 2014
	Amount in ₹	Amount in ₹
Unsecured, considered good, unless otherwise stated		
- Considered good	15,980,156	13,078,700
- Considered doubtful	636,266	436,266
	16,616,422	13,514,966
Less: provision for doubtful balance	636,266	436,266
Subtotal (A)	15,980,156	13,078,700
Loans and advance to related parties (Refer note 46)		
- Considered good	128,965,794	79,996,380
- Considered doubtful	1,404,371	1,404,371
	130,370,165	81,400,751
Less: Provision for doubtful advances	1,404,371	1,404,371
Subtotal (B)	128,965,794	79,996,380
Loans and advance to Others		
- Considered good		
Other receivables from related parties (Refer note 46)		
- on account of transfer of fixed assets	1,393,621	1,618,979
- Considered good	2,000,217	585,860
Subtotal (C)	3,393,838	2,204,839
Other loans and advances		
Loans and advances to employees	3,818,377	317,093
Balance with government authorities		
- Service tax credit receivable available for adjustment	1,317,111	413,434
Other advances recoverable in cash or in kind		
- Prepaid expenses	94,532,329	105,861,084
- Loan and advances to franchisees	70,000	70,000
- Advance to suppliers	2,967,201	116,456
- Receivable from others (good)	31,964,386	2,849,485
- Receivable from others (doubtful)	40,224,409	40,224,409
	174,893,813	149,851,961
- Less: Provision for doubtful loans and advances	40,224,409	40,224,409
Subtotal (D)	134,669,404	109,627,552
Total (A+B+C+D)	283,009,192	204,907,471

22. Other current assets

	March 31, 2015	March 31, 2014
	Amount in ₹	Amount in ₹
Interest accrued but not due on fixed deposits	2,094,465	1,469,343
Other receivable from related party (Refer footnote i and note 46)	22,841,122	
Total (A)	24,935,587	1,469,343
Fixed asset held for sale (Refer footnote (iii) of note 12)*	52,664,647	51,864,647
Total (B)	52,664,647	51,864,647
Total (A+B)	77,600,234	53,333,990

Footnote:

i. During the year, CLEIS a subsidiary company has recorded an expense towards ESOP in accordance with guidance note issued by ICAI in respect of shares of the Company to be issued to a director of CLEIS. All amounts related to issue of such shares on exercise of ESOP shall be reimbursed by CLEIS to the Company. Accordingly, no expense has been recorded by the Company and ESOP reserves has been created with a corresponding receivables from CLEIS.

*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, 2015

23. Revenue from operations

	March 31, 2015 Amount in ₹	March 31, 2014 Amount in ₹
Revenue from operations		
Sale of products (traded)		
- Sale of text book	251,834,823	186,524,306
Sale of services		
- Education and training programmes	896,628,843	812,617,942
- Vocational training services	207,746,113	97,994,122
	<u>1,356,209,779</u>	<u>1,097,136,370</u>
Other operating revenue		
Start up fees from franchisees	27,458,743	17,313,898
Campus placement income	7,218,054	3,666,000
Grant income	105,380,219	64,878,538
Scrap sale	102,820	110,912
Revenue from operations	<u>1,496,369,615</u>	<u>1,183,105,719</u>

Footnotes

i. Includes income from related party (refer Note 46)

24. Other Income

	March 31, 2015 Amount in ₹	March 31, 2014 Amount in ₹
Interest income on		
-Fixed deposits	14,756,216	16,480,065
- loans and advances (refer footnote i)	4,352,043	1,784,446
Advertising income (refer footnote i)	12,322,445	10,989,830
Net gain on foreign currency transactions and translations	102,577	1,619,365
Liabilities no longer required written back	14,513,247	16,639,410
Infrastructure fees (refer footnote i)	2,280,000	1,380,000
Rent income from investment property net of expenses (refer footnote ii)	1,318,710	80,000
Bad debts recovered	,950,587	807,504
Notice period recovery	2,367,135	1,978,958
Miscellaneous income	256,725	1,278,107
	<u>53,219,685</u>	<u>53,037,684</u>

Footnotes

i. Includes income from related parties (refer note 46).

ii. Rent income (net of expense)

Rent income on building classified as Investment property	1,525,588	293,750
Less: Depreciation on building classified as investment property	206,878	213,750
	<u>1,318,710</u>	<u>80,000</u>



25. Purchase of traded goods

	March 31, 2015	March 31, 2014
	Amount in ₹	Amount in ₹
Text books	116,733,566	102,850,342
Paper	702,746	2,019,971
Others	28,283,909	12,543,486
	<u>145,720,221</u>	<u>117,413,799</u>

26. (Increase) in inventories of traded goods

		March 31, 2015	March 31, 2014
		Amount in ₹	Amount in ₹
Opening stock	A	33,647,181	24,284,972
Closing stock	B	45,330,320	33,647,181
(Increase) in inventory of traded goods	(A-B)	<u>(11,683,139)</u>	<u>(9,362,209)</u>

27. Cost of services

	March 31, 2015	March 31, 2014
	Amount in ₹	Amount in ₹
Franchisee expenses	397,810,512	327,596,622
Faculty expenses	85,629,297	84,083,443
Equipment hire expenses (Refer footnote i)	35,700,246	25,267,255
Hostel expenses	39,121,224	11,896,229
Mobilization expenses	11,688,592	13,708,555
Project monitoring charges	-	837,218
Placement support expenses	15,468,500	11,408,500
Other test prep related consumables	1,962,651	2,271,894
	<u>587,381,022</u>	<u>477,069,716</u>

Footnotes

i. Includes expense from related party (refer Note 46).

