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**Kestone  
Integrated  
Marketing  
Services Private  
Limited**

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Statutory Audit for the year  
ended March 31, 2015

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## Independent Auditor's Report

To the Members of Kestone Integrated Marketing Services Private Limited

### Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of Kestone Integrated Marketing Services Private Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2015, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the Standalone Financial Statements

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

### Auditor's Responsibility

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

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

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

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



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

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

## Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2015, its profit and its cash flows for the year, ended on that date.

## Report on Other Legal and Regulatory Requirements

- (1) As required by the Companies (Auditors' Report) Order, 2015 ("the Order") issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, we give in the Annexure, a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
- (2) As required by Section 143(3) of the Act, we report that:
  - a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - b. In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
  - c. The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;
  - d. In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act read with Rule 7 of the Companies (Accounts) Rules, 2014;
  - e. On the basis of written representations received from the directors as on March 31, 2015, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2015 from being appointed as a director in terms of Section 164 (2) of the Act;
  - f. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
    - (i) The standalone financial statements disclose the impact of pending litigations on the financial position of the Company - Refer Note 27 to the standalone financial statements in respect of contingent liabilities and Note 38 in respect of other pending litigations;



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

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

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

*Pranav Jain*

Pranav Jain  
Partner  
Membership No. 098308



Date: June 23, 2015  
Place: New Delhi

# HARIBHAKTI & CO. LLP

Chartered Accountants

## Annexure to Independent Auditor's Report

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

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) During the year, the fixed assets of the Company have been physically verified by the management and as informed, no material discrepancies were noticed on such verification. In our opinion, the frequency of verification is reasonable having regard to the size of the Company and the nature of its assets.

(ii) The Company is a service company engaged in the business of providing managed manpower, event management and infrastructural support services. Accordingly, the provisions of clause (ii) of paragraph 3 of the Order are not applicable to the Company.

(iii) (a) The Company has granted interest bearing unsecured loans to one company and two other parties covered in the register maintained under Section 189 of the Act. In our opinion and according to the information and explanations given to us, the rate of interest and the other terms and conditions of loans granted to such parties are not, *prima facie*, prejudicial to the interest of the Company.

(b) There is no overdue amount in excess of ₹ 100,000 in respect of loans granted to companies, firms or other parties listed in the register maintained under section 189 of the Act.

(iv) In our opinion and according to the information and explanations given to us, there exists an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of fixed assets and for the sale of services except for services related to event management.

In our opinion and according to the information and explanations given to us, the internal control system with regard to the sale of services related to event management needs to be strengthened to be commensurate with the size of the Company and the nature of its business.

During the course of our audit, except for continuing failure to correct major weakness in internal control system of the Company with regard to the sale of services related to event management, 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 sale of goods and purchase of inventory.

(v) In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public within the provisions of Sections 73 to 76 of the Act and the rules framed there under.

(vi) The Central Government of India has not prescribed the maintenance of cost records for any of the business activities of the Company under sub-section (1) of Section 148 of the Act and the rules framed there under.

(vii) (a) The Company is regular in depositing with appropriate authorities, undisputed statutory dues including provident fund, employees' state insurance, income tax,



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Chartered Accountants

sales tax, service tax, value added tax and any other material 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, sales tax, wealth tax, service tax, value added tax, customs duty, excise duty, cess and any other material statutory dues applicable to it, were outstanding, at the year end, for a period of more than six months from the date they became payable.

(b) According to the information and explanation given to us, there are no dues with respect to income tax, sales tax, wealth tax, service tax, value added tax, customs duty, excise duty, cess and any other material statutory dues applicable to it, which have not been deposited on account of any dispute.

(c) According to the information and explanations given to us, there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

- (viii) The Company does not have accumulated losses at the end of the financial year nor has incurred cash losses in the current and immediately preceding financial year.
- (ix) According to the information and explanations given to us, the Company has not defaulted in repayment of dues to financial institution and banks. The Company has not issued any debentures.
- (x) 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.
- (xi) According to the information and explanations given to us, the term loans have been applied for the purpose for which the loans were obtained.
- (xii) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the Company, noticed or reported during the year, nor have we been informed of any such instance by the management.

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



Pranav Jain  
Partner  
Membership No. 098308



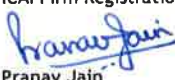
Date: **June 23, 2015**  
Place: New Delhi

**Kestone Integrated Marketing Services Private Limited**  
**Balance Sheet as at March 31, 2015**

		(Amount in ₹)	
	Note	March 31, 2015	March 31, 2014
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' funds</b>			
Share capital	3	10,000,000	10,000,000
Reserves and surplus	4	179,614,596	113,466,376
		<u>189,614,596</u>	<u>123,466,376</u>
<b>Non-current liabilities</b>			
Long term borrowings	5	688,641	3,000,900
Long-term provisions	6	8,235,123	5,094,998
		<u>8,923,764</u>	<u>8,095,898</u>
<b>Current liabilities</b>			
Short term borrowings	7	40,053,705	42,091,268
Trade payables	8	79,901,982	50,246,165
Other current liabilities	9	125,171,186	111,671,497
Short term provisions	6	219,363	82,871
		<u>245,346,236</u>	<u>204,091,801</u>
<b>TOTAL</b>		<u><u>443,884,596</u></u>	<u><u>335,654,075</u></u>
<b>ASSETS</b>			
<b>Non-current assets</b>			
<b>Fixed assets</b>			
Tangible assets	10	46,739,956	13,604,913
Intangible assets	11	883,368	1,196,847
Non current investment	12	665,692	665,692
Deferred tax asset (net)	13	991,324	401,336
Long term loans and advances	14	61,389,890	51,776,049
Other non-current assets	14a	2,456,525	-
		<u>113,126,755</u>	<u>67,644,837</u>
<b>Current assets</b>			
Trade receivables	15	209,821,801	157,925,404
Cash and bank balances	16	39,325,323	38,560,818
Short term loans and advances	17	23,523,055	20,539,356
Other current assets	18	58,087,662	50,983,660
		<u>330,757,841</u>	<u>268,009,238</u>
<b>TOTAL</b>		<u><u>443,884,596</u></u>	<u><u>335,654,075</u></u>

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. LLP  
Chartered Accountants  
ICAI Firm Registration No. 103523W

  
Pranav Jain  
Partner  
Membership No. :098308

For and on behalf of Board of Directors of  
Kestone Integrated Marketing Services Private Limited

  
Gautam Puri  
Director  
DIN :00033548

  
Nikhil Mahajan  
Director  
DIN :00033404

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

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



**Kestone Integrated Marketing Services Private Limited**  
**Statement of Profit and Loss for the year ended March 31, 2015**

	Note	Year ended March 31, 2015	(Amount in ₹) Year ended March 31, 2014
<b>Income</b>			
Revenue from operations	19	995,830,194	758,283,830
Other income	20	17,177,743	7,301,906
<b>Total revenue</b>		<b>1,013,007,937</b>	<b>765,585,736</b>
<b>Expenses</b>			
Cost of services	21	437,440,500	256,456,610
Employee benefits expense	22	434,864,661	407,499,157
Finance cost	23	5,327,644	7,261,393
Depreciation and amortization expenses	24	9,378,225	4,011,398
Other expenses	25	27,017,545	40,614,554
<b>Total expenses</b>		<b>914,028,575</b>	<b>715,843,112</b>
<b>Profit before prior period items &amp; tax</b>		<b>98,979,362</b>	<b>49,742,624</b>
Prior period expense/(income) (net)	26		(344,212)
<b>Profit before tax</b>		<b>98,979,362</b>	<b>50,086,836</b>
<b>Tax expense</b>			
a. Current tax		32,335,340	15,733,000
b. Deferred tax benefit	13	(252,563)	172,468
c. Tax for earlier years		65,145	1,184,548
<b>Total tax expense</b>		<b>32,147,922</b>	<b>17,090,016</b>
<b>Profit for the year</b>		<b>66,831,440</b>	<b>32,996,820</b>
<b>Earning per equity share (in ₹)</b>			
Nominal value of ₹ 10 per share (Previous year ₹ 10 per share)	31	66.83	33.00
-Basic and diluted			
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. LLP  
Chartered Accountants  
ICAI Firm Registration No. 103523W

