
Kestone
Integrated
Marketing
Services
Private Limited

Statutory Audit for the year
ended 31st March, 2013

INDEPENDENT AUDITORS' REPORT

To the Members of

Kestone Integrated Marketing Services Private Limited

Report on the Financial Statements

We have audited the accompanying financial statements of Kestone Integrated Marketing Services Private Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2013, the Statement of Profit and Loss and Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

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

- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2013;
- (b) in the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and
- (c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.



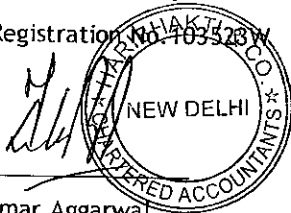
Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditors' Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure, a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by section 227(3) of the Act, we report that:
 - a. we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit except for the matter described in the Basis for disclaimer of opinion paragraph;
 - b. in our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books ;
 - c. the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account
 - d. in our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956;
 - e. on the basis of written representations received from the directors as on March 31, 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

For Haribhakti & Co.

Chartered Accountants

Firm Registration No. 703523 W



Raj Kumar Aggarwal

Partner

Membership No.074715

Place: New Delhi

Date : 26th July 2013

ANNEXURE TO INDEPENDENT AUDITORS' REPORT

[Referred to in paragraph 1 of 'Report on other Legal and Regulatory Requirements' of the Independent Auditors' Report of even date to the members of Kestone Integrated Marketing Services Private Limited on the financial statements for the year ended March 31, 2013]

- (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 assets have been noticed. In our opinion, the frequency of verification is reasonable.
- (c) In our opinion and according to the information and explanations given to us, a substantial part of fixed assets has not been disposed off by the Company during the year.
- (ii) The Company is a service Company engaged in the business of providing manpower and event management services. Accordingly, the provisions of clause (ii)(a), (ii)(b) and (iii)(c) of paragraph 4 of the Order are not applicable to the Company.
- (iii) (a) The Company has granted unsecured loan to three parties covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount involved during the year and the balance as at year end is ₹ 23,500,000.
- (b) In our opinion and according to the information and explanation given to us, rate of interest and other terms and conditions of loans granted to parties covered in the register maintained under section 301 of the Companies Act, 1956, are, *prima facie*, not prejudicial to the interest of the Company.
- (c) In respect of the above loans, the principal and interest are not yet due for receipt as per the terms of agreements.
- (d) Principal is not yet due for receipt as per the terms of agreements. Basis this, no amount is overdue as at Balance Sheet date.
- (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 ₹ 983,787 and the year-end balance was ₹ NIL.
- (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 was regular in repaying the principal amounts as stipulated and had 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 system 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 major 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) We are unable to comment if the transactions made with the parties listed in section 301 of the Companies Act, 1956, in pursuance of such contracts or arrangements exceeding value of rupees five lakhs have been entered into during the financial year at prices which are reasonable having regard to the prevailing market prices at the relevant time as there are no market prices comparable to those transactions with similar terms, and they are considered to be proprietary in nature as explained by the management of the Company.
- (vi) In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public within the meaning of Sections 58A and 58AA of the Act and the rules framed there under.
- (vii) In our opinion, internal audit system is 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 business activities 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, Employee's State Insurance, Income tax, Sales tax, Service tax and other statutory dues applicable to it.

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, 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 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, 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 bank. No loan has been 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. Accordingly, the provisions of clause 4(xii) of paragraph 4 the Order are not applicable to the Company.
- (xiii) In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund / society. Accordingly, the provisions of clause (xiii) of paragraph 4 the Order 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 the Order 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) In our opinion, and according to the information and explanations given to us, the term loans raised during the year by the Company have been applied for the purpose for which the said loans were obtained, where such end use has been stipulated by the lender.
- (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. 105523W



Raj Kumar Aggarwal

Partner

Membership No.074715

Place: New Delhi

Date : 26th July 2013

KESTONE INTEGRATED MARKETING SOLUTIONS PRIVATE LIMITED
BALANCE SHEET AS AT MARCH 31, 2013

	Note	March 31, 2013	(Amount in ₹) March 31, 2012
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	3	10,000,000	10,000,000
Reserves and surplus	4	80,469,556	58,305,949
		90,469,556	68,305,949
Non-current liabilities			
Long term borrowings	5	6,628,718	-
Long-term provisions	6	5,287,818	2,054,477
		11,916,536	2,054,477
Current liabilities			
Short term borrowings	7	20,897,770	33,547,936
Trade payables	8	29,684,274	21,286,046
Other current liabilities	9	99,504,620	123,675,233
Short-term provisions	6	281,085	175,447
		150,367,749	178,684,662
TOTAL		252,753,841	249,045,088
ASSETS			
Non-current assets			
Fixed assets			
Tangible assets	10	14,758,843	5,738,481
Intangible assets	11	622,453	570,267
Deferred tax assets (net)	12	573,804	199,066
Long term loans and advances	13	36,635,026	38,449,804
Other non-current assets	14	-	131,131
		52,590,126	45,088,749
Current assets			
Trade receivables	15	111,834,239	118,832,990
Cash and bank balances	16	21,106,539	18,444,946
Short term loans and advances	17	30,619,213	14,327,758
Other current assets	18	36,603,724	52,350,645
		200,163,715	203,956,339
TOTAL		252,753,841	249,045,088
Summary of significant accounting policies	2		

The notes form an integral part of the financial statements.

