
**Kestone
Integrated
Marketing
Services Pvt.
Ltd.**

**Statutory Audit for the year
ending March 31, 2012**

Auditors' Report

To

The Members of Kestone Integrated Marketing Services Private Limited

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

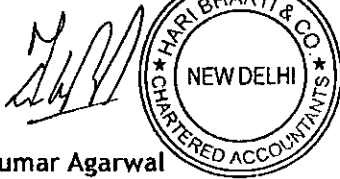


Our Offices :

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

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

For Haribhakti & Co.
Chartered Accountants
Firm Registration No. 102523W



Raj Kumar Agarwal
Partner
Membership No.: 074715

Place: *New Delhi*
Date: *30th July 2012*

Annexure referred to in paragraph 3 of the Auditors' Report of even date to the members of Keystone Integrated Marketing Services Private Limited on the financial statements for the year ended March 31, 2012.

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The fixed assets of the Company have been physically verified by the management during the year and no material discrepancies between the book records and the physical inventory have been noticed. In our opinion, the frequency of verification is reasonable.
- (c) In our opinion and according to the information and explanations given to us, a substantial part of fixed assets has not been disposed of by the Company during the year.
- (ii) (a) The inventory has been physically verified by the management during the year. In our opinion, the frequency of verification is reasonable.
- (b) The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) The Company is maintaining proper records inventory.
- (iii) (a) As informed, the Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly, the provisions stated in clause 4 (iii)(b), clause 4(iii)(c) and clause 4(iii)(d) of the order are not applicable.
- (e) The Company had taken loan from the holding company covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount involved during the year was ₹ 6,983,787 and the year-end balance of loans taken from such parties was ₹ 983,787.
- (f) In our opinion, the rate of interest and other terms and conditions for such loans are, in our opinion, *prima facie* not prejudicial to the interest of the Company.
- (g) In respect of the aforesaid loan, the Company is regular in repaying the principal amounts as stipulated and has been regular in payment of interest.
- (iv) In our opinion and according to the information and explanations given to us, there exists an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchase of fixed assets.
- In our opinion and according to the information and explanations given to us, the internal control systems with regard to the sale of services need to be strengthened to be in commensurate with the size of the Company and nature of its business.*
- During the course of our audit, we have not observed any continuing failure to correct weakness in internal control system of the Company. There are no transactions with respect to purchase of inventory and sale of goods.
- (v) (a) According to the information and explanations given to us, we are of the opinion that the particulars of contracts or arrangements referred to in section 301 of the Companies Act, 1956 that need to be entered into the register maintained under section 301 have been so entered.
- (b) In our opinion and according to information and explanations given to us, no transactions have been made in pursuance of such contracts or arrangements exceeding value of rupees five lakhs except loans taken from holding company as referred to in clause (iii)(a).



- (vi) In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public within the meaning of Sections 58A and 58AA of the Act and the rules framed there under.
- (vii) The Company has as internal audit system, the scope and coverage of which, in our opinion requires to be enlarged to be commensurate with the size and nature of its business.
- (viii) The Central Government of India has not prescribed the maintenance of cost records under clause (d) of sub-section (1) of Section 209 of the Act for any of the services / products of the Company.
- (ix) (a) According to the information and explanations given to us, the Company is generally regular in depositing with appropriate authorities undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax and other material statutory dues applicable to it.
As informed to us, the investor education and protection fund, wealth tax, customs duty, excise duty, cess are currently not applicable to the Company.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, service tax, sales-tax, and other undisputed statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.
As informed to us, the investor education and protection fund, wealth tax, customs duty, excise duty, cess are currently not applicable to the Company.
- (c) According to the information and explanation given to us, there are no dues of income tax, sales-tax, and service tax which have not been deposited on account of any dispute.
As informed to us, the investor education and protection fund, wealth tax, customs duty, excise duty, cess are currently not applicable to the Company.
- (x) The Company has no accumulated losses at the end of the financial year and it has not incurred cash losses in the current and immediately preceding financial year.
- (xi) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to a bank. No loan taken from financial institutions and debenture holders.
- (xii) The Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities. Therefore, the provisions of clause 4(xii) of paragraph 4 of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.
- (xiii) In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provisions of clause (xiii) of paragraph 4 of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.
- (xiv) In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause (xiv) of paragraph 4 of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.
- (xv) In our opinion and according to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions during the year.
- (xvi) The Company has not obtained any term loans.
- (xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investment.



- (xviii) According to the information and explanation given to us, the Company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under Section 301 of the Companies Act, 1956.
- (xix) The Company has not issued any debentures. Accordingly clause 4(xix) of the order is not applicable.
- (xx) The Company has not raised any money through public issue. Accordingly, Clause 4(xx) of the order is not applicable.
- (xxi) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the Company, noticed or reported during the year, nor have we been informed of such case by the management.

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



Raj Kumar Agarwal
Partner
Membership No.: 074715

Place: New Delhi
Date: 30th July 2012

KESTONE INTEGRATED MARKETING SERVICES PRIVATE LIMITED
BALANCE SHEET AS AT MARCH 31, 2012

	Note	March 31, 2012	(Amount in ₹) March 31, 2011
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	3	10,000,000	10,000,000
Reserves and surplus	4	58,305,949	32,354,457
		<u>68,305,949</u>	<u>42,354,457</u>
Non-current liabilities			
Deferred tax liabilities	35	-	963,067
Long-term provisions	5	2,054,477	889,047
		<u>2,054,477</u>	<u>1,852,114</u>
Current liabilities			
Short-term borrowings	6	33,547,936	19,359,622
Other current liabilities	7	144,961,279	110,428,044
Short term provisions	5	175,447	200,510
		<u>178,684,662</u>	<u>129,988,176</u>
TOTAL		<u>249,045,088</u>	<u>174,194,747</u>
ASSETS			
Non-current assets			
Fixed assets			
- Tangible assets	8	5,738,481	7,031,432
- Intangible assets	9	570,267	539,718
Deferred tax assets	35	199,066	-
Long-term loans and advances	10	37,042,258	31,120,631
Other non current assets	11	131,131	-
		<u>43,681,203</u>	<u>38,691,781</u>
Current assets			
Inventories	12	-	202,286
Trade receivables	13	118,832,990	77,707,384
Cash and bank balances	14	18,444,946	9,053,836
Short term loans and advances	15	15,735,304	6,889,213
Other current assets	16	52,350,645	41,650,247
		<u>205,363,885</u>	<u>135,502,966</u>
TOTAL		<u>249,045,088</u>	<u>174,194,747</u>