*Pranav Jain*

Pranav Jain  
Partner  
Membership No. :098308



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

For and on behalf of Board of Directors of  
Kestone Integrated Marketing Services Private Limited

*Gautam Puri*

Gautam Puri  
Director  
DIN :00033548

*Nikhil Mahajan*

Nikhil Mahajan  
Director  
DIN :00033404



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



**Kestone Integrated Marketing Services Private Limited**  
**Cash Flow Statement for the year ended March 31, 2015**

	Year ended March 31, 2015	Year ended March 31, 2014
(Amount in ₹)		
<b>Cash flows from operating activities</b>		
Net profit before tax and prior period items	98,979,362	49,742,624
Adjustments for:		
Depreciation and amortisation	9,378,226	4,011,398
Finance cost	5,327,644	7,261,393
Profit on sale of assets (net)	(31,288)	-
Prior period expense/(income)	-	(344,212)
Liabilities and balances written back	(10,763,181)	-
Provisions written back	(339,029)	-
Non cash prior period income	-	344,212
Bad debts written off	11,000	307,425
Provision for doubtful advances	990,225	339,029
Miscellaneous balances written off	124,197	679,905
Fixed assets written off	833,894	-
Interest income	(5,983,170)	(6,297,707)
Unrealised forex (gain)/loss	335,075	70
<b>Cash from operating activities before working capital changes</b>	<b>98,862,955</b>	<b>56,044,137</b>
<b>Movement in assets and liabilities, net</b>		
<b>Adjustments for (increase)/decrease in operating assets:</b>		
- trade receivables	(51,567,601)	(46,737,619)
- long term loans and advances	(317,389)	(1,355,000)
- short term loans and advances	(3,741,232)	(128,906)
- other non current assets	(2,456,525)	-
- other current assets	(4,966,681)	(10,045,898)
<b>Adjustments for increase/(decrease) in operating liabilities:</b>		
- trade payables	29,319,974	20,561,891
- other current liabilities	19,673,054	12,779,692
- long term provisions	3,140,125	(192,819)
- short term provisions	136,492	(198,214)
	<b>(10,779,783)</b>	<b>(25,316,873)</b>
<b>Cash flow from operations</b>	<b>88,083,172</b>	<b>30,727,264</b>
Less: Taxes paid (net of refund, including interest on refund)	41,696,938	30,703,571
<b>Net cash generated from operating activities (A)</b>	<b>46,386,234</b>	<b>23,693</b>
<b>Cash flows from investing activities</b>		
Purchase of fixed assets	(37,829,560)	(3,431,862)
Proceeds from sale of fixed assets	63,000	34,000
Investment in subsidiary	-	(665,692)
Fixed deposits made	(38,616,872)	(35,478,030)
Proceeds from maturity of fixed deposits	35,478,030	14,134,876
Loans given to related parties	(5,000,000)	(9,070,000)
Repayments received	5,000,000	18,909,000
Interest income received	3,845,849	1,963,669
<b>Net cash (used in) investing activities (B)</b>	<b>(37,059,553)</b>	<b>(13,604,039)</b>
<b>Cash flows from financing activities</b>		
Proceeds from short term borrowings	-	21,193,498
Repayments of short term borrowings	(2,037,563)	-
Repayments of long term borrowings	(4,275,226)	(4,184,920)
Finance cost paid	(5,388,230)	(7,317,107)
<b>Net cash (used in)/generated from financing activities (C)</b>	<b>(11,701,019)</b>	<b>9,691,471</b>



**Kestone Integrated Marketing Services Private Limited**  
**Cash Flow Statement for the year ended March 31, 2015**

Net (decrease) in cash and cash equivalents (D)= (A) + (B) + (C)	(2,374,338)	(3,888,874)
Beginning of the year (E)	3,082,789	6,971,663
End of the year (F)= (D) + (E)	708,451	3,082,789
Deposits with original maturity for more than three months but realizable within twelve months from Balance Sheet date (G) (Refer note 16)	38,616,872	35,478,030
Deposits with maturity of more than twelve months from Balance Sheet date (H)	-	-
Cash and bank balances as per balance sheet (I) = (F) + (G) - (H)	39,325,323	38,560,818
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 as specified under Section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014.

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

*Pranav Jain*  
 Pranav Jain  
 Partner  
 Membership No. :098308



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

For and on behalf of Board of Directors of  
 Kestone Integrated Marketing Services Private  
 Limited

*Gautam Puri*  
 Gautam Puri  
 Director  
 DIN : 00033548

*Nikhil Mahajan*  
 Nikhil Mahajan  
 Director  
 DIN : 00033404



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

**Kestone Integrated Marketing Services Private Limited**  
**Notes to the Financial Statements for the year ended March 31, 2015**

**1. Background**

Kestone Integrated Marketing Services Private Limited ("the Company") was incorporated on February 3, 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 under Section 133 of the Companies Act, 2013 ("the Act"), read with Rule 7 of the Companies (Accounts) Rules, 2014. The financial statements have been prepared under the historical cost convention on an accrual basis. The accounting policies have been consistently applied by the Company and are consistent with those used in the previous year.

(ii) Use of estimates

The preparation of financial statements in conformity with Generally Accepted Accounting Principles requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities at the reported date and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on the management's best knowledge of current events and actions, actual results could differ from these estimates. Any revision in accounting estimate is recognised prospectively in current and future periods.

(iii) 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 Schedule III to the Act. Based on the above criteria, the Company has ascertained its operating cycle as twelve months for the purpose of current/noncurrent classification of assets and liabilities.

(iv) Revenue recognition

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

The Company derives its revenue from event management services, managed manpower services and infrastructure services.

Revenue for event management service is recognised on completion of respective service, as per-terms of respective agreement.

Revenue for managed manpower service is recognised on an accrual basis, in accordance with the terms of the respective contract.

Revenue from infrastructure service is recognised on the basis of time period over the period of contract.

Amount 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 recognised 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, 2015**

*Interest*

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

(v) Fixed assets

*Tangible assets*

Tangible fixed assets are stated at cost of acquisition net of recoverable taxes (wherever applicable), less accumulated depreciation and impairment losses, if any. Cost comprises the purchase price and any cost attributable to bringing the assets to its working condition for its intended use.

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

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

*Intangible assets*

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

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

(vi) Depreciation and amortisation

Depreciation and amortisation has been calculated on Straight Line Method at the following useful lives which are equal to lives specified in schedule II to the Act.

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

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

Particulars	Revised useful life (years)	Existing useful life (years)
<b>Tangible Assets:</b>		
Furniture and fittings	10	10
Office equipment - Electric	10	10
Office equipment - Other	5	10
Vehicle	8/10	10



**Kestone Integrated Marketing Services Private Limited**  
**Notes to the Financial Statements for the year ended March 31, 2015**

Computer equipment	3	5
<b>Intangible Assets:</b>		
Software	5	5

In accordance with the transitional provisions of Schedule II, in respect of assets where the remaining useful life is 'Nil' as at April 1, 2014, their carrying amount aggregating ₹ 1,020,645 and deferred tax there on after retaining the residual value as on April 1, 2014 as determined by the management has been adjusted against the opening balance of retained earnings as on that date.

As a consequence, had the Company not adopted Schedule II to the Act, depreciation for the year would have been lower by ₹ 3,579,373, profit for the year would have been higher by ₹ 3,579,373, and the written down value of assets as at March 31, 2015 would have been ₹ 51,202,696 as against reported amount of Rs 47,623,323. The impact of change in estimates of useful lives on subsequent periods is not realistically ascertainable.