28. Employee benefits expense

	March 31, 2015	March 31, 2014
	Amount in ₹	Amount in ₹
Salary, wages, bonus and other benefits	217,053,182	203,229,236
Contribution to provident and other funds (Refer note 36)	6,232,229	3,821,528
Gratuity expense (Refer note 36)	3,659,715	2,909,148
Leave encashment expense (Refer note 36)	4,580,703	3,181,687
Expense on employee stock option (ESOP) scheme (Refer note 37)	7,016,855	853,950
Staff welfare expenses	7,213,503	6,587,275
	<u>245,756,187</u>	<u>220,582,824</u>

29. Finance costs

	March 31, 2015	March 31, 2014
	Amount in ₹	Amount in ₹
Interest expense on borrowings		
- Vehicle loan	231,374	329,502
- Overdraft	32,921,767	30,184,490
- Term loan	10,295,692	11,938,856
Other borrowing costs		
- Loan processing charges	2,446,639	1,541,939
- Bank guarantee charges	-	110,173
Interest on delayed payment of	1,200,000	-
- Advance income tax	70,413	28,389
- Other statutory dues	<u>47,165,885</u>	<u>44,133,349</u>



CL Educate Limited

Notes to the Financial Statements for the year ended March 31, 2015

30. Depreciation and amortisation expenses

	March 31, 2015	March 31, 2014
	Amount in ₹	Amount in ₹
Depreciation of tangible assets (Refer note 12)	28,263,319	17,621,703
Amortisation of intangible assets (Refer note 13)	22,578,509	19,853,783
	50,841,828	37,475,486

31. Other expenses

	March 31, 2015	March 31, 2014
	Amount in ₹	Amount in ₹
Rent expenses (Refer note 40)	70,572,676	58,775,267
Office expenses	25,788,869	30,107,739
Travelling and conveyance expenses	23,881,297	22,438,168
Communication expenses	16,933,777	16,594,488
Water and electricity expenses	11,973,684	11,670,790
Legal and professional expenses (Refer note 38)	11,399,464	10,746,254
Repairs and maintenance expenses		
-Building	11,685,492	8,955,719
-Others	5,420,413	3,906,874
Marketing research	11,911,125	12,237,225
Advertisement, publicity and sales promotion	74,447,985	55,797,859
Material development and printing expenses	24,156,907	3,627,030
Freight and cartage expenses	4,012,727	3,333,010
Printing and stationery expenses	2,995,048	2,884,612
Rates and taxes expenses	3,125,955	18,865
Provision for obsolescence of inventory	584,094	-
Newspaper, books and periodicals expenses	889,245	755,416
Insurance expenses	1,295,190	1,322,287
Recruitment, training and development expenses	1,771,466	2,857,661
Donations	10,055	119,810
Business service fee expenses	2,400,000	2,400,000
Bank charges (other than finance cost)	4,571,184	2,984,365
Business promotion expenses	9,155,003	7,144,908
Sales Incentive	3,893,130	1,872,088
Commission to non executive directors	498,258	122,642
Bad debts written off	60,006,567	38,996,311
Doubtful advances written-off	1,238,946	505,688
Miscellaneous balances written-off	1,271,188	1,622,780
Provision for doubtful advance	200,000	340,333
Provision for doubtful debts	1,178,286	-
Loss on Sales of Assets	4,883,393	-
Fixed assets written off	325,048	679,602
Miscellaneous expenses	2,941,906	2,802,448
	395,418,378	305,620,239



CL Educate Limited

Notes to the Financial Statements for the year ended March 31, 2015

32. Prior period expenses (net)

		March 31, 2015 Amount in ₹	March 31, 2014 Amount in ₹
Prior period income			
- Legal and professional expenses			500,000
- Other		-	52,596
	A	-	552,596
Prior period expenses			
- Legal and professional expenses		-	844,000
- Miscellaneous expenses		-	187,500
	B	-	1,031,500
Prior period expenses (net) (A-B)	(A-B)	-	478,904

33. 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, 2015	March 31, 2014
Profit after tax	A	₹	65,712,835	17,493,386
Add: Exceptional expenses			-	15,488,025
Profit after tax but before exceptional expenses	B		65,712,835	32,981,411
Weighted average numbers of equity shares	C	Numbers	10,708,949	9,417,810
Add: Dilutive potential equity shares (Refer footnote i)	D	Numbers	161,790	304,946
Number of equity shares for dilutive EPS	E=C+D	Numbers	10,870,739	9,722,756
Basic earnings per share before exceptional expenses	B/C	₹	6.14	3.50
Diluted earnings per share before exceptional expenses	B/E	₹	6.04	3.39
Basic earnings per share after exceptional expenses	A/C	₹	6.14	1.86
Diluted earnings per share after exceptional expenses	A/E	₹	6.04	1.80

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:

	March 31, 2015 In numbers	March 31, 2014 In numbers
Weighted average number of shares		
Shares to be issued to Rakesh Mittal and Poonam Mittal (Refer footnote a)	-	23,486
Employee stock option outstanding (Refer footnote b)	88,301	46,166
Class-II shares-CCPS (Refer footnote c)	60,415	193,433
Class-III shares-OCPS (Refer footnote c)	13,074	41,861
	161,790	304,946

For the year ended March 31, 2015

a. During the year, the Company has issued 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 note 5). Therefore, such shares are no more dilutive in nature and are added to the number of equity shares outstanding in the computation of basic earnings per share.