Summary of significant accounting policies 2

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

As per our report of even date

For Haribhakti & Co.

Chartered Accountants

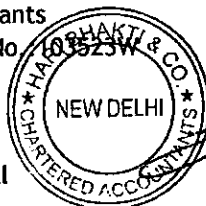
Firm Registration No. 103523W

Raj Kumar Agarwal
Raj Kumar Agarwal
Partner

Membership No.: 074715

Place: *New Delhi*

Date: *30th July 2012*



For and on behalf of board of directors of
Kestone Integrated Marketing Services Private Limited

Gautam Puri
Gautam Puri
Director

Nikhil Mahajan
Nikhil Mahajan
Director

Place: *New Delhi*
Date: *July 30, 2012*

KESTONE INTEGRATED MARKETING SERVICES PRIVATE LIMITED
STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2012

		Year ended March 31, 2012	(Amount in ₹) Year ended March 31, 2011
Income			
Revenue from operations	17	605,112,075	337,214,879
Other income	18	2,128,578	706,653
Total revenue		607,240,653	337,921,532
Expenses			
Decrease in stock in trade	19	202,286	-
Employee benefits expense	20	384,234,190	190,786,524
Finance Cost	21	5,393,123	1,489,671
Depreciation and amortisation expenses	22	2,663,018	1,982,921
Other expenses	23	176,730,086	127,823,770
Total expenses		569,222,703	322,082,886
Profit before prior period items and tax		38,017,950	15,838,646
Prior period (income) / expense (net)	24	(645,152)	-
Profit before tax		38,663,102	15,838,646
Tax expense			
-Current tax		13,873,743	5,631,501
-Tax for earlier years		-	576,279
Deferred tax (benefit) / charge	35	(1,162,133)	(406,455)
Total tax expense		12,711,610	5,801,325
Profit for the year		25,951,492	10,037,321

Earnings per share (in ₹):

(nominal value of ₹ 10 per share)

-Basic	29	25.95	10.04
Summary of significant accounting policies	2		

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

As per our report of even date

For Haribhakti & Co.

Chartered Accountants

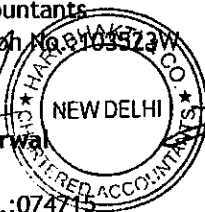
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Raj Kumar Agarwal

Raj Kumar Agarwal

Partner

Membership No.: 074715



For and on behalf of board of directors of

Kestone Integrated Marketing Services Private Limited

Gautam Puri

Gautam Puri

Director

Nikhil Mahajan

Nikhil Mahajan

Director

Place: New Delhi

Date: 30th July 2012

Place: New Delhi

Date: July 30, 2012

**KESTONE INTEGRATED MARKETING SERVICES PRIVATE LIMITED
CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2012**

	Year ended March 31, 2012	(Amount in ₹) Year ended March 31, 2011
Cash flows from operating activities		
Net Profit before tax	38,663,102	15,838,646
<i>Adjustments for:</i>		
Depreciation and amortisation	2,663,018	1,982,921
Finance costs	5,393,123	1,489,671
Loss on sale of fixed assets	8,455	3,558
Loss on account of write off of fixed assets	345,469	-
Bad debts written off	1,092,704	438,850
Interest Income	(2,018,557)	(704,641)
	7,484,212	3,210,359
Movement in assets and liabilities, net		
Adjustments for (increase) / decrease in operating assets:		
Inventories	202,286	-
Trade receivables	(42,218,310)	(16,516,067)
Short term loan and advances	(7,646,092)	(1,294,873)
Other current assets	(9,985,990)	(29,772,263)
Adjustments for increase / (decrease) in operating liabilities:		
Other current liabilities	34,143,361	43,464,727
Short term provisions	(25,063)	200,510
Long term provisions	1,165,430	562,914
	(24,364,378)	(3,355,052)
Cash used in operations	21,782,936	15,693,953
Less: Income taxes paid (net of refund)	(19,795,370)	(12,199,276)
Net cash generated in operating activities	1,987,566	3,494,677
Cash flows from investing activities		
Capital expenditure on fixed assets	(1,755,737)	(2,375,138)
Proceeds from sale of fixed assets	1,198	87,000
Loans given to related parties	(1,200,000)	(500,000)
Fixed deposits		
- Purchased	(11,130,437)	(432,162)
- Proceeds from maturity	5,542,162	-
Interest income received	1,303,454	502,497
Net cash used in investing activities	(7,239,360)	(2,717,803)

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**KESTONE INTEGRATED MARKETING SERVICES PRIVATE LIMITED
CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2012**