(vii) Impairment of assets

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

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

(viii) Borrowing cost

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

(ix) Leases:

*Where the Company is lessee*

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

A leased asset is depreciated on a straight-line basis over the useful life of the asset as determined by the management or the useful life envisaged in Schedule II to the Companies Act, 2013, whichever is lower. However, if there is no reasonable certainty that the Company will obtain the ownership by the end of the lease term, the capitalised asset is depreciated on a straight-line basis over the shorter of the estimated useful life of the asset, the lease term and the useful life envisaged in Schedule II to the Act.

Leases, where the lessor effectively retains substantially all the risks and benefits of ownership of the leased items are classified as operating leases. Operating lease payments are recognised as an expense in the Statement of Profit and Loss on a straight-line basis over the lease term.



**Kestone Integrated Marketing Services Private Limited**  
**Notes to the Financial Statements for the year ended March 31, 2015**

*Where the Company is the lessor*

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

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

(x) Investments

*Accounting treatment*

Investments which are readily realisable and intended to be held for not more than one year from the date on which such investments are made are classified as current investments. All other investments are classified as long-term investments.

On initial recognition, all investments are measured at cost. The cost comprises purchase price and directly attributable acquisition charges such as brokerage, fees and duties. If an investment is acquired, or partly acquired, by issue of shares or other securities, the acquisition cost is the fair value of the securities issued. If an investment is acquired in exchange for another asset, the acquisition is determined by reference to the fair value of the asset given up or by reference to the fair value of the investment acquired, whichever is more clearly evident.

Current investments are carried in the financial statements at lower of cost and fair value determined on an individual investment basis. Long-term investments are carried at cost. However, provision for diminution in value is made to recognise a decline other than temporary in the value of long term investments on individual investment basis.

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

*Classification in the financial statements as per requirements of Schedule III*

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

(xi) Employee Benefits

Short term employee benefits:

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



**Kestone Integrated Marketing Services Private Limited**  
**Notes to the Financial Statements for the year ended March 31, 2015**

Long term employee benefits:

- Defined contribution plan: Provident fund

All employees of the Company are entitled to receive benefits under the Provident Fund, which is a defined contribution plan. Both the employee and the employer make monthly contributions to the plan at a predetermined rate as per the provisions of The Employees Provident Fund and Miscellaneous Provisions Act, 1952 except for Employees Deposit Linked Insurance (EDLI), where a policy is taken from Life Insurance Corporation of India. These contributions are made to the fund administered and managed by the Government of India.

Defined contribution plan: Employee state insurance

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

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

- Defined Benefit Plan: Gratuity

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

- Other long-term benefits: Leave encashment

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

- (xii) Foreign exchange transactions

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

Monetary assets and liabilities denominated in foreign currencies as at the balance sheet date, not covered by forward exchange contracts, are translated at year end rates. The resultant exchange differences are recognized in the Statement of Profit and Loss. Non monetary assets and liabilities are recorded at the rates prevailing on the date of the transaction.



Translation of integral and non integral foreign operations

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

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

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

(xiii) Taxation

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

*Current tax*

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

*Deferred tax*

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

Minimum alternate tax

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





**Kestone Integrated Marketing Services Private Limited**  
**Notes to the Financial Statements for the year ended March 31, 2015**

(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) 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.

(xvi) Earnings per share

Basic earnings per share are calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. The weighted average numbers of equity shares outstanding during the year are adjusted for events such as bonus issue, share split or consolidation of shares.

For calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares. The dilutive potential equity shares are deemed converted into equity shares as at the beginning of the year, unless they have been issued at a later date.

(xvii) Segment Reporting

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

The accounting policies adopted for segment reporting are in line with the accounting policies of the Company. Segment revenue, segment expenses, segment assets and segment liabilities have been identified to segments on the basis of their relationship to the operating activities of the segment.

Inter-segment revenue is accounted on the basis of transactions which are primarily determined based on market / fair value factors.

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



**Kestone Integrated Marketing Services Private Limited**  
**Notes to the Financial Statements for the year ended March 31, 2015**

(xviii) **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, 2015**

**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, 2015		March 31, 2014	
	Numbers	Amount in ₹	Numbers	Amount in ₹
<b>Authorised Shares</b>				
Equity shares of ₹ 10 each (Previous year ₹ 10 each)	1,000,000	10,000,000	1,000,000	10,000,000
<b>Issued, subscribed and fully paid up shares</b>				
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, 2015		March 31, 2014	
	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 distributed 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, 2015		March 31, 2014	
	Numbers	% held	Numbers	% held
Equity share of ₹ 10 each, fully paid				
CL Educate Limited and its nominees (refer note a)	1,000,000	100.00	1,000,000	100.00
	1,000,000	100.00	1,000,000	100.00

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.



4. Reserves and surplus

Surplus in the Statement of Profit and Loss

	(Amount in ₹)	
	March 31, 2015	March 31, 2014
Opening balance	113,466,376	80,469,556
Add: Profit after tax for the year	66,831,440	32,996,820
Less: Adjusted Depreciation on account of schedule II (refer footnote a)	(1,020,645)	-
Add: Schedule II adjustment of deferred tax (refer footnote a)	337,425	-
<b>Total Reserves and surplus</b>	<b>179,614,596</b>	<b>113,466,376</b>

Footnote a:

Pursuant to the transitional provisions of Schedule II in respect of fixed assets where the remaining useful life is "Nil" as on April 1, 2014, their carrying amount aggregating ₹ 1,020,645 and deferred tax thereon has been adjusted against the opening reserves.

5. Long term borrowings

	(Amount in ₹)			
	Non current portion		Current maturities	
	March 31, 2015	March 31, 2014	March 31, 2015	March 31, 2014
<b>Unsecured term loan</b>				
From bank	-	1,274,958	1,128,541	1,366,387
From Non Banking Finance Companies (NBFCs)	-	1,725,942	-	2,214,283
<b>Secured loan</b>				
Vehicle loan from Non Banking Finance Companies (NBFCs)	688,641	-	489,162	-
	<b>688,641</b>	<b>3,000,900</b>	<b>1,617,703</b>	<b>3,580,670</b>
Amount disclosed under the head other current liabilities (Refer note 9)	-	-	(1,617,703)	(3,580,670)
<b>Net amount</b>	<b>688,641</b>	<b>3,000,900</b>	<b>-</b>	<b>-</b>

(i) Unsecured loan from bank

The term loans so availed of ₹ 4,000,000. Period end balances of these loans are ₹ 1,128,541 (previous year ₹ 2,641,345).

Interest rate:

These loans carry interest at Bank's base rate + 7.75% per annum i.e. 17.50% (previous year 17.50%).

Repayment schedule:

The loan is repayable in 36 equal monthly installments of ₹ 143,608 (inclusive of interest) for which January 5, 2016 is the last installment date.

(ii) Unsecured loan from NBFC

The term loans so availed comprises loans of ₹ 4,000,000 and ₹ 3,500,000. Period end balances of these loans are ₹ Nil and ₹ Nil respectively (previous year ₹ 2,154,329 and ₹ 1,785,896 respectively).

Interest rate:

The loans of ₹ 4,000,000 and ₹ 3,500,000 carry interest at fixed rate of 19.64% and 19.53% respectively (previous year 19.64% and 19.53% respectively).

Repayment schedule:

The loan of ₹ 4,000,000 was repayable in 36 equal monthly installments of ₹ 188,247 in 1st year, 132,628 in 2nd year and 106,598 in 3rd year (inclusive of interest) for which January 7, 2016 is the last installment date. However, the same has been pre paid during the period.

The loan of ₹ 3,500,000 was repayable in 36 equal monthly installments of ₹ 170,432 in 1st year, 118,561 in 2nd year and 81,511 in 3rd year (inclusive of interest) for which January 5, 2016 is the last installment date. However, the same has been pre paid during the period.