As per our report of even date

For Haribhakti & Co

Chartered Accountants

Firm Registration No. 103523

NEW DELHI

Raj Kumar Agarwal

Partner

Membership No. : 074915

For and on behalf of board of directors of

Kestone Integrated Marketing Services Private Limited

Gautam Puri
Director

Nikhil Mahajan
Director

Place: New Delhi
Date: July 26, 2013

Place: New Delhi
Date: July 26, 2013

KESTONE INTEGRATED MARKETING SOLUTIONS PRIVATE LIMITED
STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2013

	Note	Year ended March 31, 2013	(Amount in ₹) Year ended March 31, 2012
Income			
Revenue from operations	19	638,126,989	605,112,075
Other income	20	4,175,715	2,128,578
Total revenue		642,302,704	607,240,653
Expenses			
Decrease in stock in trade	21	-	202,286
Employee benefits expense	22	417,731,964	384,234,190
Finance cost	23	6,613,057	5,393,123
Depreciation and amortization expenses	24	5,533,703	2,663,018
Other expenses	25	174,089,385	176,730,086
Total expenses		603,968,109	569,222,703
Profit before prior period items & tax		38,334,595	38,017,950
Prior period expense/(income) (net)	26	-	(645,152)
Profit before tax		38,334,595	38,663,102
Tax expense			
a. Current tax		11,850,000	13,873,743
b. Deferred tax benefit	12	(374,738)	(1,162,133)
c. Tax for earlier years		4,695,726	-
Total tax expense		16,170,988	12,711,610
Profit for the year		22,163,607	25,951,492
Earning per share (in ₹)			
(nominal value of ₹ 10 per share)	31	22.16	25.95
-Basic and diluted			

Summary of significant accounting policies
The notes form an integral part of the financial statements.

As per our report of even date
For Haribhakti & Co.
Chartered Accountants
Firm Registration No. 103523
NEW DELHI
Raj Kumar Agarwal
Partner
Membership No. 674735



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

Gautam Puri
Director

Nikhil Mahajan
Director

Place: New Delhi
Date: July 26, 2013

Place: New Delhi
Date: July 26, 2013

KESTONE INTEGRATED MARKETING SOLUTIONS PRIVATE LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2013

	Year ended March 31, 2013	(Amount in ₹) Year ended March 31, 2012
Cash flows from operating activities		
Net profit before tax and prior period items	38,334,595	38,663,102
Adjustments for:		
Depreciation and amortization	5,533,703	2,663,018
Finance cost	6,613,057	5,393,123
Loss on sale of assets (net)	1,118	8,455
Prior period expense/(income) (net)	-	(645,152)
Non cash prior period expense/ (income) (net)	-	645,152
Fixed assets written off	54,330	345,469
Bad debts written off	772,003	1,092,704
Balances written back	(681,805)	-
Balances written off	-	-
Interest income	(3,427,527)	(2,018,557)
Unrealised forex gain	(129,267)	-
	<u>47,070,207</u>	<u>46,147,314</u>
Movement in assets and liabilities, net		
Adjustments for (increase)/decrease in operating assets:		
Inventories	-	202,286
Trade receivables	6,356,015	(42,218,310)
Loans and advances	4,825,439	(7,646,092)
Other assets	17,005,130	(9,985,990)
Adjustments for increase/(decrease) in operating liabilities:		
Payable and other liabilities	(18,573,824)	34,143,361
Provisions	3,338,979	1,140,367
	<u>12,951,739</u>	<u>(24,364,378)</u>
Cash used in operations	60,021,946	21,782,936
Less: Taxes paid (net of refund, including interest on refund)	14,236,087	19,795,370
Net cash generated from operating activities (A)	<u>45,785,859</u>	<u>1,987,566</u>
Cash flows from investing activities		
Purchase of fixed assets	(14,674,694)	(1,755,737)
Proceeds from sale of fixed assets	13,000	1,198
Fixed Deposits		
Fixed deposits made	(14,134,876)	(11,130,437)
Proceeds from maturity of fixed deposits	11,130,437	5,542,162
Loans given to related parties	(20,800,000)	(1,200,000)
Interest income received	1,358,257	1,303,454
Net cash used in investing activities (B)	<u>(37,107,876)</u>	<u>(7,239,360)</u>
Cash flows from financing activities		
(Repayment)/Proceeds of/from short term borrowings	(11,666,379)	14,188,315
Proceeds from long term borrowings	11,500,000	-
Repayments of short term borrowings	(983,787)	-
Repayments of long term borrowings	(733,514)	-
Finance cost paid	(7,267,586)	(5,003,249)
Net cash generated from /(used in) financing activities (C)	<u>(9,151,266)</u>	<u>9,185,066</u>



KESTONE INTEGRATED MARKETING SOLUTIONS PRIVATE LIMITED
CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2013

Net (decrease)/ increase in cash and cash equivalents (D)= (A) + (B) + (C)	(473,283)	3,933,272
Beginning of the year (E)	7,444,946	3,511,674
End of the year (F)= (D) + (E)	6,971,663	7,444,946
Deposits with original maturity for more than three months but realizable within twelve months from Balance Sheet date (G) (Refer note 16)	14,134,876	11,000,000
Deposits with maturity of more than twelve months from Balance Sheet date (H) (Refer note 16)	-	-
Cash and bank balances as per balance sheet (I) = (F) + (G) - (H)	21,106,539	18,444,946
Summary of significant accounting policies (Refer note 2)		

- i. The notes 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 of the Companies (Accounting Standard) Rules, 2006 (as amended).

As per our report of even date
 For Haribhakti & Co
 Chartered Accountants
 Firm Registration No. 103523

Raj Kumar Agarwal
 Partner
 Membership No. 074715



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

Gautam Puri
 Director

Nikhil Mahajan
 Director

Place: New Delhi
 Date: July 26, 2013

Place: New Delhi
 Date: July 26, 2013

KESTONE INTEGRATED MARKETING SERVICES PRIVATE LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

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. The Company is engaged in the business of providing manpower, event management and infrastructure support 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.