Continued from previous page

	Year ended March 31, 2012	(Amount in ₹) Year ended March 31, 2011
Cash flows from financing activities		
Proceeds from short term borrowings	14,188,315	3,334,167
Repayment of short term borrowings	-	(277,927)
Finance cost paid	(5,003,249)	(1,090,037)
Net cash generated from financing activities	9,185,066	1,966,203
Net increase in cash and cash equivalents	3,933,272	2,743,077
Cash and cash equivalents (Refer to note 14)		
-Beginning of the year	3,511,674	768,597
-End of the year (A)	7,444,946	3,511,674
Deposits with original maturity of more than three months (Refer to note 14) (B)	11,000,000	5,542,162
Cash and bank balances as per balance sheet (A+B)	18,444,946	9,053,836
Summary of significant accounting policies	2	

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

As per our report of even date
For Haribhakti & Co.
Chartered Accountants
Firm Registration No. 103573W

Raj Kumar Agarwal
Partner
Membership No.:074715

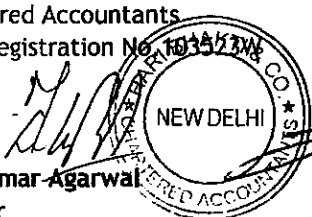
Place: *New Delhi*
Date: *30th July 2012*

For and on behalf of board of directors of
Kestone Integrated Marketing Services Private Limited

Gautam Puri
Director

Place: *New Delhi*
Date: *July 30, 2012*

Nikhil Mahajan
Director



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KESTONE INTEGRATED MARKETING SERVICES PRIVATE LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

1. BACKGROUND

Kestone Integrated Marketing Services Private Limited ("the Company") was incorporated on February 03, 1997 under the Companies Act, 1956. The Company is a wholly owned subsidiary of CL Educate Limited (formerly known as Career Launcher (India) Limited). The Company is engaged in the business of providing manpower and event management services.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(i) Basis for preparation of Financial Statements:

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

(i) Use of estimates

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

(ii) Revenue recognition

The Company derives its revenue from event management services, managed manpower services and pass through transactions.

Revenue for event management service is recognised on proportionate completion method by relating the revenue with work accomplished and certainty of consideration receivable.

Revenue for managed manpower service and agency fee on pass through is recognized on an accrual basis, in accordance with the terms of the respective contract.

Passthrough revenue arises on account of facility provided to customers, in which debtors of the customers are realized through the company. Revenue is generally a portion of such realization and recognition of such revenue is made on receipt of request of such realization from customers is received.

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

The amount of revenue recognized in the books of accounts not eligible to be billed to the customer as per the conditions mentioned in the agreement is classified as unbilled revenue. These are billed in subsequent period as per the terms of the contracts.

Income from interest is accounted for on time proportion basis.

(iii) Inventories

Goods are valued at the lower of cost and net realisable value. The comparison of cost and net realisable value is made on an item by item basis. Cost is determined on a 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 cost is determined by first In first Out (FIFO).



KESTONE INTEGRATED MARKETING SERVICES PRIVATE LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

(iv) Fixed Assets

Tangible Assets

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

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 loss thereon.

(v) Depreciation / Amortisation

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

Particulars	Useful life (years)
Tangible Assets:	
Furniture and fittings	10
Office equipment	10
Vehicle	10
Computer equipment	5
Intangible Assets:	
Software	5

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

Individual assets costing ₹ 5,000 or below are depreciated in full by way of a one-time depreciation / amortisation charge.

(vi) Impairment of assets

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

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

(vii) Foreign exchange transactions

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction. Monetary items denominated in foreign currencies at the year-end are translated at the exchange rates prevailing on the date of the balance sheet. Non-monetary items denominated in foreign currencies are carried at cost.



KESTONE INTEGRATED MARKETING SERVICES PRIVATE LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

Any income or expense on account of exchange differences either on settlement or on translation of transactions is recognized in the statement of profit and loss.

(viii) Employee Benefits

(a) Short term employee benefits:

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

(b) Long term employee benefits:

(i) Defined contribution plans:

Provident Fund Contribution:

In accordance with the provisions of the Employees Provident Funds and Miscellaneous Provisions Act, 1952, eligible employees of the Company are entitled to receive benefits with respect to provident fund, a defined contribution plan in which both the Company and the employee contribute monthly at a determined rate (currently 12% of employee's basic salary, maximum to ₹ 780). Company's contribution to Provident Fund is charged to the statement of profit and loss. The Company has no further obligations under these plans beyond its monthly contributions.

Employee State Insurance Contribution:

The Contributions for Employee State Insurance are deposited with the appropriate government authorities and are recognized in the statement of profit and loss in the financial year to which they relate.

(ii) Defined benefit plans: Gratuity

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

(ix) Investment

Accounting treatment

Investments that are readily realisable and intended to be held for not more than a year are classified as current investments. All other investments are classified as long-term investments.

Long-term investments are stated at acquisition cost. Provision for diminution in the value of long-term investments is made only if such a decline is other than temporary. Current investments are valued at lower of cost and market rate on individual investment basis.



KESTONE INTEGRATED MARKETING SERVICES PRIVATE LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

Classification in the financial statements

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

(x) Leases:

Where the Company is lessee

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

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

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

Where the Company is the lessor

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

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

(xi) 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.

(xii) Tax expense and benefits

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



KESTONE INTEGRATED MARKETING SERVICES PRIVATE LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

Current Tax

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

Deferred Tax

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

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

Minimum Alternate tax (MAT)

MAT payable under the provisions of the Income-tax Act 1961 is recognized as an assets in the year in which credit become eligible and is set off to the extent allowed in the year in which the Company becomes liable to pay income tax at the enacted tax rates.

(xiii) Earnings per share

Basic earnings per share are computed using the weighted average number of equity shares outstanding during the year. For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares except where the results would be anti-dilutive.

(xiv) 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.