(iii) Vehicle loans from NBFC are secured against hypothecation of concerned vehicles.

The repayment terms of the vehicle loans are as follows:

For amount outstanding as at March 31, 2015

Loan	Outstanding Amount	Equal monthly instalment (EMI)	Rate of Interest	Date of Last EMI
	Amount in ₹	Amount in ₹		
Loan from Kotak Mahindra Prime Limited	1,177,803	49,218	10.59%	June 10, 2017

There was no vehicle loan as at March 31, 2014.



Kestone Integrated Marketing Services Private Limited  
Notes to the financial statements for the year ended March 31, 2015

6. Provisions

	Long Term		Short Term	
	March 31, 2015	March 31, 2014	March 31, 2015	March 31, 2014
	(Amount in ₹)			
Provision for employee benefits: (Also refer note 29)				
Provision for gratuity	8,133,281	5,075,599	216,358	82,134
Provision for leave encashment	101,842	19,399	3,005	737
	<u>8,235,123</u>	<u>5,094,998</u>	<u>219,363</u>	<u>82,871</u>

7. Short term borrowings

	(Amount in ₹)	
	March 31, 2015	March 31, 2014
Secured		
Loan repayable on demand		
Cash credit from bank	40,053,705	42,091,268
	<u>40,053,705</u>	<u>42,091,268</u>

Footnotes:

1. Security

Primary Security

First and exclusive charge on entire current assets of the Company both present and future.

Collateral security

- First and exclusive charge on movable fixed assets of the Company both present and future.
- Corporate guarantee of CL Educate Limited (Holding Company) amounting ₹ 7,500,000 (Previous year ₹ 7,500,000)
- Lien on fixed deposits amounting ₹ 15,000,000 (Previous year ₹ 15,000,000)

2. Interest Rates

- 14% p.a (Current base rate + Margin of 3%) from November 8, 2013
  - 15% p.a (Current base rate + Margin of 4.25%) from October 18, 2012 to November 7, 2013
3. Aggregate amount of loans guaranteed by directors of the Company ₹ 40,053,705 (previous year ₹ 42,091,268)

8. Trade payables

	(Amount in ₹)	
	March 31, 2015	March 31, 2014
Trade payables (Refer note 36 for details of dues to Micro, Small and Medium Enterprises)	79,901,982	50,246,165
	<u>79,901,982</u>	<u>50,246,165</u>

9. Other current liabilities

	(Amount in ₹)	
	March 31, 2015	March 31, 2014
Current maturities of long term borrowings (Refer note 5)	1,617,703	3,580,670
Interest accrued but not due on borrowings	23,144	83,730
Advance from customers	34,281,022	37,738,342
Employees related payables	55,939,016	51,302,282
Receipts on behalf of clients	7,528,427	-
Payable for expenses (Refer footnote 9.1 and 9.2)	11,309,075	2,184,833
Payable for fixed assets (Refer footnote 9.1)	6,613,369	-
Payable for stale cheque liability (Refer footnote 9.1)	-	5,930,263
Other payable :		
a. Service tax	-	4,136,214
b. Tax deducted at source	4,124,815	3,185,430
c. Provident fund and Employees state insurance	3,497,390	3,301,858
d. Professional tax	237,225	227,875
	<u>125,171,186</u>	<u>111,671,497</u>

9.1 Refer note 36 for details of dues to Micro, Small and Medium Enterprises

9.2 Includes payable to related parties-Refer note 37



Kestone Integrated Marketing Services Private Limited  
Notes to the financial statements for the year ended March 31, 2015

10. Tangible assets \*

Current Year	Gross block (at cost)			Accumulated depreciation			(Amount in ₹)
	As at April 1, 2014	Additions	Disposal/adjustments	As at April 1, 2014	Depreciation for the year	Adjustments pursuant to Schedule II *	
<b>Own assets</b>							
Vehicles#	240,730	1,737,089	240,730	237,181	159,312	-	1,578,848
Computers#	21,250,313	19,814,908	4,972,033	12,155,102	7,264,395	623,377	20,249,562
Furniture & Fittings#	2,383,772	12,102,461	360,582	2,074,771	321,571	6,193	12,083,698
Office Equipment#	6,029,652	10,404,582	499,593	1,832,500	1,292,468	391,075	12,827,848
<b>Total</b>	<b>29,904,467</b>	<b>44,059,040</b>	<b>6,072,938</b>	<b>16,299,554</b>	<b>9,037,746</b>	<b>1,020,645</b>	<b>46,739,956</b>

\* Includes assets given on operating lease which are as follows:

Assets	For the year ended March 31, 2015			Net block
	Gross block	Accumulated depreciation	Depreciation for the year	
Vehicles	1,737,089	158,242	158,242	1,578,847
Computers	16,262,324	4,121,051	5,153,498	12,141,273
Furniture and fittings	9,723,296	1,382,475	200,762	8,340,821
Office equipments	8,714,729	703,881	451,339	8,010,848
<b>Total</b>	<b>36,437,438</b>	<b>6,365,649</b>	<b>5,963,841</b>	<b>30,071,789</b>

@ Pursuant to the transitional provisions of Schedule II in respect of fixed assets where the remaining useful life is "Nil" as on April 1, 2014, their carrying amount aggregating ₹ 1,020,645 has been charged to opening reserves of the Company.

Previous year	Gross block (at cost)			Accumulated depreciation			(Amount in ₹)
	As at April 1, 2013	Additions	Disposal/adjustments	As at April 1, 2013	Depreciation for the year	Disposal/adjustments	
<b>Own assets</b>							
Vehicles	240,730	-	-	235,981	1,200	-	237,181
Computers #	19,940,157	1,379,656	69,500	9,285,481	2,959,121	69,500	9,095,211
Furniture and fittings #	2,259,693	124,079	-	1,917,334	157,437	-	2,074,771
Office equipments #	5,022,850	1,006,802	-	1,285,791	546,709	-	4,197,152
<b>Total</b>	<b>27,463,430</b>	<b>2,510,537</b>	<b>69,500</b>	<b>12,704,587</b>	<b>3,664,467</b>	<b>69,500</b>	<b>13,604,913</b>

# Includes assets given on operating lease which are as follows:

Assets	For the year ended March 31, 2014			Net block
	Gross block	Accumulated depreciation	Depreciation for the year	
Computers	9,189,320	3,187,557	1,687,547	6,001,763
Furniture and fittings	1,260,356	1,260,356	-	-
Office equipments	2,822,440	634,415	236,975	2,189,025
<b>Total</b>	<b>13,272,116</b>	<b>5,082,328</b>	<b>1,924,522</b>	<b>8,189,788</b>

\* All the present and future movable fixed assets are subject to first and exclusive charge to secure the Company's short term borrowings referred in notes as cash credit from bank (refer note 7).