(ii) 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.

(iii) Operating cycle

All assets and liabilities have been classified as current or non current as per the Company's normal operating cycle and other criteria set out in the Revised Schedule VI of The Companies Act, 1956. Based on the above criteria, the Company has ascertained its operating cycle as twelve months for the purpose of current/non current classification of assets and liabilities.

(iv) Revenue recognition

The Company derives its revenue from event management services, managed manpower services, infrastructure 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 is recognized on an accrual basis, in accordance with the terms of the respective contract.

Revenue for Infrastructure service is recognised 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/receivable 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.



KESTONE INTEGRATED MARKETING SERVICES PRIVATE LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

Income from interest is recognised on a time proportion basis.

(v) Fixed Assets

Tangible Assets

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

Intangible Assets

An intangible asset is recognized when it is probable that the future economic benefits attributable to the asset will flow to the enterprise and where its cost can be reliably measured. Intangible assets are stated at cost of acquisition less accumulated amortisation and impairment loss, if any, thereon.

(vi) 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.

(vii) Impairment of assets

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

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

(viii) Borrowing cost

Borrowing cost relating 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.



KESTONE INTEGRATED MARKETING SERVICES PRIVATE LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

(ix) Foreign exchange transactions

Foreign currency transactions are recorded at the exchange rate prevailing at the date of 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 are denominated in foreign currencies are carried at cost.

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

(x) 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:

All employees of the Company are entitled to receive benefits under the Provident fund, which is a defined contribution plan. Both the employee and 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.

Employee State Insurance:

Employees, whose wages/salaries are within the prescribed limits in accordance with the Employees State Insurance Act, 1948 under the Act, are covered within 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 plans: Gratuity

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

(xi) Leases



KESTONE INTEGRATED MARKETING SERVICES PRIVATE LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

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.

(xii) Cash and cash equivalents

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

(xiii) Accounting for taxes on Income

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



KESTONE INTEGRATED MARKETING SERVICES PRIVATE LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

Deferred Tax

Deferred tax charge or credit reflects the tax effects of timing differences between the taxable incomes and accounting income for the period. The deferred tax charge or credit and the corresponding deferred tax liability 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 a reasonable certainty that the assets can be realised 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 written down/written up to reflect the amount that is reasonably/virtually certain (as the case may be) to be realized.

Deferred tax assets and liabilities are measured at the tax rates that have been enacted or substantively enacted at the Balance Sheet date.

Minimum Alternate tax (MAT)

Minimum Alternate tax (MAT) paid in a year is charged to the Statement of Profit or 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 Alternate 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 "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.

(xiv) Earnings per share

Basic earnings per share is calculated by dividing the net profit or loss for the year attributable to equity shareholders after tax (and including post tax effect of any extra-ordinary item) by the weighted average number of equity shares outstanding during the year. The weighted average number of equity shares outstanding during the period, are adjusted for events of bonus issue to existing shareholders.

For the purpose of calculating diluted earnings per share, the net profit or loss attributable to equity shareholders and the weighted average number of shares outstanding are adjusted for the effects of all dilutive potential equity shares, if any, except when the results would be anti-dilutive.

The dilutive potential equity shares are deemed converted as of the beginning of the period, unless they have been issued at a later date.

(xv) Provisions, Contingent Liabilities and Contingent Assets:

Provision

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

Contingent liabilities

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



KESTONE INTEGRATED MARKETING SERVICES PRIVATE LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

Contingent assets

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

(xvi) **Material events**

Material Events occurring after the Balance Sheet date and the date of signing of the financials are taken into cognizance.



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KESTONE INTEGRATED MARKETING SOLUTIONS PRIVATE LIMITED
NDTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

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, 2013		March 31, 2012	
	Numbers	Amount in ₹	Numbers	Amount in ₹
Authorised Shares				
Equity Shares of ₹ 10/- each (Previous year ₹ 10/- each)	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/- each)	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, 2013		March 31, 2012	
	Numbers	Amount in ₹	Numbers	Amount in ₹
At the beginning of the year	1,000,000	10,000,000	1,000,000	10,000,000
Issued during the year	-	-	-	-
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 share 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 CL Educate Limited contributing to 100% of the share capital of the Company either directly or through their nominees.

Name of the share holders	March 31, 2013		March 31, 2012	
	Numbers	% held	Numbers	% held
Equity share of ₹10 each, fully paid				
CL Educate Limited and its nominees ^(foot note a)	1,000,000	100.00	1,000,000	100.00
	1,000,000	100.00	1,000,000	100.00

Foot note a: None of the 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.



KESTONE INTEGRATED MARKETING SOLUTIONS PRIVATE LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

4. Reserves and surplus

Surplus in the Statement of Profit and Loss

	(Amount in ₹)	
	March 31, 2013	March 31, 2012
Opening balance	58,305,949	32,354,457
Add: Profit after tax for the year from the Statement of Profit and Loss	22,163,606	25,951,492
Total Reserves and surplus	80,469,556	58,305,949

5. Long term borrowings

	(Amount in ₹)			
	Non current portion		Current maturities	
	March 31, 2013	March 31, 2012	March 31, 2013	March 31, 2012
Unsecured term loans				
From bank	2,641,346	-	1,148,475	-
From Non Banking Finance Companies (NBFCs)*	3,987,372	-	2,989,297	-
	6,628,718	-	4,137,772	-
Amount disclosed under the head Other current liabilities (Refer note 9)	-	-	(4,137,772)	-
Net amount	6,628,718	-	-	-

* Personal guarantee by Mr. Nikhil Mahajan (Director of the Company).