(xv) Material events

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

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KESTONE INTEGRATED MARKETING SERVICES PRIVATE LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

3. Share capital

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

Particulars	March 31, 2012		March 31, 2011	
	Numbers	Amount in ₹	Numbers	Amount in ₹
Authorised shares				
Equity shares of ₹ 10/- each (previous year ₹ 10/-)	1,000,000	10,000,000	1,000,000	10,000,000
Issued, subscribed and fully paid up shares				
Equity shares of ₹ 10/- each (previous year ₹ 10/-)	1,000,000	10,000,000	1,000,000	10,000,000

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

Particulars	March 31, 2012		March 31, 2011	
	Numbers	Amount in ₹	Numbers	Amount in ₹
At the beginning of the year	1,000,000	10,000,000	1,000,000	10,000,000
Outstanding at the end of the year	1,000,000	10,000,000	1,000,000	10,000,000

b) Terms/rights attached to equity share

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 declared or paid any dividend since its incorporation.

Liquidation

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

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

The Company is a wholly owned subsidiary of the CL Educate Limited [formerly known as Career Launcher (India) Limited] contributing to 100 % of the share capital of the Company either directly or through their nominees.



KESTONE INTEGRATED MARKETING SERVICES PRIVATE LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

Name of share holders	March 31, 2012			March 31, 2011		
	Numbers	Amount in ₹	% held	Numbers	Amount in ₹	% held
CL Educate Limited and its nominees (Footnote a)	1,000,000	10,000,000	100	1,000,000	10,000,000	100

Footnote a: None of its nominees individually own more than 5% of the total shares issued by the Company

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

4. Reserves and surplus

Surplus in the statement of profit and Loss

	March 31, 2012	(Amount in ₹) March 31, 2011
Opening balance	32,354,457	22,317,136
Add:- Net profit for the year from statement of profit and loss	25,951,492	10,037,321
Total reserves and surplus	58,305,949	32,354,457

5. Provisions

	Long-term		Short-term	
	March 31, 2012	March 31, 2011	March 31, 2012	March 31, 2011
Provision for employee benefits (Also refer note 27)				
Provision for gratuity	2,054,477	889,047	175,447	200,510
	2,054,477	889,047	175,447	200,510

6. Short term borrowings

	March 31, 2012	(Amount in ₹) March 31, 2011
Loans repayable on demand (secured) (Footnote a)	32,564,149	18,375,835
Loan from related party (unsecured) (Also refer note 38) (Footnote b)	983,787	983,787
	33,547,936	19,359,622

Footnote a -

Cash credit borrowings from Indusind bank carry interest rate based on BPLR plus 4.75%. The outstanding balance is repayable on demand. Further, cash credit loan is secured by way of -

- i.) Primary security - hypothecation of the entire current assets of the Company, existing and future, comprising, inter alia, of stocks of raw material, work in progress, finished goods, receivables, books debts and other current assets.
- ii.) Collateral security - First and exclusive charge on the moveable fixed assets of the Company. Lien on fixed deposits of ₹ 11 millions.
- iii.) Guarantee by -
 - a.) Corporate guarantee of the Holding Company.
 - b.) Personal guarantee of Mr. Nikhil Mahajan and Mr. Gautam Puri, directors of the Company.



KESTONE INTEGRATED MARKETING SERVICES PRIVATE LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

Footnote b -

Unsecured loan taken from the Holding Company is renewed for one year by way of addendum dated March 29, 2012; the entire loan amount along with interest @ 14.25% is repayable in one instalment on March 28, 2013.

7. Other current liabilities

	March 31, 2012	(Amount in ₹) March 31, 2011
Interest accrued but not due on short-term borrowings (Refer note 38)	793,972	404,098
Others		
- Unearned revenue	34,095,210	21,669,473
- Employees related payables	59,085,628	36,667,529
- Payables for expenses* (#)	35,929,150	26,054,518
- Payables for stale cheques liability*	4,092,990	1,223,103
- Payables for passthrough creditors*	1,051,641	6,397,483
- Other liabilities (represent statutory liabilities payable to government authorities)	9,912,688	18,011,840
	144,961,279	110,428,044

* also refer note 37 and 38

#As the expenses of the Company are of composite nature, bifurcation of expenses between cost of services provided and other expenses in not possible in case of the company.

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KESTONE INTEGRATED MARKETING SERVICES PRIVATE LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

8. Tangible assets

Particular	Gross block (at cost)			Accumulated depreciation			Net block		
	As at April 1, 2011	Additions	Disposals/ Adjustments	As at March 31, 2012	As at April 1, 2011	Depreciation for the year	Disposals/ Adjustments	As at March 31, 2012	As at March 31, 2011
Own assets									
Office Equipment	2,252,799	297,796	358,746	2,191,849	607,940	250,340	239,942	1,573,511	1,644,859
Computer hardware	12,832,496	1,067,455	1,886,156	12,013,795	8,093,483	1,988,775	1,821,127	3,752,664	4,739,013
Vehicles	327,310	-	86,580	240,730	316,451	4,910	86,580	5,949	10,859
Furniture and Fittings	1,234,832	169,838	512,212	892,458	598,131	254,689	366,719	406,357	636,701
Total	16,647,437	1,535,089	2,843,694	15,338,832	9,616,005	2,498,714	2,514,368	5,738,481	7,031,432
Previous year	14,834,980	2,332,932	520,475	16,647,437	8,235,092	1,810,829	429,916	7,031,432	7,031,432

9. Intangible assets

Particular	Gross block (at cost)			Accumulated amortisation			Net block		
	As at April 1, 2011	Additions	Disposals/ Adjustments	As at March 31, 2012	As at April 1, 2011	Amortisation for the year	Disposals/ Adjustments	As at March 31, 2012	As at March 31, 2011
Computer Software	1,069,511	220,648	299,614	990,545	529,793	164,304	273,819	570,267	539,718
Total	1,069,511	220,648	299,614	990,545	529,793	164,304	273,819	570,267	539,718
Previous year	1,027,305	42,206	-	1,069,511	357,701	172,092	-	539,718	539,718