Kestone Integrated Marketing Services Private Limited  
Notes to the financial statements for the year ended March 31, 2015

11. Intangible assets

Particulars	Gross block (at cost)			Accumulated amortisation		Net block As at March 31, 2015
	As at April 1, 2014	Additions	Disposal/ adjustments	As at April 1, 2014	Amortisation for the year	
Computer software	2,181,870	27,000	-	985,023	340,479	883,368
	2,181,870	27,000	-	985,023	340,479	883,368

Assets	For the year ending March 31, 2015		Net block
	Gross block Accumulated amortisation	Disposal/ Amortisation for the year	
Computer software	-	-	-

Previous year

Particulars	Gross block (at cost)			Accumulated amortization		Net block As at March 31, 2014
	As at April 1, 2013	Additions	Disposal/ adjustments	As at April 1, 2013	Amortization for the year	
Computer software #	1,260,545	921,325	-	638,092	346,931	1,196,847
	1,260,545	921,325	-	638,092	346,931	1,196,847

# Includes assets given on operating lease:

Assets	For the year ending March 31, 2014		Net block
	Gross block Accumulated amortisation	Amortisation for the year	
Computer software	221,977	33,082	188,895
	221,977	33,082	188,895



**Kestone Integrated Marketing Services Private Limited**  
Notes to the financial statements for the year ended March 31, 2015

**12. Non current investment**

	(Amount in ₹)	
	March 31, 2015	March 31, 2014
(Trade, un-quoted, at cost) In Subsidiary Company 14,000 (Previous year 14,000) fully paid up equity shares of SGD 1 each of Kestone Asia Hub Pte Limited (Formerly known as Career Launcher Asia Educational Hub Pte Limited)	665,692	665,692
	<u>665,692</u>	<u>665,692</u>

Aggregate amount of quoted investments and market value thereof- Nil (Previous year: Nil)  
Aggregate book value of unquoted non current investments - ₹ 665,692 (Previous year: ₹ 665,692)

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

**13. Deferred tax asset (net)**

In accordance with Accounting Standard 22 on 'Accounting for Taxes on Income', the net increase in deferred tax asset of ₹ 252,563 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, 2015 that reverse in one or more subsequent years gave rise to the following net deferred tax assets as at March 31, 2015:

Deferred tax assets and liabilities are attributable to the following:

	(Amount in ₹)		
	March 31, 2015	Benefit/ (Charge) for the year ended March 2015	March 31, 2014
<b>Deferred tax assets</b>			
Provision for gratuity	1,985,313	311,887	1,673,426
Provision for leave benefits	34,542	28,008	6,534
Provision for bonus	846,811	522,475	324,336
Provision for doubtful receivables	-	(109,998)	109,998
Provision for doubtful supplier advances	327,398	327,398	-
Unrealised foreign exchange loss	110,786	110,786	-
<b>Total deferred tax assets</b>	<u>3,304,850</u>	<u>1,190,556</u>	<u>2,114,294</u>
<b>Deferred tax liability</b>			
Depreciation	2,650,951	(937,993)	1,712,958
<b>Total deferred tax liability</b>	<u>2,650,951</u>	<u>(937,993)</u>	<u>1,712,958</u>
<b>Deferred tax asset (net)</b>	<u>653,899</u>	<u>252,563</u>	<u>401,336</u>
<b>Footnote:</b>			
Deferred Tax Asset	653,899		
Add: Transfer to retained earnings on account of Schedule II adjustments (Refer note 4)	337,425		
<b>Net deferred tax asset</b>	<u>991,324</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.

**14. Long term loans and advances**

	(Amount in ₹)	
	March 31, 2015	March 31, 2014
<b>Unsecured and considered good</b>		
Advance tax and tax deducted at source (net of provisions for tax amounting to ₹ 78,691,901 (Previous year ₹ 46,291,415))	58,626,849	49,330,397
Security deposits	2,406,152	2,445,652
Capital advances	356,889	-
	<u>61,389,890</u>	<u>51,776,049</u>

**14a. Other non current assets**

	(Amount in ₹)	
	March 31, 2015	March 31, 2014
Other recoverables (Refer footnote 22.1)	2,456,525	-
	<u>2,456,525</u>	<u>-</u>





**Kestone Integrated Marketing Services Private Limited**  
Notes to the financial statements for the year ended March 31, 2015

**15. Trade receivables (Refer footnote 15.1)**

	(Amount in ₹)	
	March 31, 2015	March 31, 2014
Outstanding for a period exceeding six months from the date they are due for payment		
Unsecured and considered good	44,759,118	13,609,299
Unsecured and considered doubtful	-	339,029
Less: Provision for doubtful receivables	-	(339,029)
	<u>44,759,118</u>	<u>13,609,299</u>
Others - Unsecured and considered good	165,062,683	144,316,105
	<u>209,821,801</u>	<u>157,925,404</u>

15.1 Includes amount due from related parties (Refer note 37)

**16. Cash and bank balances**

	(Amount in ₹)	
	March 31, 2015	March 31, 2014
Cash and cash equivalents		
Balances with banks:		
- on current accounts	708,451	3,082,788
	<u>708,451</u>	<u>3,082,788</u>
Other bank balances		
Deposits with original maturity for more than three months but realisable within twelve months from Balance Sheet date (Refer footnote 16.1)	38,616,872	35,478,030
	<u>38,616,872</u>	<u>35,478,030</u>
	<u>39,325,323</u>	<u>38,560,818</u>

16.1 Fixed deposits amounting ₹ 35,000,000 (Previous year ₹ 35,000,000) are under lien, out of which fixed deposits amounting ₹ 15,000,000 (Previous year ₹ 15,000,000) are under lien towards cash credit facility from Indusind Bank and fixed deposits amounting ₹ 20,000,000 (Previous year ₹ 20,000,000) are under lien towards overdraft facility from Indusind Bank to GK Publication Private Limited (A fellow subsidiary with common Directors)

**17. Short term loans and advances**

	(Amount in ₹)	
	March 31, 2015	March 31, 2014
Unsecured and considered good, unless otherwise stated		
Loans and advances to related parties (Refer note 37)	13,661,000	13,661,000
Advance to suppliers		
- Considered good	5,419,311	3,155,642
- Considered doubtful	1,241,109	288,872
Less: Provision for doubtful advances	1,241,109	288,872
	<u>5,419,311</u>	<u>3,155,642</u>
Balance with government authorities		
- Service Tax Cenvat (net of service tax payable Rs 220,047)	957,490	-
Loans and advances to employees	1,308,918	1,015,110
Other loans and advances		
Prepaid expenses	2,176,336	2,707,604
	<u>2,176,336</u>	<u>2,707,604</u>
	<u>23,523,055</u>	<u>20,539,356</u>

**18. Other current assets**

	(Amount in ₹)	
	March 31, 2015	March 31, 2014
Unbilled revenue	48,931,908	44,097,855
Amount recoverable from Non Banking Financial Company	132,628	-
Interest accrued but not due on fixed deposits	975,526	1,004,558
Interest accrued but not due on loan given to related parties (Refer note 37)	8,047,600	5,881,247
	<u>58,087,662</u>	<u>50,983,660</u>



**Kestone Integrated Marketing Services Private Limited**  
**Notes to the financial statements for the year ended March 31, 2015**

**19. Revenue from operations**

	(Amount in ₹)	
	Year ended March 31, 2015	Year ended March 31, 2014
Revenue from services rendered		
Manpower management services	451,148,005	430,606,037
Event management services	520,762,450	309,933,210
Infrastructure support services	23,919,739	17,527,412
Passthrough services	-	217,171
	<b>995,830,194</b>	<b>758,283,830</b>

Note: Includes services rendered to related party as mentioned below:

Managed manpower services	1,109,562	651,693
Event management services	9,803,000	6,279,600
Infrastructure support services	23,919,739	17,527,401

**20. Other income**

	(Amount in ₹)	
	Year ended March 31, 2015	Year ended March 31, 2014
Interest income on:		
Bank deposits	3,576,109	1,674,657
Loans given to related parties (Refer note 37)	2,407,061	4,623,050
	<b>5,983,170</b>	<b>6,297,707</b>
Other non-operating income		
Profit on sale of fixed assets	31,288	34,000
Foreign exchange gain (net)	-	342,743
Excess provision for gratuity written back	-	411,170
Liabilities written back	10,763,181	-
Provisions for doubtful debts written back	339,029	-
Miscellaneous income	61,075	216,286
	<b>11,194,573</b>	<b>1,004,199</b>
	<b>17,177,743</b>	<b>7,301,906</b>