	Interest rates	Repayment terms
Term loan from bank	17.50% p.a (Current base rate + Margin of 7.75%)	₹ 1, 148,475 repayable in next one year from balance sheet date, ₹ 1,366,387 and ₹ 1,274,958 repayable in second and third years respectively.
Term loan from Non Banking Finance Companies (NBFCs)	a. 16.64% p.a. b. 19.53% p.a.	a. ₹ 1, 554,648 repayable in next one year from balance sheet date, ₹ 1,218,480 and ₹ 979,292 repayable in second and third years respectively. b. ₹ 1, 434,649 repayable in next one year from balance sheet date, ₹ 1,089,925 and ₹ 746,650 repayable in second and third years respectively.

6. Provisions

	(Amount in ₹)			
	Long Term		ShortTerm	
	March 31, 2013	March 31, 2012	March 31, 2013	March 31, 2012
Provision for employee benefits: (Also refer note 29)				
Provision for gratuity	5,287,818	2,054,477	281,085	175,447
	5,287,818	2,054,477	281,085	175,447

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KESTONE INTEGRATED MARKETING SOLUTIONS PRIVATE LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

7. Short term borrowings

	March 31, 2013	(Amount in ₹) March 31, 2012
Secured		
Loan repayable on demand		
Cash credit from bank	20,897,770	32,564,149
	20,897,770	32,564,149
Unsecured		
Loan from related party (Refer note 38)	-	983,787
	-	983,787
	20,897,770	33,547,936

	Security	Interest rates	Repayment terms
Cash credit from bank	<p>a. Primary - First and exclusive charge on entire current assets of the Company both present and future.</p> <p>B. Collateral - First and exclusive charge on movable fixed assets of the Company both present and future.</p> <p>C. Personal guarantee of Mr. Nikhil Mahajan and Mr. Gautam Puri, Directors of the Company.</p> <p>d. Corporate guarantee of CL Educate Limited (Holding Company).</p>	<p>a. 13.50% p.a (Current base rate + Margin of 4.75%) from April 1 to Oct 17, 2012.</p> <p>b. Oct 18, 2012 onwards-15% p.a (Current base rate + Margin of 4.25%).</p>	Loan repayable on demand.
Loan from related party	Unsecured loan	14.25% p.a.	Loan repayable on demand.

8. Trade payables

	March 31, 2013	(Amount in ₹) March 31, 2012
Trade payables (Refer note 37 for details of dues to Micro, Small and Medium Enterprises)	29,684,274	21,286,046
	29,684,274	21,286,046

9. Other current liabilities

	March 31, 2013	(Amount in ₹) March 31, 2012
Current maturities of long term borrowings	4,137,772	-
Interest accrued but not due on borrowings#	139,443	793,972
Unearned revenue	30,963,887	34,095,210
Employees related payables	41,309,447	59,085,625
Payable for expenses * #	9,280,449	15,694,748
Payable for stale cheque liability*	5,510,019	4,092,991
Other payable :		
a. Service tax	2,292,958	3,250,166
b. Valued added tax/Central Sales tax	46,128	45,719
c. Tax deducted at source	2,417,003	2,877,157
d. Provident fund and Employees state insurance	3,193,389	3,536,870
e. Professional tax	214,125	202,775
	99,504,620	123,675,233

* Refer note 37 for details of dues to Micro, Small and Medium Enterprises
Includes payable to related parties-Refer note 38.



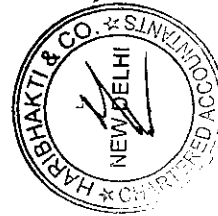
KESTONE INTEGRATED MARKETING SOLUTIONS PRIVATE LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

1D. Tangible assets

Particulars	Gross block (at cost)		Accumulated depreciation		Net block	
	As at April 1, 2012	Additions	Disposal/adjustments	Up to April 1, 2012	Depreciation for the year	Up to March 31, 2013
Own assets						
Office equipments	2,191,849	2,876,493	45,492	618,338	698,724	31,271
Computer hardware	12,013,795	10,122,113	2,195,751	8,261,131	3,152,822	2,148,472
Vehicles	240,730	-	-	234,781	1,200	-
Furniture and fittings	892,458	1,406,088	38,853	486,101	1,463,142	31,909
Total	15,338,832	14,404,694	2,280,096	9,600,351	5,315,888	2,211,652
Previous Year	16,647,437	1,535,089	2,843,694	9,616,005	2,498,714	2,514,368

1. Intangible assets

Particulars	Gross block (at cost)		Accumulated amortization		Net block	
	As at April 1, 2012	Additions	Disposal/adjustments	Up to April 1, 2012	Amortization for the year	Up to March 31, 2013
Computer Softwares	990,545	270,000	-	420,278	217,814	0
Previous Year	1,069,511	220,648	299,614	420,278	217,814	-
Total	990,545	270,000	-	420,278	217,814	0
Previous Year	1,069,511	220,648	299,614	529,793	164,304	273,819



KESTONE INTEGRATED MARKETING SOLUTIONS PRIVATE LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

12. Deferred tax assets (net)

In accordance with Accounting Standard 22 on 'Accounting for Taxes on Income' the net increase in deferred tax asset of ₹ 374,738 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, 2013 that reverse in one or more subsequent years gave rise to the following net deferred tax assets as at March 31, 2013:

Deferred tax assets and liabilities are attributable to the following:

	March 31, 2013	Benefit/ (Charge) for the year	(Amount in ₹) March 31, 2012
Deferred tax assets			
Provision for gratuity	1,806,831	1,083,332	723,499
Provision for bonus	-	(360,625)	360,625
Others	<u>1,806,831</u>	<u>722,707</u>	<u>1,084,124</u>
Total deferred tax assets			
Deferred tax liability			
Fixed assets: Impact of difference between tax depreciation and depreciation/amortisation as per financial statements	1,233,027	347,969	885,058
Total deferred tax liability	<u>1,233,027</u>	<u>347,969</u>	<u>885,058</u>
Deferred tax assets (net)	<u>573,804</u>	<u>374,738</u>	<u>199,066</u>

In assessing the realisability 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.