KESTONE INTEGRATED MARKETING SERVICES PRIVATE LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

10. Long term loans and advances

	March 31, 2012	(Amount in ₹) March 31, 2011
Unsecured, considered good		
-Advance tax and tax deducted at source [net of provision for tax amounting to ₹ 20,806,986 (Previous year ₹ 6,933,243)]	37,042,258	31,120,631
	<u>37,042,258</u>	<u>31,120,631</u>

11. Other non current assets

	March 31, 2012	(Amount in ₹) March 31, 2011
Non current bank balances (Refer note 14)	130,437	-
Interest accrued on non current bank balances	694	-
	<u>131,131</u>	<u>-</u>

12. Inventories

	March 31, 2012	(Amount in ₹) March 31, 2011
(Valued at cost or net realizable value, whichever is lower)		
Stock in trade	-	202,286
	<u>-</u>	<u>202,286</u>

13. Trade receivables

	March 31, 2012	(Amount in ₹) March 31, 2011
Unsecured, considered good		
Outstanding for a period exceeding six months from the date they are due for payment *	12,546,488	7,596,471
Others *	106,286,502	70,110,913
	<u>118,832,990</u>	<u>77,707,384</u>

* Includes amount due from related parties. Refer note 38.

14. Cash and bank balances

	March 31, 2012	(Amount in ₹) March 31, 2011
Cash and cash equivalents		
Balances with banks		
-in current accounts	7,444,946	3,511,674
(A)	<u>7,444,946</u>	<u>3,511,674</u>
Other bank balances		
Deposits with maturity of more than twelve months from balance sheet date	130,437	-
Deposits with original maturity of more than three months but realizable within twelve months from balance sheet date (Also refer note 25)	11,000,000	5,542,162
(B)	<u>11,130,437</u>	<u>5,542,162</u>
Amount disclosed under other non-current assets (Note 11) (C)	130,437	-
(A+B-C)	<u>18,444,946</u>	<u>9,053,836</u>



KESTONE INTEGRATED MARKETING SERVICES PRIVATE LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

15. Short term loans and advances

	March 31, 2012	(Amount in ₹) March 31, 2011
Unsecured, considered good, unless stated otherwise		
Loans and advances to related parties (Also refer note 38)	2,700,000	1,500,000
Advance to suppliers	6,430,006	884,742
Security Deposit	1,879,045	1,603,925
Balance with government authorities	957,902	1,180,444
Prepaid expenses	2,690,640	1,410,741
Loan and advances to employees	1,077,711	309,361
	15,735,304	6,889,213

16. Other current assets

	March 31, 2012	(Amount in ₹) March 31, 2011
Unbilled revenue	51,057,087	41,071,097
Interest accrued but not due on fixed deposits	796,549	292,137
Interest accrued but not due on loans given to related parties (Also refer note 38)	497,009	287,013
	52,350,645	41,650,247

17. Revenue from operations

	Year ended March 31, 2012	(Amount in ₹) Year ended March 31, 2011
Services rendered		
Revenue from -		
- Manpower services	412,078,889	207,665,952
- Event management	191,303,083	128,831,901
- Passthrough services	1,730,103	717,026
	605,112,075	337,214,879

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KESTONE INTEGRATED MARKETING SERVICES PRIVATE LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

18. Other income

	Year ended March 31, 2012	(Amount in ₹) Year ended March 31, 2011
Interest on -		
-bank deposits	894,271	392,312
-loans given to related parties (Also refer note 38)	232,496	312,329
-income tax refund	891,790	-
	<u>2,018,557</u>	<u>704,641</u>
Other non-operating income		
Miscellaneous income	110,021	2,012
	<u>110,021</u>	<u>2,012</u>
	<u>2,128,578</u>	<u>706,653</u>

19. Decrease in stock in trade

	Year ended March 31, 2012	(Amount in ₹) Year ended March 31, 2011
Stock in trade		
At beginning of the year	202,286	202,286
Less: At end of the year	-	202,286
	<u>202,286</u>	<u>-</u>

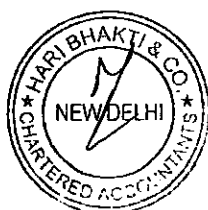
20. Employee benefits expense

	Year ended March 31, 2012	(Amount in ₹) Year ended March 31, 2011
Salaries, wages and other benefits	357,304,278	179,765,109
Contribution to provident and other funds ^(Footnote a)	22,410,159	8,714,559
Gratuity expenses ^(Footnote a)	1,294,160	763,424
Staff welfare expenses	3,225,593	1,543,432
	<u>384,234,190</u>	<u>190,786,524</u>

Footnote a: Refer note 27.

21. Finance cost

	Year ended March 31, 2012	(Amount in ₹) Year ended March 31, 2011
Interest expense on borrowings	4,407,916	1,489,671
Other borrowing cost (loan processing fees)	985,207	-
	<u>5,393,123</u>	<u>1,489,671</u>



KESTONE INTEGRATED MARKETING SERVICES PRIVATE LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

22. Depreciation and amortisation expenses

	Year ended March 31, 2012	(Amount in ₹) Year ended March 31, 2011
Depreciation of tangible fixed assets	2,498,714	1,810,829
Amortisation of intangible fixed assets	164,304	172,092
	<u>2,663,018</u>	<u>1,982,921</u>