**21. Cost of services**

	(Amount in ₹)	
	Year ended March 31, 2015	Year ended March 31, 2014
Giveways	114,128,680	83,448,820
Event consultancy	77,546,906	44,455,883
Banquet and hotel charges	57,386,638	33,709,821
Travelling and conveyance	42,709,204	33,281,744
Equipment hire charges	39,066,541	15,754,225
Temporary manpower resources	25,667,516	4,219,134
Business promotion	23,097,228	8,235,867
Printing and stationery	20,548,493	7,689,991
Sponsorship fee	15,233,691	24,300,179
Communication	13,926,888	-
Subscription	1,321,835	-
Photography charges	1,202,672	1,360,946
Recruitment expenses	1,046,593	-
Insurance	1,715,229	-
Rent	1,532,480	-
Miscellaneous expense	1,309,906	-
	<b>437,440,500</b>	<b>256,456,610</b>



Kestone Integrated Marketing Services Private Limited  
Notes to the financial statements for the year ended March 31, 2015

22. Employee benefits expense

	(Amount in ₹)	
	Year ended March 31, 2015	Year ended March 31, 2014
Salaries, wages & bonus and other benefits	401,130,755	377,650,970
Contribution to Provident fund & other funds (net of EDLI charges recovered from employees) (Refer note 29)	24,974,676	23,793,473
Gratuity expenses (Refer note 29 and footnote 22.1)	1,943,311	-
Leave benefits expenses (Refer note 29)	123,442	20,136
Staff welfare expenses	6,692,477	6,034,578
	<b>434,864,661</b>	<b>407,499,157</b>

Footnote 22.1:

As per the actuarial valuation, the gratuity expense for the year ended March 31, 2015 is Rs 4,399,836 including expense pertaining to employees engaged on projects. However, since the gratuity pertaining to such employees is recovered by the Company, hence gratuity amounting Rs 2,456,525 (being the difference between gratuity liability of such employees as at March 31, 2015 and March 31, 2014 of Rs 7,078,903 and Rs 4,622,378 respectively) has been shown under the head "Other current assets" as "Other recoverables" instead of recognising expense for the year.

23. Finance cost

	(Amount in ₹)	
	Year ended March 31, 2015	Year ended March 31, 2014
Interest expense on borrowings	4,521,492	6,407,471
Other borrowing cost (loan processing fee and other charges)	806,152	853,922
	<b>5,327,644</b>	<b>7,261,393</b>

24. Depreciation and amortisation expense

	(Amount in ₹)	
	Year ended March 31, 2015	Year ended March 31, 2014
Depreciation on tangible assets (Refer note 10)	9,037,746	3,664,467
Amortisation on intangible assets (Refer note 11)	340,479	346,931
	<b>9,378,225</b>	<b>4,011,398</b>

25. Other expenses

	(Amount in ₹)	
	Year ended March 31, 2015	Year ended March 31, 2014
Banquet and hotel charges	683,050	-
Giveaways	18,509	-
Travelling and conveyance	3,117,845	6,212,649
Equipment hire charges	3,500	-
Temporary manpower resources	3,630,568	13,820,076
Communication	3,174,576	7,523,061
Printing and stationery	557,669	401,484
Rent	4,281,155	5,563,810
Business promotion	24,852	-
Repair and maintenance:		
Office maintenance	1,902,823	1,867,441
Vehicle	17,380	22,295
Bad debts written off	11,000	307,425
Provision for doubtful receivables	-	339,029
Provision for doubtful supplier advances	990,225	-
Power and fuel	1,153,393	1,072,071
Legal and professional expenses (Refer note 30)	2,632,557	1,461,187
Bank charges	147,996	217,928
Insurance	2,487,187	623,809
Rates and taxes	68,579	312,090
Foreign exchange loss (net)	355,233	-
Fixed assets written off	833,894	-
Sundry balances written off	124,197	679,905
Miscellaneous expense	801,357	190,294
	<b>27,017,545</b>	<b>40,614,554</b>

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

	(Amount in ₹)	
	Year ended March 31, 2015	Year ended March 31, 2014
Contribution to funds related to current year wrongly recorded in previous year	-	(344,212)
	-	<b>(344,212)</b>



27 Contingent liabilities

(Amount in ₹)

Particulars	March 31, 2015	March 31, 2014
Claims made against the Company not acknowledged as debts:		
- Income tax demand		628,160

Note:

For the year ended March 31, 2014

The Assistant Commissioner of Income Tax has made some disallowances and raised a demand of ₹ 628,160 (including interest) for Assessment year 2011-12. The Company has filed an appeal against the demand notice with Commissioner of Income Tax (Appeals). Subsequently, the Commissioner of income tax vide order u/s 250(6) of the Income tax Act, 1961 dated January 7, 2015 made a final disallowance of ₹ 95,000. In the current period, the Company has recognised tax liability on the same in the books of accounts.

28 Commitments

(Amount in ₹)

Particulars	March 31, 2015	March 31, 2014
- Capital commitments	-	160,429
- Other material commitments	-	-

29 Employee benefits obligations

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

A. Defined contribution plans

- Provident Fund
- Employee State Insurance
- Employees Deposit Linked Insurance

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

Particulars	(Amount in ₹)	
	March 31, 2015	March 31, 2014
Employers contribution to provident fund	15,162,136	13,850,824
Employers contribution to employees' state insurance	9,528,056	9,608,742
Contribution to Employee Deposit Linked Insurance	284,484	333,907
Total (Refer note 22)	24,974,676	23,793,473

B. Defined employee benefits 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.

Gratuity

The present value obligation in respect of Gratuity is ascertained annually on actuarial valuation. The scheme is funded by the Company and contribution is made to group gratuity policy issued by Life Insurance Corporation of India.

Leave Encashment

Provision for leave encashment is made by the Company on basis of actuarial valuation.

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

I. Actuarial assumptions

Particulars	Earned Leave (Non funded)		Gratuity (funded)	
	March 31, 2015	March 31, 2014	March 31, 2015	Mar 31, 2014
Discount rate (per annum)	7.80%	9.08%	7.80%	9.08%
Expected rate of increase in compensation levels	4.88%	5%	4.88%	5%
Expected rate of return on plan assets	N.A.	N.A.	9.00%	6.75%
Expected average remaining working lives of employees (years)	24.96	26.04	30.44	30.74
Retirement age (Years)	58	58	58	58
Mortality table	IALM (2006-08)	IALM (2006-08)	IALM (2006-08)	IALM (2006-08)

Ages	Withdrawal Rate (%)		Withdrawal Rate (%)	
	External	External	External/Internal	External/Internal
Up to 30 Years	1.28%	4.57%	3.81/1.70 %	4.57/1.73 %
From 31 to 44 years	2.09%	0.72%	0.75/1.91 %	0.72/0.06 %
Above 44 years	0.00%	0.01%	0.01/0.00 %	0.01/0.00 %

Note:

- The discount rate has been assumed at 7.80% (previous year 9.08%) 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.
- The plan assets of the Company are managed by Life Insurance Corporation of India in terms of an insurance policy taken to fund obligations of the Company with respect to its gratuity plan. The categories of plan assets as a percentage of total plan assets is based on information provided by Life Insurance Corporation of India with respect to its investment pattern for group gratuity fund for investments managed in total for several other companies. Information on categories of plan assets as at March 31, 2015 and March 31, 2014 has not been provided by Life Insurance Corporation of India.
- The Company's leave encashment is entirely unfunded.