13. Long term loans and advances

	March 31, 2013	(Amount in ₹) March 31, 2012
Unsecured and considered good		
Advance tax and tax deducted at source [net of provisions for tax amounting to ₹ 31,355,244 (Previous year ₹ 20,806,986)]	35,544,374	37,042,258
Security deposits	1,090,652	1,407,546
	<u>36,635,026</u>	<u>38,449,804</u>

14. Other non current assets

	March 31, 2013	(Amount in ₹) March 31, 2012
Unsecured and considered good		
Non current bank balances (Refer note 16)	-	130,437
Interest accrued on non current bank balances	-	694
	<u>-</u>	<u>131,131</u>



KESTONE INTEGRATED MARKETING SOLUTIONS PRIVATE LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

15. Trade receivables*

	March 31, 2013	(Amount in ₹) March 31, 2012
Unsecured and considered good		
Outstanding for a period exceeding six months from the date they are due for payment	14,505,627	12,637,648
Others	97,328,612	106,195,342
	<u>111,834,239</u>	<u>118,832,990</u>

* Includes amount due from related parties (Refer note 38)

16. Cash and bank balances

	March 31, 2013	(Amount in ₹) March 31, 2012
Cash and cash equivalents		
Balances with banks:		
In current accounts	6,971,663	7,444,946
	<u>6,971,663</u>	<u>7,444,946</u>
Other bank balances		
Deposits with original maturity for more than three months but realizable within twelve months from Balance Sheet date *	14,134,876	11,000,000
Deposits with maturity of more than 12 months from Balance Sheet date **	-	130,437
	<u>14,134,876</u>	<u>11,130,437</u>
Amount disclosed under other non current assets (Refer note 14)	-	130,437
	<u>21,106,539</u>	<u>18,444,946</u>

* There is a lien on fixed deposits of ₹ 11,000,000 (Previous year ₹ 11,000,000) towards cash credit facility from IndusInd Bank.

** There is a lien on fixed deposits ₹ Nil (Previous year ₹ 130,437) towards bank guarantee provided by the bank for the Company.

17. Short term loans and advances

	March 31, 2013	(Amount in ₹) March 31, 2012
Unsecured and considered good, unless otherwise stated		
Loans and advances to related parties (Refer note 38)	23,500,000	2,700,000
Advance to suppliers	2,722,998	6,430,005
Security deposits	1,145,000	471,499
Loans and advances to employees	825,274	1,077,711
Other loans and advances		
Balances with Statutory/Government authorities	-	957,902
Prepaid expenses	2,425,941	2,690,640
	<u>2,425,941</u>	<u>3,648,542</u>
	<u>30,619,213</u>	<u>14,327,758</u>

18. Other current assets

	March 31, 2013	(Amount in ₹) March 31, 2012
Unbilled revenue	34,051,957	51,057,087
Interest accrued but not due on fixed deposits	831,265	887,709
Interest accrued but not due on loan given to related parties (Refer note 38)	1,720,502	405,849
	<u>36,603,724</u>	<u>52,350,645</u>



KESTONE INTEGRATED MARKETING SOLUTIONS PRIVATE LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

19. Revenue from operations

	Year ended March 31, 2013	(Amount in ₹) Year ended March 31, 2012
Revenue from services rendered		
Manpower services	447,087,145	412,078,889
Event management	181,370,687	191,303,083
Infrastructure support services	7,668,288	-
Passthrough services	2,000,869	1,730,103
	<u>638,126,989</u>	<u>605,112,075</u>

20. Other Income

	Year ended March 31, 2013	(Amount in ₹) Year ended March 31, 2012
Interest income on:		
Bank deposits	1,256,335	894,271
Loans given to related parties (Refer note 38)	1,359,437	232,496
Income tax refund	811,755	891,790
	<u>3,427,527</u>	<u>2,018,557</u>
Other non-operating income		
Miscellaneous Income	66,383	110,021
Balances written back	681,805	-
	<u>748,188</u>	<u>110,021</u>
	<u>4,175,715</u>	<u>2,128,578</u>

21. Decrease in stock in trade

	Year ended March 31, 2013	(Amount in ₹) Year ended March 31, 2012
Stock in trade		
At the beginning of the year	-	202,286
Less: At the end of the year	-	-
	<u>-</u>	<u>202,286</u>

22. Employee benefits expense

	Year ended March 31, 2013	(Amount in ₹) Year ended March 31, 2012
Salaries, wages & bonus and other benefits	386,224,147	357,304,278
Contribution to provident fund & other funds (Refer note 29)	25,273,931	22,410,159
Gratuity expenses (Refer note 29)	3,338,979	1,294,160
Staff welfare expenses	2,894,907	3,225,593
	<u>417,731,964</u>	<u>384,234,190</u>



KESTONE INTEGRATED MARKETING SOLUTIONS PRIVATE LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

23. Finance cost

	(Amount in ₹)	
	Year ended March 31, 2013	Year ended March 31, 2012
Interest expense on borrowings	5,914,607	4,407,916
Other borrowing cost (loan processing fee and other charges)	698,450	985,207
	<u>6,613,057</u>	<u>5,393,123</u>

24. Depreciation and amortisation expense

	(Amount in ₹)	
	Year ended March 31, 2013	Year ended March 31, 2012
Depreciation on tangible assets	5,315,889	2,498,714
Amortisation on intangible assets	217,814	164,304
	<u>5,533,703</u>	<u>2,663,018</u>