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.



CL Educate Limited

Notes to the Financial Statements for the year ended March 31, 2015

c. During the year, the Company has issued equity shares of CL Educate Limited to GPE (India) Limited and Gaja Trustee Company Private Limited for Class- III shares-OCPS as per terms mentioned in footnote D of note 3. Therefore, such shares have been treated as dilutive till the date of conversion.

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 i 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, 2015

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

Particulars	March 31, 2015	March 31, 2014
	Amount in ₹	Amount in ₹
Claims against the Company not acknowledged as debt [Refer footnote (i)]	319,293,266	319,293,266
Corporate guarantees [Refer footnote (ii)]	355,000,000	380,000,000
	674,293,266	699,293,266

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

Particulars	Year Pertaining	March 31, 2015	March 31, 2014
		Amount in ₹	Amount in ₹
Service Tax (a)	July 2003 to September 2008	142,013,412	142,013,412
Service Tax (a)	October 2008 to March 2009	7,372,308	7,372,308
Service Tax (a)	April 2009 to September 2009	10,664,476	10,664,476
Service Tax (a)	October 2009 to September 2010	71,756,945	71,756,945
Service Tax (b)	October 2010 to September 2011	16,635,768	16,635,768
Service Tax (b)	October 2011 to June 2012	12,553,238	12,553,238
Cenvat credit reversal (c)	September 2004 to March 2007.	4,648,826	4,648,826
Cenvat credit reversal (c)	October 2007 to March 2008	1,569,481	1,569,481
Cenvat credit reversal (d)	April 2008 to March 2012	40,097,178	40,097,178
Other cases (e)	Various years	11,981,634	11,981,634
	Total	319,293,266	319,293,266

Amount above includes:

a. Demand for service tax aggregating ₹ 160,784,835 (previous year ₹ 160,784,835) for the period July 1, 2003 to September 30, 2010 is disputed by the Company. Penalty of ₹ 71,022,306 (previous year ₹ 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. The Company has paid ₹ 21,302,000 (previous year ₹ 21,302,000) against the said demand under protest.

b. Demand for service tax aggregating ₹ 29,189,006 (previous year ₹ 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.

c. Demand for service tax aggregating ₹ 3,118,307 (previous year ₹ 3,118,307) for the period 2004-05 to 2007-08 due to incorrect avilment of service tax cenvat credit is disputed by the Company. Penalty, aggregating ₹ 3,100,000 (previous year ₹ 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.

d. The Company had received a demand for service tax in earlier years aggregating ₹ 40,097,178 (previous year ₹ 40,097,178) for the period 2008-09 to 2011-12 due to incorrect avilment of service tax cenvat credit. The Company has disputed the demand and has filed a reply with Commissioner (Appeals) of Service tax and preferred an appeal before CESTAT against the order of Commissioner (Appeals) of Service tax.

e. Other cases

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 (previous year ₹ 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 (previous year ₹ 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 (previous year ₹ 19,000,000) against triangle education. Triangle Education also filed a counter claim against the Company amounting ₹ 3,205,961 (previous year ₹ 3,205,961).

A student, has filled a case against the Company for refund of fees amounting ₹ 619,594 (previous year ₹ 619,954) 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.



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Based on the interpretations of the provisions of the relevant statutes involved, the Company is of the view that the demands referred above are likely to be deleted or substantially reduced and penalty waived off by appellate authorities at higher levels and accordingly no further provision is required.

Footnote ii: Corporate guarantees

Bank Name	Name of the guaranter	Name of the borrower	March 31, 2015	March 31, 2014
			Amount in ₹	Amount in ₹
IndusInd Bank Limited	CL	Kestone	75,000,000	75,000,000
Kotak Mahindra Bank	CL	CLM	-	25,000,000
HDFC Limited	CL /CLEIS	CLIP	280,000,000	280,000,000
Total			355,000,000	380,000,000

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 winding up activities of CLHES.

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35. Commitments

Particulars	March 31, 2015	March 31, 2014
	Amount in ₹	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)]	8,400,000	10,800,000
- to others [Net of advances of ₹ 1,095,163 (previous year ₹ 1,291,359)]	69,757	-
Commitment for license fees from Threesixtyone Degree Minds Consulting Private Limited	-	250,000
Total capital commitments (A)	8,469,757	11,050,000
Other material Commitments		
Commitment for maintenance of contents to related party	8,400,000	10,800,000
Total other material commitments (B)	8,400,000	10,800,000
Total commitments (A+B)	16,869,757	21,850,000

36. Employee benefits obligations

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

A. Defined contribution plans

During the year the Company has recognised the following amounts in the Statement of Profit and Loss:

Particulars	March 31, 2015	March 31, 2014
	Amount in ₹	Amount in ₹
Employers contribution to provident fund	6,112,506	3,699,184
Employers contribution to employees' state insurance	119,723	122,344
Total (Refer note 28)	6,232,229	3,821,528

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 summarised positions of various defined benefits are as under:

I. Actuarial assumptions

Particulars	Earned Leave (unfunded)		Gratuity (funded)	
	March 31, 2015	March 31, 2014	March 31, 2015	Mar 31, 2014
Discount rate (per annum)	8.00%	9.07%	8.00%	9.07%
Expected rate of increase in compensation levels	8.00%	7.39%	8.00%	7.39%
Expected rate of return on plan assets	N.A.	N.A.	8.75%	8.75%
Expected average remaining working lives of employees (years)	26.84	26.90	26.84	26.90
Retirement age (Years)	58	58	58	58
Mortality table	IALM (2006-08)	IALM (2006-08)	IALM (2006-08)	IALM (2006-08)
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 8.00% (previous year 9.07%) 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)	
	Mar 31, 2015	March 31, 2014	Mar 31, 2015	March 31, 2014
	(Amount in ₹)			
Present value of obligation at the beginning of the year	7,377,071	5,917,117	7,792,400	5,930,320
Current service cost	2,055,412	1,343,014	2,485,673	1,698,003
Interest cost	669,100	473,369	706,771	474,426
Past service cost	-	-	-	-
Benefit paid	(1,448,113)	(1,721,733)	(591,086)	(1,197,117)
Actuarial loss on obligation	1,856,191	1,365,304	552,988	886,768
Present value of obligation at the end of the year	10,509,661	7,377,071	10,946,746	7,792,400

III. Fair value of plan assets

Particulars	Gratuity (funded)	
	Mar 31, 2015	March 31, 2014
	Amount in ₹	
Fair value of plan assets at the beginning of the year	1,131,646	2,031,805
Expected return on plan assets	99,019	177,783
Contributions	898,537	88,063
Received from fund	-	-
Benefits paid	(591,086)	(1,138,271)
Actuarial (loss) on plan assets	(13,302)	(27,734)
Fair value of plan assets at the end of the year	1,524,814	1,131,646

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

Particulars	Earned leave (unfunded)		Gratuity (funded)	
	Mar 31, 2015	March 31, 2014	Mar 31, 2015	March 31, 2014
	(Amount in ₹)			
Current service cost	2,055,412	1,343,014	2,485,673	1,698,003
Interest cost	669,100	473,369	706,771	474,426
Past service cost	-	-	-	-
Expected return on plan assets	-	-	(99,019)	(177,783)
Net actuarial loss to be recognized	1,856,191	1,365,304	566,290	914,502
Expense recognised in Statement of Profit and Loss	4,580,703	3,181,687	3,659,715	2,909,148

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

Particulars	Earned Leave (unfunded)		Gratuity (funded)	
	Mar 31, 2015	March 31, 2014	Mar 31, 2015	March 31, 2014
	(Amount in ₹)			
Present value of obligation as at the end of the year (A)	10,509,661	7,377,071	10,946,746	7,792,400
Fair Value of plan assets as at the end of the year (B)	-	-	1,524,814	1,131,646
Net liability recognized in Balance Sheet as at year end (A-B)	10,509,661	7,377,071	9,421,932	6,660,754
Amount classified as:				
Short term provision (Refer note 8)	340,342	308,592	162,679	150,473
Long term provision (Refer note 8)	10,169,319	7,068,479	9,259,253	6,510,281

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	(Amount in ₹)		
	March 31, 2015	March 31, 2014	March 31, 2013
PBO	10,946,746	7,792,400	5,930,320
Plan assets	1,524,814	1,131,646	2,031,805
Net (liability)	(9,421,932)	(6,660,754)	(3,898,515)
Experience gain/(loss) on PBO	(1,739,727)	452,704	924,288
Experience gain/(loss) on plan assets	(13,302)	(37,893)	(2,879)



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Particulars	March 31, 2012	March 31, 2011
PBO	5,151,348	5,220,924
Plan assets	1,962,767	1,632,356
Net (liability)	(3,188,581)	(3,588,568)
Experience gain/(loss) on PBO	785,029	(1,600,913)
Experience gain/(loss) on plan assets	39,845	(24,004)

(b) Earned Leave (unfunded)

Particulars	(Amount in ₹)		
	March 31, 2015	March 31, 2014	March 31, 2013
PBO	10,509,661	7,377,071	5,917,117
Plan assets	-	-	-
Net (liability)	(10,509,661)	(7,377,071)	(5,917,117)
Experience (loss) on PBO	119,956	(191,308)	(648,627)
Experience gain/(loss) on plan assets	-	-	-

Particulars	March 31, 2012		March 31, 2011
	PBO	5,003,743	4,919,119
Plan assets	-	-	-
Net (liability)	(5,003,743)	(4,919,119)	
Experience (loss) on PBO	(201,840)	(442,554)	
Experience gain/(loss) on plan assets	-	-	-

The plan assets of the Company are managed by Life Insurance Corporation of India through a trust managed by the Company in terms of an insurance policy taken to fund obligations of the Company with respect to its gratuity plan. The categories of plan assets as a percentage of total plan assets is based on information provided by Life Insurance Corporation of India with respect to its investment pattern for group gratuity fund for investments managed in total for several other companies. Information on categories of plan assets as at March 31, 2015 and March 31, 2014 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	4,377,888
Earned leave	2,082,898

37. 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 272,468 (previous year 248,968) stock options have been granted under this scheme.