23. Other expenses *

	Year ended March 31, 2012	(Amount in ₹) Year ended March 31, 2011
Banquet and event materials	85,079,441	64,046,476
Travelling and conveyance expenses	26,318,369	16,752,246
Equipment hire charges	16,007,293	11,396,844
Temporary manpower resources	13,253,354	9,823,489
Communication expenses	12,462,349	9,374,784
Printing and stationary expenses	9,672,696	5,951,012
Rent	4,135,717	3,250,116
Business promotion expenses	3,019,364	2,121,341
Repair and maintenance expenses		
- Building	95,158	200,356
- Others	2,123,823	1,712,956
Bad debts written off	1,092,704	438,850
Power and fuel	982,422	849,712
Legal and professional expenses	611,900	456,576
Bank charges (other than loan processing charges)	473,190	585,114
Loss on sale of fixed assets	8,455	3,558
Loss on account of write off of fixed assets	345,469	-
Insurance expenses	542,743	28,259
Rates and taxes	323,473	83,055
Foreign exchange loss (net)	137,742	92,719
Miscellaneous expenses	44,424	656,307
	<u>176,730,086</u>	<u>127,823,770</u>

*as the expenses of the company are of composite nature, bifurcation of expenses between cost of services provided and other expenses is not possible in case of the company.

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KESTONE INTEGRATED MARKETING SERVICES PRIVATE LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

24. Prior period income (net)

	Year ended March 31, 2012	(Amount in ₹) Year ended March 31, 2011
Prior period income		-
On account of reversal of excess provision expenses booked in previous year	1,236,312	
Less: Prior period expense		-
On account of reversal of excess provision revenue booked in previous year	249,113	
On account of excess fixed deposit income booked in previous year	71,087	
On account of retirement benefits	270,960	
	645,152	-

25. Contingent liabilities

There is a lien on fixed deposits of ₹ 11,000,000 (PY ₹ 5,422,929) towards cash credit facility from Indusind bank and ₹ 130,437 (PY ₹ 119,233) towards Bank Guarantee provided by banks for the company.

26. Commitments

Particulars	As at March 31, 2012	(Amount in ₹) As at March 31, 2011
Estimated Amount of contracts remaining to be executed on capital account [Net of Advances of ₹ (previous year ₹)]	Nil	Nil
Other material commitments	Nil	Nil

27. Employee benefits obligations

A. Defined contribution plans

- a. Provident Fund
- b. Employer's contribution to Employee State Insurance
- c. Employees Deposit Linked Insurance

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

Particulars	Year ended March 31, 2012	(Amount in ₹) Year ended March 31, 2011
Employers contribution to Provident Fund	15,151,698	5,793,770
Employers contribution to Employee State Insurance	7,068,800	2,920,789
Employers contribution to EDLI	189,661	-
Total	22,410,159	8,714,559

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

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



KESTONE INTEGRATED MARKETING SERVICES PRIVATE LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

I. Actuarial assumptions

Particulars	Gratuity	
	Year ended March 31, 2012	Year ended March 31, 2011
Discount rate (per annum)	8.78%	8.50%
Expected rate of increase in compensation levels	5.50%	5.00%
Expected rate of return on plan assets	8.00%	8.00%
Expected average remaining working lives of employees (years)	32.40	32.28
Retirement age (Years)	58	58
Mortality table	LIC (1994-96)	
Ages	Withdrawal Rate (%)	Withdrawal Rate (%)
Up to 30 Years	3.00	3.00
From 31 to 44 years	2.00	2.00
Above 44 years	1.00	1.00

Note:

The discount rate has been assumed at 8.78% p.a. which is determined by reference to market yield at the balance sheet date on government securities. The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market. Valuation has been calculated for internal and external employees separately by the actuarial.

II. Present value of obligation

Particulars	Gratuity (Amount in ₹)	
	Year ended March 31, 2012	Year ended March 31, 2011
Present value of obligation at the beginning of the year	2,405,755	1,544,835
Current service cost	2,025,429	1,114,131
Interest cost	211,225	131,311
Past service cost	-	-
Benefit paid	(156,557)	-
Net actuarial (gain)/loss recognized in the year	(829,342)	(384,522)
Present value of obligation at the closing of the year	3,656,510	2,405,755

III. Fair value of plan assets

Particulars	Gratuity (Amount in ₹)	
	Year ended March 31, 2012	Year ended March 31, 2011
Fair value of plan assets at the beginning of the year	1,316,198	1,218,702
Expected return on plan assets	105,296	97,496
Contributions	153,793	-
Benefits paid	(156,557)	-
Actuarial gain/(loss) on plan assets	7,856	-
Fair Value of plan assets at the end of the year	1,426,586	1,316,198

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KESTONE INTEGRATED MARKETING SERVICES PRIVATE LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

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

Particulars	(Amount in ₹)	
	Gratuity	
	Year ended March 31, 2012	Year ended March 31, 2011
Current service Cost	2,025,429	1,114,131
Interest cost	211,225	131,311
Past service Cost	-	-
Expected return on plan assets	(105,296)	(97,496)
Net actuarial (gain)/ loss to be recognized	(837,198)	(384,522)
Expense recognised in statement of Profit and Loss	1,294,160	763,424

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

Particulars	(Amount in ₹)	
	Gratuity	
	Year ended March 31, 2012	Year ended March 31, 2011
Present value of obligation as at the end of the year	3,656,510	2,405,755
Fair Value of plan assets as at the end of the year	1,426,586	1,316,198
Funded Status	(2,229,924)	(1,089,557)
Net liability recognized in Balance Sheet as at March 31	2,229,924	1,089,557
Amount classified as:		
Short term provision ^(Footnote a)	175,447	200,510
Long term provision ^(Footnote a)	2,054,477	889,047

Footnote a: Refer note 5

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

(a) Gratuity

Particulars	(Amount in ₹)			
	Year ended March 31, 2012	Year ended March 31, 2011	Year ended March 31, 2010	Year ended March 31, 2009
PBO	3,656,510	2,405,755	1,544,835	1,503,412
Plan assets	1,426,586	1,316,198	1,218,702	1,502,643
Net assets/(liability)	(2,229,924)	(1,089,557)	(326,133)	(769)
Experience gain/(loss) on PBO	581,811	380,052	-	-
Experience gain/(loss) on plan assets	7,856	(6,094)	-	-

Note: The Company does not have the policy of providing leave encashment benefits to employees. The outstanding leaves to the credit of employees lapse at the end of financial year.