25. Other expenses*

	(Amount in ₹)	
	Year ended March 31, 2013	Year ended March 31, 2012
Banquet and hotel charges	83,144,327	89,331,643
Travelling and conveyance	24,783,328	22,045,167
Equipment hire charges	18,744,049	16,007,293
Temporary manpower resources	14,576,107	13,253,354
Communication	9,345,978	12,462,349
Printing and stationery	6,975,958	9,672,696
Rent	4,859,857	4,156,717
Business promotion	3,019,838	3,019,364
Repair and maintenance		
Others	824,585	746,996
Office maintenance	1,696,146	1,471,985
Bad debts written off	772,003	1,092,704
Power & fuel	1,156,843	982,422
Legal and professional (Includes Auditor's remuneration-Refer note 30)	1,812,501	611,900
Bank charges (other than loan processing)	233,418	473,190
Loss on disposal of fixed assets (net)	1,118	8,455
Fixed assets written off	54,330	345,469
Insurance	513,031	542,743
Rates and taxes	355,153	323,473
Foreign exchange loss (net)	304,213	137,742
Miscellaneous expense	916,602	44,424
	<u>174,089,385</u>	<u>176,730,086</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.

26. Prior period expense/(income) (net)

	(Amount in ₹)	
	Year ended March 31, 2013	Year ended March 31, 2012
Prior period income:		
On account of excess provision expenses booked in previous year	-	(1,236,312)
Prior period expense:		
On account 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 employee benefit expense related to previous year	-	270,960
On account of legal and professional related to previous year	-	-
	<u>-</u>	<u>(645,152)</u>



KESTONE INTEGRATED MARKETING SERVICES PRIVATE LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

27. Contingent liabilities

There are no contingent liabilities as at March 31, 2013 (previous year ₹ nil).

28. Commitments

There are no capital and other material commitments as at March 31, 2013 (previous year ₹ nil).

29. Employee benefits obligations

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

A. Defined contribution plans:

- a. Provident Fund
- b. 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	(Amount in ₹)	
	Year ended March 31, 2013	Year ended March 31, 2012
Contribution to Provident Fund	16,449,296	15,151,698
Contribution to Employee State Insurance	8,537,893	7,068,800
Contribution to Employee Deposit Linked Insurance	286,742	189,661
Total	25,273,931	22,410,159

B. Defined benefit plans:

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 following table sets out the status of defined benefit schemes and the amount recognised in the financial statements:

I. Present Value of Obligation

Particulars	(Amount in ₹)	
	Gratuity (funded)	
	March 31, 2013	March 31, 2012
Present value of obligation at the beginning of the year	3,656,510	2,405,755
Current service cost	2,689,604	2,025,429
Interest cost	292,521	211,225
Actuarial (gains) / losses	451,370	(829,342)
Benefits paid	(702,595)	(156,557)
Present value of obligation at the end of the year	6,387,410	3,656,510

II. Fair Value of Plan Assets

Particulars	(Amount in ₹)	
	Gratuity (funded)	
	March 31, 2013	March 31, 2012
Fair value of plan assets at the beginning of the year	1,426,586	1,316,198
Expected return on plan assets	128,393	105,296
Contributions	-	153,793
Actuarial (losses)/gains	(33,877)	7,856
Benefits paid	(702,595)	(156,557)
Fair value of plan assets at the end of the year	818,507	1,426,586



KESTONE INTEGRATED MARKETING SERVICES PRIVATE LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

III. Expense recognised in the Statement of Profit and Loss for the year

Particulars	(Amount in ₹)	
	Gratuity (funded)	
	March 31, 2013	March 31, 2012
Current service cost	2,689,604	2,025,429
Interest cost	292,521	211,225
Expected return on plan assets	(128,393)	(105,296)
Actuarial losses/(gains)	485,247	(837,198)
Expense recognized in the statement of profit & loss * (note 25)	3,338,979	1,294,160

IV. Amount recognised in the Balance Sheet

Particulars	(Amount in ₹)	
	Gratuity (funded)	
	March 31, 2013	March 31, 2012
Present value of obligation at the end of the year	6,387,410	3,656,510
Fair value of plan assets at the end of the year	818,507	1,426,586
Funded status [Surplus / (Deficit)]	(5,568,903)	(2,229,924)
Excess of actual over estimated	(33,877)	7,856
Unrecognized actuarial (gains)/losses	-	-
Net asset / (liability) recognized in the Balance Sheet	(5,568,903)	(2,229,924)
Amount classified as:		
Long term provision (note 7)	5,287,818	2,054,477
Short term provision (note 7)	281,085	175,447

V. Actuarial assumptions

Particulars	Gratuity (funded)	
	March 31, 2013	March 31, 2012
Discount rate (p.a.)	8%	8.78%
Rate of escalation in salary (p.a.)	5%	5%
Expected return on plan assets (p.a.)	9%	8%
Normal Retirement age	58	58
Mortality	IALM (1994 - 96)	LIC (1994 - 96)
Withdrawal rates (p.a.)		
18 to 30 years	3%	3%
31 to 44 years	2%	2%
44 to 58 years	1%	1%

Note:

The discount rate has been assumed at 8.00% p.a. (previous year 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.