II. Present value of obligation

Particulars	Earned Leave (Non funded)		Gratuity (funded)	
	March 31, 2015	March 31, 2014	March 31, 2015	March 31, 2014
Present value of obligation at the beginning of the year	20,136	-	5,437,339	6,387,410
Current service cost	47,964	20,136	2,762,993	1,837,520
Interest cost	1,828	-	493,710	510,993
Benefit paid	(38,731)	-	(1,174,224)	(579,495)
Actuarial loss/(gain) on obligation	73,650	-	1,168,053	(2,719,089)
Present value of obligation at the end of the year	104,847	20,136	8,687,871	5,437,339

III. Fair value of plan assets

Particulars	Gratuity (funded)	
	March 31, 2015	March 31, 2014
Fair value of plan assets at the beginning of the year	279,606	818,507
Expected return on plan assets	25,165	55,249
Contributions	1,000,000	-
Benefits paid	(966,294)	(579,495)
Actuarial (loss) on plan assets	(245)	(14,655)
Fair value of plan assets at the end of the year	338,232	279,606

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

Particulars	Earned Leave (Non funded)		Gratuity (funded)	
	March 31, 2015	March 31, 2014	March 31, 2015	March 31, 2014
Current service cost	47,964	20,136	2,762,993	1,837,520
Interest cost	1,828	-	493,710	510,993
Past service cost	-	-	-	-
Expected return on plan assets	-	-	(25,165)	(55,249)
Net actuarial loss/(gain) to be recognized	73,650	-	1,168,298	(2,704,434)
Expense recognised in Statement of Profit and Loss	123,442	20,136	4,399,836	(411,170)



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

Particulars	Earned Leave (Non funded)		Gratuity (funded)	
	March 31, 2015	March 31, 2014	March 31, 2015	March 31, 2014
Present value of obligation as at the end of the year (A)	104,847	20,136	8,687,871	5,437,339
Fair Value of plan assets as at the end of the year (B)	-	-	338,232	279,606
Net liability recognized in Balance Sheet as at year end (A-B)	104,847	20,136	8,349,639	5,157,733
Amount classified as:				
Short term provision (Refer note 6)	3,005	737	216,358	82,134
Long term provision (Refer note 6)	101,842	19,399	8,133,281	5,075,599

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

(a) Gratuity (Funded)

Particulars	March 31, 2015	March 31, 2014
PBO	8,687,871	5,437,339
Fair value of Plan assets	338,232	279,606
Net (liability)	(8,349,639)	(5,157,733)
Experience gain/(loss) on PBO	1,695,185	867,562
Experience gain/(loss) on plan assets	6,047	(33,072)

Particulars	March 31, 2013	March 31, 2012	March 31, 2011
PBO	(6,387,410)	(3,656,510)	(2,405,755)
Plan assets	818,507	1,426,586	1,316,198
Net (liability)	(5,568,903)	(2,229,924)	(1,089,557)
Experience gain/(loss) on PBO	51,110	581,811	380,052
Experience gain/(loss) on plan assets	(19,611)	7,856	(6,094)

(b) Earned Leave (Non- Funded)

Particulars	March 31, 2015	March 31, 2014
Present value of obligation	104,847	20,136
Fair value of plan assets	-	-
Net Assets/(Liability)	(104,847)	(20,136)
Actuarial gain/(loss) on PBO	(46,697)	-
Actuarial gain/(loss) on plan assets	-	-

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

Particulars	March 31, 2015	March 31, 2014
Employees gratuity fund	4,926,423	3,382,187
Earned leave	22,675	9,268

30 Payment to auditors (included in legal and professional expenses) (excluding Service Tax)

Particulars	March 31, 2015	March 31, 2014
Statutory audit	1,000,000	1,000,000
Reimbursement of expenses	3,307	30,450
	1,003,307	1,030,450

31 Earnings per equity share

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

Particulars	Units	Year Ended	Year ended
		March 31, 2015	March 31, 2014
Profits attributable to the Equity Shareholders	₹	66,831,440	32,996,820
Weighted average number of Equity shares outstanding during the year	Number	1,000,000	1,000,000
Nominal value of Equity shares	₹	10	10
Basic and Diluted Earnings Per Share	₹	66.83	33.00

Note: The Company does not have any outstanding dilutive potential equity shares. Hence the Basic and diluted Earnings Per Share of the Company are same.



32 Segment reporting

Primary Segment

The Company has identified three reportable segments viz. managed manpower services, event management services and infrastructure support services as primary segments. These segments have been identified and reported taking into account nature of products and services, the differing risks and returns and the internal financial reporting systems.

**Managed manpower services:** The Company 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, the Company not only provides manpower but also equip, support and manages these skilled teams to meet the business objectives.

**Event management services:** The Company helps 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 support services:** The Company provides the infrastructure services (like providing Computers, Laptops, Furniture etc.) to its clients.

For the year ended March 31, 2015

Particulars				(Amount in ₹)
	Managed manpower services	Infrastructure support services	Event management services	Total
Revenue				
External revenue	451,148,005	23,919,739	520,762,450	995,830,194
Total revenue	451,148,005	23,919,739	520,762,450	995,830,194
Results				
Segment results	24,762,948	17,955,898	118,057,194	160,776,040
Unallocated expenses				73,646,777
Operating profit				87,129,263
Finance costs				5,327,644
Other income including finance income				17,177,743
Prior period expenses(net)				
Exceptional expenses				
Profit before tax				98,979,362
Income taxes				32,147,922
Net profit				66,831,440

As at March 31, 2015

Particulars				(Amount in ₹)
	Managed manpower services	Infrastructure support services	Event management services	Total
Segment assets	110,416,390	97,465,376	88,481,890	296,363,656
Unallocable assets				147,520,940
Total assets				443,884,596
Segment liabilities	57,039,408	6,613,369	120,172,623	183,825,400
Unallocable liabilities				70,444,600
Total liabilities				254,270,000
<u>Other Information</u>				
Capital expenditure-allocable	-	29,337,984	-	29,337,984
Capital expenditure-unallocable	-	-	-	14,748,056
Depreciation and amortisation- allocable	-	5,963,840	-	5,963,840
Depreciation and amortisation-unallocable	-	-	-	3,414,385
Other significant non-cash expenses (net) allocable	-	-	-	
Other significant non-cash expenses (net) unallocable	-	-	-	1,959,316



Kestone Integrated Marketing Services Private Limited  
Notes to the financial statements for the year ended March 31, 2015  
For the year ended March 31, 2014

(Amount in ₹)

Particulars	Managed manpower services	Infrastructure support services	Event management services	Others	Total
<b>Revenue</b>					
External revenue	430,606,037	17,527,412	309,933,210	217,171	758,283,830
<b>Total revenue</b>	<b>430,606,037</b>	<b>17,527,412</b>	<b>309,933,210</b>	<b>217,171</b>	<b>758,283,830</b>
<b>Results</b>					
Segment results	50,293,635	15,569,808	60,096,845	217,171	126,177,459
Unallocated expenses					76,475,348
Operating profit					49,702,111
Finance cost					7,261,393
Other income including finance income					7,301,906
Prior period income (net)					344,212
Profit before taxes					50,086,836
Income taxes					17,090,016
Net profit					32,996,820

As at March 31, 2014

Particulars	Business segments			Total
	Managed manpower services	Infrastructure support services	Event management services	
Segment assets	94,246,534	28,516,562	88,028,333	210,791,429
Unallocable assets				124,853,646
<b>Total assets</b>				<b>335,645,075</b>
Segment liabilities	48,466,626	-	50,246,165	98,712,791
Unallocable liabilities				113,474,908
<b>Total liabilities</b>				<b>212,187,699</b>
Particulars	Managed manpower services	Infrastructure support services	Event management services	Total

Other Information

Capital expenditure - allocable		1,119,629		1,119,629
Capital expenditure - unallocable				2,312,233
Depreciation and amortisation - allocable		1,957,604		1,957,604
Depreciation and amortisation - unallocable				2,053,794
Other significant non-cash expenses (net) allocable				
Other significant non-cash expenses (net) unallocable				1,326,359





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".

**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 reportable geographical segment.

**33 Leases**

(i) As a lessee

The Company has taken various office premises under cancellable and non cancellable operating leases and one car under cancellable operating lease, ranging from 22 months to 36 months, with an option of renewal at the end of the lease term with mutual consent of both the parties. There are no restrictions imposed by the lessor in the lease agreements. Disclosure in respect of such operating leases is as given below:

Particulars	(Amount in ₹)	
	March 31, 2015	March 31, 2014
Lease rent recognised in the Statement of Profit & Loss during the year (note 21 and 25)		
- in respect of cancellable leases (including ₹ 300,000 on account of lease charges of vehicle)	3,636,715	4,145,140
- in respect of non-cancellable leases	2,476,920	1,418,670
Future minimum lease payments for non cancellable leases:		
Not later than one year	653,382	2,476,920
Later than one year and not later than five years	-	653,640
Later than five years	-	-

(ii) As a lessor

The Company has given some of its fixed assets on cancellable operating lease. Lease terms are generally for one year.