28. Auditors Remuneration (Excluding Service Tax):-

Particulars	(Amount in ₹)	
	Year ended March 31, 2012	Year ended March 31, 2011
Statutory audit	500,000	448,000
Reimbursement of expenses	10,000	8,576
Total	510,000	456,576



KESTONE INTEGRATED MARKETING SERVICES PRIVATE LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

29. Earnings per share

The calculation of Earnings per Share (EPS) has been made in accordance with Accounting Standard (AS) - 20. A statement on calculation of Basic EPS is as under:

	Reference	Units	Year ended March 31, 2012	Year ended March 31, 2011
Profit attributable to Equity shareholders	A	₹	25,951,492	10,037,321
Weighted average number of equity shares	B	Numbers	1000,000	1000,000
Basic earnings per share (A/B)		₹	25.95	10.04

30. Segment reporting

Primary Segment

The company had identified two reportable segments viz. managed manpower services and event management services. Segments have been identified and reported taking into account nature of products and services, the different risks and returns and the internal business reporting systems. The accounting policies adopted for segment reporting are in line with the accounting policy of the company with additional policies for segment reporting.

a) Revenue and expenses have been identified to a segment on the basis of operating activities of the segment. Revenue and expenses which relate to enterprise as a whole and are not allocable to a segment on reasonable basis have been disclosed as "unallocable".

b) Segment assets and segment liabilities are assets and liabilities in representative segments. Investments and tax related assets and other assets and liabilities that cannot be allocated to a segment on reasonable basis have been disclosed as "unallocable".

Particulars	Business segments			Total
	Managed manpower services	Event management services	Others	
Revenue	412,078,889 (207,665,952)	191,303,083 (128,831,901)	1,730,103 (717,026)	605,112,075 (337,214,879)
Inter-segment revenue	-	-	-	-
Total	412,078,889 (207,665,952)	191,303,083 (128,831,901)	1,730,103 (717,026)	605,112,075 (337,214,879)
Segment results	75,918,808 (50,596,681)	52,834,038 (18,747,913)	1,730,103 (717,026)	130,482,949 (70,061,621)
Un-allocable expenses				94,593,577 (54,929,627)
Operating income				35,889,372 (15,131,993)
Other income (net)				2,128,578 (706,653)
Prior period income (net)				645,152 (-)
Profit before taxes				38,663,102 (15,838,646)
Less : tax expense				12,711,610 (5,801,325)
Net profit for the year				25,951,492 (10,037,321)



KESTONE INTEGRATED MARKETING SERVICES PRIVATE LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

Particulars	Business segments		Total
	Managed manpower services	Event management services	
Segment assets	107,366,706 (69,389,295)	68,953,378 (50,476,214)	176,320,084 (119,865,509)
Unallocable assets			72,725,004 (54,329,238)
Total assets			249,045,088 (174,194,747)
Segment liabilities	58,090,788 (38,828,987)	70,479,200 (45,052,532)	128,569,988 (83,881,519)
Unallocable liabilities			52,169,151 (47,958,771)
Total liabilities			180,739,139 (131,840,290)
Capital expenditure			-
Unallocable capital expenditure			1,755,737 (2,375,138)
Depreciation and amortisation (unallocable)			2,663,018 (1,982,921)
Other significant non-cash expenses (unallocable)			2,732,333 (1,202,274)

Segment definitions:

Managed manpower services: Kestone provides extended skilled manpower services to clients across locations, markets and roles, ranging from managing enterprise customers, to channel relationships, to retail. On the basis of client requirements, Kestone not only provide manpower but also equip, support and manage these skilled teams to meet the business objectives.

Event management services: Kestone help its clients to conduct very large conferences combined with exhibitions and trade shows attended by thousands of persons, to very targeted seminars for focussed, exclusive audiences, to unique experiential activities.

Notes :-

1. Capital expenditure pertains to gross additions made to fixed assets during the year.
2. - Segment assets include fixed assets, current and noncurrent assets, and deferred tax.
3. Segment liabilities include borrowings, current and noncurrent liabilities and provisions.

Geographic Segment

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

31. Leases

The Company is a lessee under various operating leases. Rental expense for operating leases for the years ended March 31, 2012 and March 31, 2011 was ₹ 4,135,717 and ₹ 3,250,116/- respectively. The Company has not executed any non-cancellable operating leases.



KESTONE INTEGRATED MARKETING SERVICES PRIVATE LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

32. Expenditure in foreign currency:

Particulars	(Amount in ₹)	
	Year ended March 31, 2012	Year ended March 31, 2011
Banquet and event materials	7,425,066	9,939,388
Equipment hire charges	-	1,333,346
Temporary manpower resources	253,167	445,689
Travelling & conveyance Expenses	-	190,588
Pass through	2,313,262	-
Others	121,350	79,008
Total	10,112,845	11,988,019

33. Earnings in foreign currency

Particulars	(Amount in ₹)	
	Year ended March 31, 2012	Year ended March 31, 2011
Revenue from -		
- Manpower services	100,883	538,666
- Event management	8,381,136	8,931,282
- Passthrough services	83,171	11,903
Total	8,565,190	9,481,851

34. Un-hedged foreign currency exposure

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

Particulars	As at March 31, 2012 (₹)	As at March 31, 2011 (₹)	As at March 31, 2012 (FC)	As at March 31, 2011 (FC)
	Receivable in foreign Currency	3,044,082	1,104,839	\$ 59,051

35. Deferred tax assets (net)

In accordance with Accounting Standard 22 on 'Accounting for Taxes on Income' the net increase in deferred tax asset of ₹ 1,162,133 for the current year has been recognised as benefit in the statement of profit and loss. The tax effect of significant timing differences as at March 31, 2012 that reverse in one or more subsequent years gave rise to the following net deferred tax assets as at March 31, 2012.