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

**Although a total of 250,000 options were available to be granted, these include grants that had been forfeited/lapsed, and pooled back, and granted again. At no point of time did the total number of options granted under the plan exceed 250,000.*

Employees entitled	No. of options	Vesting conditions	Contractual life of options (in years)
Directors of the Company (and its subsidiaries)	154,857	3 years' service from the grant date	1.64
Employees	117,611	3 years' service from the grant date	4.19

Share based payment expenses

CL ESOP -2008 (Refer footnote)	March 31, 2015	March 31, 2014
	Amount in ₹	Amount in ₹
	7,016,855	853,950

Footnote:

Includes reversal of liability amounting ₹ 1,279,308 in current year and expenses amounting ₹ 100,033 in the previous year on account of stock options of CLEIS, a subsidiary of the Company, to employees of the Company.



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Notes to the Financial Statements for the year ended March 31, 2015

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, 2015		March 31, 2014	
	Number of Stock Options	Weighted average exercise Price (₹)	Number of Stock Options	Weighted average exercise Price (₹)
Employees Stock Option Plan 2008				
Outstanding at the beginning of the year	9,600	300.00	9,600	300.00
Granted during the year	-	-	-	-
Exercised during the year	2,400	300.00	-	-
Forfeited during the year	-	-	-	-
Expired during the year	2,400	300.00	-	-
Outstanding at the end of year	4,800	300.00	9,600	300.00
Exercisable at year end	4,800	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	-	-	-	-

ESOP to person other than directors of the Company

Particulars	March 31, 2015		March 31, 2014	
	Number of Stock Options	Weighted average exercise	Number of Stock Options	Weighted average exercise
				(Amount in ₹)
Employees Stock Option Plan 2008				
Outstanding at the beginning of the year	179,482	322.37	181,357	318.45
Granted during the year	23,500	430.00	5,000	262.00
Exercised during the year	500	175.00	-	-
Forfeited during the year	-	-	4,250	175.00
Expired during the year	2,125	175.00	2,625	175.00
Outstanding at the end of year	200,357	336.92	179,482	322.37
Exercisable at year end	167,107	330.46	15,750	214.13
Vested during the year	11,125	207.58	8,500	217.64
Weighted average grant date fair value per option for option granted during the year at less than fair value	23,500	430.00	5,000	415.00

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

Particulars	March 31, 2015	March 31, 2014
Dividend yield (%)	-	-
Expected volatility (%)*	76.65%	19.04%
Risk-free interest rate (%)	8.00%	8.70%
Weighted average share price (in ₹)	488.00	334.00
Exercise price (in ₹)	175-300	175-300

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

38. Payment to auditors (excluding service tax)

Particulars	March 31, 2015	March 31, 2014
	Amount in ₹	Amount in ₹
Statutory audit	2,300,000	2,300,000
Other services [including fee for Initial Public Offerings ('IPO')]*	9,975,000	678,414
Reimbursement of expenses	274,161	-
Total	12,549,161	2,978,414

* Pending completion of IPO the same are recorded under loans and advances.



39. 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 segments 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, 2015

Particulars				(Amount in ₹)
	Education and training programme (including sale of study material)	Vocational training	Others	Total
Revenue				
External revenue	1,175,922,410	313,126,332	7,320,873	1,496,369,615
Total revenue	1,175,922,410	313,126,332	7,320,873	1,496,369,615
Results				
Segment results	150,157,814	66,800,625	7,320,874	224,279,313
Unallocated expenses				141,344,195
Operating profit				82,935,118
Finance costs				(47,165,885)
Other income including finance income	17,473,598	1,264,965	34,481,122	53,219,685
Prior period expenses(net)				-
Exceptional expenses				-
Profit before tax				88,988,918
Income taxes				(23,232,599)
Net profit				65,756,319
As at March 31, 2015				
Segment assets	549,813,505	485,889,376	-	1,035,702,881
Unallocable assets				2,186,143,848
Total assets				3,221,846,729
Segment liabilities	336,222,066	149,612,424	-	485,834,490
Unallocable liabilities				374,352,392
Total liabilities				860,186,882
Other information				
Capital expenditure-allocable	39,112,545	35,350,000	-	74,462,545
Capital expenditure-unallocable	-	-	-	2,031,535
Depreciation and amortisation- allocable	28,778,419	11,207,843	-	39,986,262
Depreciation and amortisation-unallocable	-	-	-	10,855,566
Other significant non-cash expenses (net)-allocable	51,242,290	18,001,527	-	69,243,817
Other significant non-cash expenses (net)-unallocable	-	-	-	1,393,628



CL Educate Limited

Notes to the Financial Statements for the year ended March 31, 2015

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	1,480,290,604	16,079,011	1,496,369,615
Segment assets	3,221,373,055	473,674	3,221,846,729
Segment liabilities	854,502,219	5,684,663	860,186,882
Capital expenditures	76,156,429	337,651	76,494,080