VI. Experience adjustments

Particulars	Gratuity (funded)				
	March 31, 2013	March 31, 2012	March 31, 2011	March 31, 2010	March 31, 2009
Present value of obligation	6,387,410	3,656,510	2,405,755	1,544,835	1,503,412
Fair value of plan assets	818,507	1,426,586	1,316,198	1,218,702	1,502,643
Surplus / (Deficit)	(5,568,903)	(2,229,924)	(1,089,557)	(326,133)	(769)
Experience adjustments on plan liabilities- (loss)	51,110	581,811	380,052	-	-



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/ gain			
Experience adjustments on plan assets- (loss) / gain	(19,611)	7,856	(6,094)

VII. Employer's best estimate of contribution during next year is ₹ 4,457,692 (previous year ₹ 3,550,675).

30. Auditors remuneration (excluding service tax)

Particulars	(Amount in ₹)	
	Year ended March 31, 2013	Year ended March 31, 2012
Statutory audit	750,000	500,000
Reimbursement of expenses	30,000	10,000
Total	780,000	510,000

31. Earnings per share

The calculation of Earnings per Share (EPS) has been made in accordance with Accounting Standard (AS) - 20 as below:

Particulars	Units	Year ended	
		March 31, 2013	March 31, 2012
Profits attributable to the Equity Shareholders	₹	21,124,740	25,951,492
Weighted average number of Equity shares outstanding during the year	Numbers	1,000,000	1,000,000
Nominal value of Equity shares	₹	10	10
Basic / Diluted Earnings Per Share	₹	22.12	25.95

32. Segment reporting

Primary Segment

The company had identified three reportable segments viz. managed manpower services, event management services and infrastructure support 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	Infrastructural Services	Event management services	Others	
Revenue	447,087,145 (412,078,889)	7,668,288 (-)	181,370,687 (191,303,083)	2,000,869 (1,730,103)	638,126,989 (605,112,075)
Inter-segment revenue	-	-	-	-	-
Total	447,087,145 (412,078,889)	7,668,288 (-)	181,370,687 (191,303,083)	2,000,869 (1,730,103)	638,126,989 (605,112,075)



KESTONE INTEGRATED MARKETING SERVICES PRIVATE LIMITED
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Segment results	61,028,538	7,668,288	25,000,228	2,000,869	95,697,923
	(75,918,808)	(-)	(52,834,038)	(1,730,103)	(130,482,949)
Un-allocable expenses					61,577,909
Operating income					(94,593,577)
Other income (net)					34,120,014
Prior period income (net)					(15,131,993)
Profit before taxes					4,175,715
Less : tax expense					(2,128,578)
Net profit for the year					(645,152)
					38,295,728
					(38,663,101)
					16,967,817
					(12,711,610)
					22,124,740
					(25,951,492)

Particulars	Business segments			Total
	Managed manpower services	Infrastructural Services	Event management services	
Segment assets	97,870,012	16,499,868	43,872,313	158,242,193
	(107,366,706)	(-)	(68,953,378)	(176,320,084)
Unallocable assets				94,472,781
				(72,725,004)
Total assets				251,920,905
				(249,045,088)
Segment liabilities	39,311,578	-	63,220,365	102,531,943
	(58,090,788)	(-)	(70,479,200)	(128,569,988)
Unallocable liabilities				59,752,343
				(52,169,151)
Total liabilities				162,284,285
				(180,739,139)
Capital expenditure				
Unallocable capital expenditure		12,394,864		14,674,694
		(-)		(1,755,737)
Depreciation and amortisation (unallocable)		3,178,206		3,178,206
		(-)		(2,663,018)
Other significant non-cash expenses (unallocable)				4,166,430
				(2,732,333)

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.



KESTONE INTEGRATED MARKETING SERVICES PRIVATE LIMITED
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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.

Infrastructure Services: Kestone provide the Infra Services (like providing Computers, Laptops, Furniture etc.) to its client to facilitate them to work in more advanced & comfortable atmosphere and thereby helps in achieving its goal.

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.
4. Previous year figures are given in brackets.

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.

33. Leases

The Company has taken various office premises and two cars under operating leases with an option of renewal at the end of the lease term with mutual consent of both the parties. There are no scheduled escalation clauses and restriction imposed by the lessor in the lease agreements. Disclosure in respect of non-cancellable operating leases is as given below:

Particulars	(Amount in ₹)	
	Year ended March 31, 2013	Year ended March 31, 2012
Lease rent recognised in the Statement of Profit & Loss during the year * (note 25)	4,859,857	4,156,717
Future minimum lease payments		
Not later than one year	580,800	-
Later than one year and not later than five years	-	-
Later than five years	-	-

* The figure includes the following:

	Year ended March 31, 2013	Year ended March 31, 2012
Lease rent for office facilities	4,682,857	4,135,717
Car lease rentals	177,000	21,000
Total	4,859,857	4,156,717

34. Transactions in foreign currency

a. Expenditure in foreign currency

Particulars	(Amount in ₹)	
	Year ended March 31, 2013	Year ended March 31, 2012
Banquet and event materials	7,128,669	7,425,066
Equipment hire charges	80,805	-
Temporary manpower resources	-	253,167
Travelling & conveyance expenses	545,172	-
Pass through	6,171,228	2,313,262
Others	715,298	121,350
Total	14,641,172	10,112,845



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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

b. Earnings in foreign currency

Particulars	(Amount in ₹)	
	Year ended March 31, 2013	Year ended March 31, 2012
Revenue from -		
- Manpower services	3,932,820	100,883
- Event management	1,853,085	8,381,136
- Passthrough services	4,896,410	83,171
Total	10,682,315	8,565,190

35. Un-hedged foreign currency exposure

The Yearend foreign currency exposures that have not been hedged by a derivative instrument or otherwise are as follows:

	March 31, 2013	March 31, 2012	March 31, 2013	March 31, 2012
Receivable in foreign currency				
Trade receivables	₹ 2,979,961	3,044,082	\$ 54,900	59,051

36. Additional information pursuant to paragraph 5(ii), 5(iii), 5(iv) , 5 (vii) 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. In accordance with Micro, Small and Medium Enterprises Development Act, 2006 which came into force with effect from October 2, 2006, the Company is required to identify the Micro, Small and Medium suppliers and pay them interest on overdue amount beyond the specified period irrespective of the terms agreed with the suppliers. The Company has sent the written letters to all vendors. However, in absence of written response from all vendors, the liability of interest, if any, cannot be reliably estimated. Management is of opinion that there will be no liability in view of supplier profile of the Company.