Deferred tax assets and liabilities are attributable to the following:

	(Amount in ₹)		
	March 31, 2012	Benefit/ (Charge) for the year	March 31, 2011
Deferred tax assets			
Provision for gratuity	723,499	361,547	361,952
Provision for bonus	360,625	360,625	-
Total deferred tax assets	1,084,124	722,172	361,952
Deferred tax liabilities			
On account of written down value of fixed assets as per the Income Tax Act, 1961 and total of net block of tangible and intangible fixed assets as per financial statements	885,058	439,961	1,325,019
Total deferred tax liabilities	885,058	439,961	1,325,019
Deferred tax assets (net)	199,066	1,162,133	(963,067)



KESTONE INTEGRATED MARKETING SERVICES PRIVATE LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

In assessing the reliability of deferred tax assets, management considers whether it is reasonable, that some portion, or all, of the deferred tax assets will be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which the timing differences become deductible.

36. Additional information pursuant to paragraph 5(ii), 5(iii), 5(iv) and 5(Viii)(a), 5(Viii)(c), 5(Viii)(d) and 5(Viii)(e) of Part II of Schedule VI to the companies Act, 1956 to the extent, either nil or not applicable, has not been furnished.
37. Disclosure relating to suppliers registered under Micro, Small and Medium Enterprise Development Act, 2006:

	March 31, 2012	(Amount in ₹) March 31, 2011
Balance for payable of expenses		
- Principal amount due to Micro, Small and Medium Enterprises	-	-
- Principal amount due to Others		
- Payables for expenses	35,929,150	26,054,518
- Payables for stale cheques liability	4,092,990	1,223,103
- Payables for passthrough creditors	1,051,641	6,397,483
Total	41,073,783	33,675,104
Interest accrued and due at the end of the year		
- Interest on payments due to Micro, Small and Medium Enterprises	-	-
- Interest on payments due to others	-	-
- Interest due and payable on amounts paid during the year to Micro, Small and Medium Enterprises beyond the appointed date	-	-
Total	-	-
Paid during the year		
Principal amount (including interest) paid to Micro, Small and Medium Enterprises beyond the appointed date	-	-
- Principal amount	-	-
- Interest thereon	-	-
Principal amount (excluding interest) paid to Micro, Small and Medium Enterprises beyond the appointed date	-	-
Others		
- Interest accrued in the prior year and paid during the year	-	-
- Interest accrued during the year and paid during the year	-	-

38. Related Party Disclosure

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

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

Relationship	Name of related party
Holding Company	CL Educate Limited [Formerly known as Career Launcher (India) Limited] Mr. Nikhil Mahajan (Director)
Key management personnel ("KMP")	Mr. Gautam Puri (Director) Mr. Sanjay Shivnani (Director)
Enterprises over which directors exercise significant influence	1.) CL Educate Limited 2.) Nalanda Foundation 3.) Career Launcher Education Foundation



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KESTONE INTEGRATED MARKETING SERVICES PRIVATE LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

Particulars	March 31, 2012 (₹)	March 31, 2011 (₹)
(b) Details of related party transactions are as below:		
Unsecured loan received		
The Holding Company	23,000,000	-
Unsecured loan repaid during the year		
The Holding Company	(23,000,000)	-
Unsecured advances given during the year		
Career Launcher Education Foundation	1,200,000	-
Rendering of services		
Career Launcher Education Foundation	3,996,169	3,089,664
Reimbursement of expenses to / from		
From Holding company	325,537	164,740
To Holding company	462,346	629,988
Interest expense		
The Holding company	433,193	140,190
Interest income		
Career Launcher Education Foundation	7,496	-
Nalanda Foundation	225,000	312,329
Amount not recoverable (bad debts)		
Career Launcher Education Foundation	258,814	-
Managerial remuneration		
Mr. Sanjay Shivnani	-	1,225,000
(c) List of balance outstanding from / to related parties as of and of reporting period		
Unsecured loan		
The Holding Company	983,787	983,787
Interest accrued but not due on unsecured loan		
The Holding Company	793,972	404,098
Included in payable for expenses		
The Holding Company	4,889	-
Included in trade receivables		
The Holding Company	1,108,929	647,279
Career Launcher Education Foundation	8,905,249	5,421,532
Included in short term loan and advances		
Career Launcher Education Foundation	1,200,000	-
Nalanda Foundation	1,500,000	1,500,000
Interest accrued but not due on unsecured loans given		
Career Launcher Education Foundation	7,496	-
Nalanda Foundation	489,513	287,013



KESTONE INTEGRATED MARKETING SERVICES PRIVATE LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

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

As per our report of even date
For Haribhakti & Co.
Chartered Accountants
Firm Registration No. 103573W

Raj Kumar Agarwal
Raj Kumar Agarwal
Partner
Membership No. :074715



For and on behalf of board of directors of
Kestone Integrated Marketing Services Private Limited

[Signature]
Director

Nikhil Mahajan
Nikhil Mahajan
Director

Place: *New Delhi*
Date: *30th July 2012*

Place: *New Delhi*
Date: *July 30, 2012*