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	3,776,913	1,183,105,719
Total revenue	1,016,456,146	162,872,660	3,776,913	1,183,105,719
Results				
Segment results	176,244,966	7,762,894	3,776,912	187,784,772
Unallocated expenses				153,478,907
Operating profit				34,305,865
Finance costs				(44,133,349)
Other income including finance income				53,037,684
Prior period income (net)				(478,904)
Exceptional expenses				(15,488,025)
Profit before tax				27,243,270
Income taxes				(9,749,884)
Net profit				17,493,386

As at March 31, 2014

Segment assets	421,294,545	180,973,555	-	602,268,100
Unallocable assets				1,211,103,001
Total assets				1,813,371,101
Segment liabilities	214,638,743	81,537,524	-	296,176,267
Unallocable liabilities				391,030,050
Total liabilities				687,206,317
Other information				
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



CL Educate Limited

Notes to the Financial Statements for the year ended March 31, 2015

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	1,183,105,719	-	1,183,105,719
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

40. 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, 2015 and March 31, 2014 was ₹ 70,572,676 and ₹ 58,775,267 respectively. Total of future minimum lease payments under non-cancellable leases are as follows:

Particulars	March 31, 2015	March 31, 2014
	Amount in ₹	Amount in ₹
Not later than one year	10,396,400	1,700,426
Later than one year but not later than 5 years	7,223,806	-
Later than 5 years	-	-
Total	17,620,206	1,700,426

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 ₹ 1,525,588 (Previous year ₹ 293,750). There are no non cancellable leases and hence disclosure relating to minimum lease receipts has not been provided.

41. Expenditure in foreign currency

Particulars	March 31, 2015	March 31, 2014
	Amount in ₹	Amount in ₹
Travelling and conveyance	1,130,726	-
Bank charges	83,160	46,009
Rent	1,431,749	407,375
Salary and wages	1,562,316	2,196,836
Faculty expenses	10,604,173	-
Others	3,526,708	69,835
Total	18,338,832	2,720,055

42. Earnings in foreign currency

Particulars	March 31, 2015	March 31, 2014
	Amount in ₹	Amount in ₹
Test preparation training services	10,255,213	-
Sale of study material	5,823,798	-
Total	16,079,011	-



43. Un-hedged foreign currency exposure

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

Receivables in foreign currency

Particulars	March 31, 2015	March 31, 2014	March 31, 2015	March 31, 2014
	Amount in ₹	Amount in ₹	Amount in Original Currency	Amount in Original Currency
- Trade receivables	26,661,672	14,242,769	AED 1,465,765 QAR 100,000	AED 773,930 QAR 100,000
- Payable for expenses	691,080	-	AED 40,604	-
- Short term loans and advances	48,533,092	48,637,047	SGD 174,867 USD 768,589 AED 36,853	SGD 174,867 USD 768,589 AED 23,815
- Cash and bank balances	1,483,235	138,309	AED 87,147	AED 8,494

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

44. Section 135 of the Companies Act, 2013, which came into effect on April 1, 2014, requires the Company to constitute a Corporate Social Responsibility (CSR) Committee of Directors, adopt a CSR Policy and spend at least 2% of its average net profits made during the immediately preceding three financial years towards CSR activities as set out in Schedule VII to the Companies Act, 2013.

Accordingly, the board of directors approved CSR Policy of the Company at its meeting held on February 16, 2015. In accordance with the provisions of Section 135 of the Companies Act, 2013, the Company was required to spend ₹ 224,239 on prescribed CSR activities. However, as the policy was approved towards the end of the financial year, the Company could not implement the same and thus neither any CSR activity was undertaken nor any amount was spent towards CSR during the year and the company expects to spend the same in next financial year. Further, in accordance with the guidance provided by the Institute of Chartered Accountants of India, no provision has been recorded in the books of account towards such unspent expenditure.

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

	March 31, 2015	March 31, 2014
	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	228,607,669	146,539,624
Other current liabilities		
- Payables for expenses	59,258,181	45,801,692
- Payables on purchase of fixed assets	6,358,243	363,980
Principal amount due to micro and small enterprises	-	-
Interest due on above	-	-
	294,224,093	192,705,296

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 expenditure under section 23 of the MSMED Act 2006.



CL Educate Limited

Notes to the Financial Statements for the year ended March 31, 2015

46. Related party disclosure

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

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

Nature of relationship	Name of related party
Subsidiary 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. CL Asia Educational Hub Pte Ltd, Singapore (upto December 4, 2013)
	v. Kestone Asia 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
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. Nalanda Foundation
	v. Bilakes Consulting Private Limited
Key Management Personnel	i. Mr. Satya Narayan R
	ii. Mr. Gautam Puri
	iii. Mr. Nikhil Mahajan

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

Particulars	March 31, 2015	March 31, 2014
	Amount in ₹	Amount in ₹
1. Revenue from operations-Other operating revenue		
a. Advertising Income		
- CL Media Private Limited	12,322,445	10,989,830
2. Other income		
a. Interest on loans and advances		
- Career Launcher Education Infrastructure and Services Limited	1,139,541	-
- G K Publications Private Limited	2,754,305	1,769,587
- CL Media Private Limited	448,362	-
- Nalanda Foundation	9,835	-
	4,352,043	1,769,587
b. Infrastructure Fees		
- CL Media Private Limited	900,000	-
- Career Launcher Education Infrastructure & Services Limited	1,380,000	1,380,000
	2,280,000	1,380,000
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, 2015