Lease receipts are recognized in the Statement of Profit and Loss during the period amounting ₹ 23,919,739 (Previous year ₹ 17,527,412). As the leases are cancellable leases, hence disclosure relating to minimum lease receipts has not been provided. Refer note 10 and 11 for details of assets given on lease.

**34 Transactions in foreign currency**

a. Expenditure in foreign currency

Particulars	(Amount in ₹)	
	March 31, 2015	March 31, 2014
Banquet and event materials	203,386	2,802,979
Equipment hire charges	10,581,055	48,550
Temporary manpower resources	-	137,563
Travelling & conveyance Expenses	62,851	561,947
Others	3,395,334	4,131,853
Giveways	1,340,181	1,761,411
Professional Charges	1,273,747	-
Total	16,856,554	9,444,303

b. Earnings in foreign currency

Particulars	(Amount in ₹)	
	March 31, 2015	March 31, 2014
Revenue from -		
- Managed manpower services	2,870,434	852,732
- Event management services	1,186,738	14,724,097
- Passthrough services	-	2,281
Total	4,057,172	15,579,110



35 Unhedged foreign currency exposure

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

		March 31, 2015		March 31, 2014	
		Amount in FC	Amount in ₹	Amount in FC	Amount in ₹
Receivable in foreign currency					
Trade receivables	USD	4,507.34	280,968	3,815.00	229,061
Trade Payables	USD	134,419.91	8,379,133	748.00	44,924
	SGD	300.00	13,630		

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

	(Amount in ₹)	
	March 31, 2015	March 31, 2014
The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year included in:		
- Trade payables	79,901,982	50,246,165
Other current liabilities		
- Payable for Expenses	11,309,075	2,184,833
- Payable for Fixed Assets	6,613,369	-
Principal amount due to micro and small enterprises	-	-
Interest due on above	-	-
	<u>97,824,426</u>	<u>52,430,998</u>

The amount of interest paid by the buyer in terms of section 16 of the MSMED ACT 2006 along with the amounts of the payment made to the supplier beyond day each accounting year.

The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointment day during the year) but without adding the interest specified under the MSMED Act, 2006.

The amount of interest accrued and remaining unpaid at the end of each accounting year

The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the MSMED Act 2006.

\* During the period, 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.

37 Related Party Disclosure

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

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

Nature of relationship	Name of related party
Holding Company	CL Educate Limited
Subsidiary companies	Kestone Asia Hub Pte Limited (Formerly known as Career Launcher Asia Educational Hub Pte Limited)
Enterprises that are under common control with the reporting enterprise	i. CL Media Private Limited
Fellow subsidiaries	ii. G K Publications Private Limited
Key Managerial Personnel	i. Mr. Gautam Puri ii. Mr. Nikhil Mahajan
Enterprises over which key managerial personnel exercise significant influence	i. Nalanda Foundation ii. Career Launcher Education Foundation

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

Particulars	(Amount in ₹)	
	March 31, 2015	March 31, 2014
Transactions with related parties		
a) Rendering of services		
Holding Company		
CL Educate Limited		
- Event management services	9,803,000	6,279,600
- Infrastructure support services	23,919,739	17,527,401
- Managed manpower services	1,109,562	651,693



Kestone Integrated Marketing Services Private Limited  
Notes to the financial statements for the year ended March 31, 2015

<b>b) Interest income on loans given</b>		
<i>Enterprises over which key managerial personnel exercise significant influence</i>		
- Career Launcher Education Foundation	651,200	556,752
- Nalanda Foundation	461,301	225,000
<i>Enterprises that are under common control with the reporting enterprise -Follow subsidiaries</i>		
- CL Media Private Limited	1,294,560	3,841,403
<b>c) Unsecured loans given</b>		
<i>Enterprises over which key managerial personnel exercise significant influence</i>		
- Career Launcher Education Foundation		2,070,000
- Nalanda Foundation	5,000,000	
<i>Enterprises that are under common control with the reporting enterprise -Follow subsidiaries</i>		
- CL Media Private Limited		7,000,000
<b>d) Repayment received of Unsecured Loan given</b>		
<i>Enterprises that are under common control with the reporting enterprise -Follow subsidiaries</i>		
- CL Media Private Limited		18,909,000
<i>Enterprises over which key managerial personnel exercise significant influence</i>		
- Nalanda Foundation	5,000,000	
<b>e) Debit notes received for expenses incurred by related parties on behalf of Company</b>		
<i>Holding Company</i>		
- CL Educate Limited	844,056	201,977
<b>f) Receipt of Services</b>		
<i>Enterprises that are under common control with the reporting enterprise -Follow subsidiaries</i>		
- CL Media Private Limited	725,328	
<b>g) Amount incurred on behalf of:</b>		
- CL Educate Limited	1,010,991	
<b>h) Investment made</b>		
<i>Subsidiary Company</i>		
- Kestone Asia Hub Pte Limited		665,692
<b>Balances outstanding as at year end</b>		
<b>a) Other current liabilities:</b>		
<b>Payable for expenses</b>		
<i>Enterprises that are under common control with the reporting enterprise -Follow subsidiaries</i>		
- CL Media Private Limited	1,624,525	825,846
<i>Enterprises over which key managerial personnel exercise significant Influence</i>		
- CL Educate Limited	595,349	
<b>b) Trade receivables:</b>		
<i>Enterprises over which key managerial personnel exercise significant influence</i>		
- CL Educate Limited	66,493,795	34,388,865
- Career Launcher Education Foundation	7,527,875	7,527,875
<b>c) Short term loans and advances:</b>		
<i>Enterprises over which key managerial personnel exercise significant Influence</i>		
- Career Launcher Education Foundation	4,070,000	4,070,000
- Nalanda Foundation	1,500,000	1,500,000
<i>Enterprises that are under common control with the reporting enterprise -Follow subsidiaries</i>		
- CL Media Private Limited	8,091,000	8,091,000
<b>d) Other Receivable</b>		
Receivable against expenses Incurred on behalf of related parties:		
- CL Educate Limited	1,010,991	



**Kestone Integrated Marketing Services Private Limited**  
**Notes to the financial statements for the year ended March 31, 2015**

**e) Interest accrued but not due on loans given:**

*Enterprises over which key managerial personnel exercise significant influence*

- Career Launcher Education Foundation	1,340,938	754,858
- Nalanda Foundation	1,309,684	894,513

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

- CL Media Private Limited	5,396,979	4,231,875
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**f) Investment made**

*Subsidiary Company*

- Kestone Asia Hub Pte Limited		665,692
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**g) Security- Lien on Fixed deposits for loans taken by**

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

- G K Publications Private Limited	20,000,000	20,000,000
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**h) Corporate guarantee against loan taken by the Company**

*Holding Company*

- CL Educate Limited	75,000,000	75,000,000
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**38** The Company has filed legal case against its debtors for recovery of outstanding receivables amounting ₹ 1,728,769. The Company is of the view that all such balances are fully recoverable and no provision is required.

**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. LLP

Chartered Accountants

ICAI Firm Registration No. 103523W

*Pranav Jain*

Pranav Jain

Partner

Membership No.: 098038



For and on behalf of Board of Directors of

Kestone Integrated Marketing Services Private Limited

*Gautam Puri*

Gautam Puri

Director

DIN : 00033548

*Nikhil Mahajan*

Nikhil Mahajan

Director

DIN : 00033404



Place: New Delhi

Date: **June 23, 2015**

Place: New Delhi

Date: **June 23, 2015**