38. Related Party Disclosure

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

a. Names of related parties

Relationship	Name of related party
(i) Holding Company	: CL Educate Limited
(ii) Enterprises that are under common control with the reporting enterprise - Fellow subsidiaries	: CL Media Private Limited : Career Launcher Infrastructure Private Limited
(iii) Key managerial personnel	: Nikhil Mahajan : Gautam Puri : Sanjay Shivnani (resigned w.e.f. September 01, 2012)
(iv) Enterprises over which key managerial personnel exercise significant influence	: Nalanda Foundation : Career Launcher Education Foundation



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- b. Included in the financial statements are the following amounts related to transactions and balances with related parties:

Particulars	March 31, 2013 (₹)	March 31, 2012 (₹)
Transactions with related parties		
a) Rendering of services		
<i>Holding Company-</i>		
Event Management Services	2,631,360	-
Infrastructure support services	7,668,288	-
<i>Enterprises over which key managerial personnel exercise significant influence</i>		
- Career Launcher Education Foundation		
Event Management Services	-	3,996,169
b) Unsecured loan taken		
<i>Holding Company</i>	-	23,000,000
c) Repayment of unsecured loans		
<i>Holding Company</i>	983,787	23,000,000
d) Interest expense on unsecured loans		
<i>Holding Company</i>	114,456	433,193
e) Unsecured loans given		
<i>Enterprises over which key managerial personnel exercise significant influence</i>		
- Career Launcher Education Foundation	800,000	1,200,000
<i>Enterprises that are under common control with the reporting enterprise-Fellow subsidiaries</i>		
- CL Media Private Limited	20,000,000	-
f) Interest income on loans given		
<i>Enterprises over which key managerial personnel exercise significant influence</i>		
- Career Launcher Education Foundation	273,756	7,496
- Nalanda Foundation	225,000	225,000
<i>Enterprises that are under common control with the reporting enterprise-Fellow subsidiaries</i>		
- CL Media Private Limited	860,681	-
g) Reimbursement of expenses to related parties		
<i>Holding Company</i>	199,957	462,346
<i>Enterprises that are under common control with the reporting enterprise-Fellow subsidiaries</i>		
- Career Launcher Infrastructure Private Limited	78,608	-



KESTONE INTEGRATED MARKETING SERVICES PRIVATE LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

- CL Media Private Limited	842,700	-
h) Expenses incurred on behalf of related parties		
<i>Holding Company</i>	73,432	325,537
i) Amount not recoverable (bad debts)		
<i>Enterprises over which key managerial personnel exercise significant influence</i>		
- Career Launcher Education Foundation	-	258,814
j) Expenses paid		
<i>Holding Company</i>	120,000	-
<i>Enterprises that are under common control with the reporting enterprise-Fellow subsidiaries</i>		
- CL Media Private Limited	842,700	-
Balances outstanding as at year end		
a) Short term borrowings		
<i>Holding Company</i>	-	983,787
b) Other current liabilities:		
Interest accrued but not due on unsecured loans		
<i>Holding Company</i>	-	793,972
Payable for expenses		
<i>Holding Company</i>	-	4,889
<i>Enterprises that are under common control with the reporting enterprise-Fellow subsidiaries</i>		
- CL Media Private Limited	825,846	-
c) Trade receivables:		
<i>Holding Company</i>	6,456,640	1,108,929
<i>Enterprises over which key managerial personnel exercise significant influence</i>		
- Career Launcher Education Foundation	7,527,875	8,825,325
d) Short term loans and advances:		
<i>Enterprises over which key managerial personnel exercise significant influence</i>		
- Career Launcher Education Foundation	2,000,000	1,200,000
- Nalanda Foundation	1,500,000	1,500,000
<i>Enterprises that are under common control with the reporting enterprise-Fellow subsidiaries</i>		
- CL Media Private Limited	20,000,000	-
e) Interest accrued but not due on loans given:		



KESTONE INTEGRATED MARKETING SERVICES PRIVATE LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

Enterprises over which key managerial personnel exercise significant influence

- Career Launcher Education Foundation	253,877	7,496
- Nalanda Foundation	692,012	489,513

Enterprises that are under common control with the reporting enterprise-Fellow subsidiaries

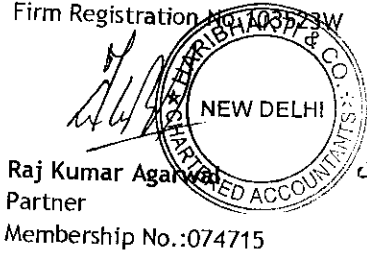
- CL Media Private Limited	774,613	-
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f) Receivable against expenses incurred on behalf of related parties:

<i>Holding Company</i>	569,640	-
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39. Previous year figures have been regrouped/ reclassified wherever considered necessary to conform to the presentation of current year's financial statements.

As per our report of even date
 For Haribhakti & Co.
 Chartered Accountants
 Firm Registration No. 074715



Raj Kumar Agarwal
 Partner
 Membership No.:074715

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

[Signature]
 Gautam Puri
 Director

[Signature]
 Nikhil Mahajan
 Director

Place: New Delhi
 Date : July 26, 2013

Place: New Delhi
 Date : July 26, 2013