Particulars	March 31, 2015	March 31, 2014
	Amount in ₹	Amount in ₹
3. Other expenses		
a. CL Media Private Limited		
- Business service fee expense	2,400,000	2,400,000
- Material development and printing expenses	18,160,000	-
- Purchase of traded goods	113,975,616	94,636,327
	<u>134,535,616</u>	<u>97,036,327</u>
b. G.K. Publications Private Limited		
- Purchase of traded goods	11,899,619	6,464,998
	<u>11,899,619</u>	<u>6,464,998</u>
c. Kestone Integrated Marketing Services Private Limited		
- Equipment hiring charges	27,416,219	25,267,255
- Marketing expenses	5,275,009	596,938
- Legal and professional charges	794,570	370,778
- Mobilisation expenses	5,366,314	-
	<u>38,852,112</u>	<u>26,234,971</u>
d. Career Launcher Education Foundation		
- Marketing research expenses	-	2,200,000
	<u>-</u>	<u>2,200,000</u>
e. Managerial remuneration*		
- Mr. Gautam Puri	8,840,000	5,609,352
- Mr. Satya Narayanan R.	8,840,000	5,609,352
- Mr. Nikhil Mahajan	8,668,000	5,459,352
	<u>26,348,000</u>	<u>16,678,056</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	140,000	390,000
- Kestone Integrated Marketing Services Private Limited	844,056	-
- Nalanda Foundation	697,641	-
- CL Media Private Limited	80,000	-
- G K Publications Private Limited	80,000	158,521
	<u>1,841,697</u>	<u>548,521</u>
5. Reimbursement of expense to related parties		
- CL Media Private Limited	63,500	-
- Career Launcher Education Infrastructure and Services Limited	-	41,832
	<u>63,500</u>	<u>41,832</u>
6. Amount received on behalf of related parties		
- CL Media Private Limited	-	7,680
	<u>-</u>	<u>7,680</u>
7. Amount paid on behalf of related parties		
- CL Media Private Limited	-	519,623
- Career Launcher Education Foundation	-	7,979
- Kestone Integrated Marketing Services Private Limited	-	201,977
	<u>-</u>	<u>729,579</u>
8. Amount paid by related party for purchase of fixed assets		
- Kestone Integrated Marketing Services Private Limited	1,010,991	-
- Career Launcher Infrastructure Private Limited	225,359	-
	<u>1,236,350</u>	<u>-</u>



CL Educate Limited

Notes to the Financial Statements for the year ended March 31, 2015

Particulars	March 31, 2015	March 31, 2014
	Amount in ₹	Amount in ₹
9. Loans given to related party		
- Career Launcher Education Infrastructure and Services Limited	21,600,000	-
- Career Launcher Education Foundation	555,000	715,000
- CL Media Private Limited	41,578,301	-
- Nalanda Foundation	24,755,000	-
- Kestone Asia Hub Pte. Ltd. (formally known as Career Launcher Asia Educational Hub Pte. Ltd)	-	218,158
- G K Publications Private Limited	-	17,900,000
- CL Higher Education Services Private Limited	100,000	120,000
	88,588,301	18,953,158
10. Liability taken over from and converted into loan		
- CL Higher Education Services Limited	105,810	-
11. Conversion of interest into loan		
- G K Publications Private Limited	2,478,875	2,061,355
- Nalanda Foundation	8,851	-
- CL Media Private Limited	403,526	-
	2,891,252	2,061,355
12. Conversion of receivable into loans and advances		
- Career Launcher Education Infrastructure and Services Limited	427,339	-
13. Conversion of receivable for fixed assets into loan		
- G K Publications Private Limited	-	5,000,000
14. Repayment of loan given		
- G K Publications Private Limited	8,850,000	13,714,500
- CL Media Private Limited	11,500,000	-
- Career Launcher Education Infrastructure and Services Limited	22,027,339	2,160,055
	42,377,339	15,874,555
15. Loans balances given adjusted/written off		
CL Higher Education Services Private Limited		
- Loans and advances written off	325,810	-
- Kestone Asia Hub Pte. Ltd. (formally known as Career Launcher Asia Educational Hub Pte. Ltd)	-	1,284,324
- Loans and advances adjusted	-	-
	325,810	1,284,324
16. Repayment of loan taken		
- Career Launcher Employee Welfare Society	-	890,000
17. Purchase of assets from related party		
CL Media Private Limited		
- Content purchased	2,400,000	2,400,000
- Intellectual property rights	-	406,142
	2,400,000	2,806,142
18. Sale of investment to related party		
- Kestone Integrated Marketing Services Private Limited	-	665,692
19. Purchase of investment in subsidiaries from others		
- Career Launcher Education Infrastructure and Services Limited	1,072,777,393	-
- G K Publications Private Limited	-	34,413,282
	1,072,777,393	34,413,282



CL Educate Limited
Notes to the Financial Statements for the year ended March 31, 2015

Particulars	March 31, 2015	March 31, 2014
	Amount in ₹	Amount in ₹
20. Exceptional expenses (Refer note 48)		
Balances written-off/provided for of related parties balances:		
i. Career Launcher Education Foundation		
- Loans and advances written off		15,488,025
(C) Balance outstanding with or from related parties as at:		
Particulars	March 31, 2015	March 31, 2014
	Amount in ₹	Amount in ₹
1. Long term loans and advances		
- Career Launcher Employee Group Gratuity Trust	24,859	24,859
2. Trade receivable		
- CL Media Private Limited	6,921,218	-
3. Short-term loans and advances		
a. Loans and advance to related parties		
- Kestone Asia Hub Pte. Ltd. (formally known as Career Launcher Asia Educational Hub Pte. Ltd)*	7,956,186	8,296,325
- Career Launcher Education Foundation	52,892,571	52,337,571
- Nalanda Foundation	24,763,851	-
- CL Media Private Limited	30,481,827	-
- GK Publications Private Limited	14,275,730	20,646,855
- CL Higher Education Services Private Limited	-	120,000
	130,370,165	81,400,751
*including restatement of foreign exchange		
b. Receivables on account of transfer of fixed assets		
- Career Launcher Infrastructure Private Limited	1,393,621	1,618,979
	1,393,621	1,618,979
c. Other dues from related parties:		
- Career Launcher Education Infrastructure and Services Limited	140,000	427,339
- GK Publications Private Limited	238,521	158,521
- Kestone Integrated Marketing Services Private Limited	844,056	-
- CL Media Private Limited	80,000	-
- Nalanda Foundation	697,640	-
	2,000,217	585,860
4. Other current assets		
- Career Launcher Education Infrastructure and Services Limited	22,841,122	-
5. Provisions		
a. Career Launcher Higher Education Services Private Limited		
- Provision for Impairment of investment	65,760	65,760
b. Kestone Asia Hub Pte. Ltd.		
- Provision for doubtful loans and advances	1,404,371	1,404,371
	1,404,371	1,404,371
6. Trade payable		
- CL Media Private Limited	67,038,640	61,209,359
- GK Publications Private Limited	13,536,140	2,986,521
- Kestone Integrated Marketing Services Private Limited	66,742,518	34,388,865
	147,317,298	98,584,745
7. Other current liabilities		
a. Payable for expenses		
- CL Media Private Limited	11,192,840	272,748
	11,192,840	272,748



CL Educate Limited

Notes to the Financial Statements for the year ended March 31, 2015

Particulars	March 31, 2015	March 31, 2014
	Amount in ₹	Amount in ₹
b. Payable for Fixed assets		
- Kestone Integrated Marketing Services Private Limited	1,010,991	-
c. Employee related payables		
- Mr. Gautam Puri	2,766,569	513,792
- Mr. Satya Narayanan R	2,766,569	513,792
- Mr. Nikhil Mahajan	2,756,491	511,512
	8,289,629	1,539,096
8. Guarantees given on behalf of (Refer note 35):		
Kestone Integrated Marketing Services Private Limited (Guarantee to bank for loan taken by the Company)	75,000,000	75,000,000
CL Media Private Limited (Guarantee to bank for loan taken by the Company)	-	25,000,000
Career Launcher Infrastructure Private Limited (Guarantee to bank for loan taken by the Company)	280,000,000	280,000,000
Total	355,000,000	380,000,000
9. Guarantees given to Company:		
Bilakes Consulting Private Limited (Guarantee against loans given to Career Launcher Education Foundation)	45,758,320	45,758,320
Total	45,758,320	45,758,320
47. Exceptional expenses		
Particulars	March 31, 2015	March 31, 2014
	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
	-	15,488,025

Footnote:

In the previous year, the Company had 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 of Career Launcher Education Foundation to repay such amounts.

48. In the financial year 2009-10, the Company had 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 not deposited 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 had 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 had 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 following 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;

The Company had preferred arbitration in the matter and the Hon'ble Arbitrator had issued notices to parties for appearance.

During the year, on March 16, 2015 the Hon'ble Arbitrator has passed an award amounting AED 2,063,267 (equivalent to ₹ 35,137,437) in favour of the



CL Educate Limited

Notes to the Financial Statements for the year ended March 31, 2015

49. The Company is in the process of conducting a Transfer Pricing Study for the financial year 2014-15 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.

50. The Company has filed legal cases against its debtors for recovery of outstanding receivables amounting Rs. 13,172,289. The company is of the view that all such balances are fully recoverable and no provision is required. Further, the Company has also filed cases against certain parties for recovery of damages amounting Rs. 52,038,864 arising from fraudulent use of company's brand name, violation of terms and conditions of employment etc. The Company is hopeful of favorable outcome of such cases. However, the amount likely to be realized on settlement of such cases is currently not ascertainable realistically. The Company does not expect any adverse impact on the financial position as a consequence of these legal cases. The Company has recorded all expenses pertaining to legal & professional charges in respect of all such cases.

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.:103523W

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


Raj Kumar Agarwal
Partner
ICAI Membership No.:074715




Gautam Puri
Managing Director
DIN: 00033548


Nikhil Mahajan
Director & CFO
DIN: 00033404


Rachna Sharma
Company Secretary
ICSI M. No.: A17780

Place: New Delhi
Date : JUNE 23, 2015

Place: New Delhi
Date : JUNE 23, 2015