
**Kestone Integrated Marketing
Services Private Limited**

**Consolidated Financial
Statement for the
Year ended March 31, 2015**

Independent Auditor's Report

To the Members of Kestone Integrated Marketing Services Private Limited Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Kestone Integrated Marketing Services Private Limited (hereinafter referred to as "the Holding Company") and its subsidiary (the Holding Company and its subsidiary together referred to as "the Group"), comprising of the Consolidated Balance Sheet as at March 31, 2015, the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the Consolidated Financial Statements").

Management's Responsibility for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group 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. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; the 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, that were operating effectively for ensuring the accuracy and completeness of the accounting records, 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, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. While conducting the 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation of the consolidated financial statements that give a true and fair view in order to design audit



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procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Holding Company has an adequate internal financial controls system over financial reporting in place 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 Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated 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 consolidated state of affairs of the Group as at March 31, 2015, their consolidated profit and their consolidated cash flows for the year ended on that date.

Other Matter

- (a) We did not audit the financial statements of one subsidiary, whose financial statements reflects total assets of ₹ 190,971 as at March 31, 2015 and total revenues of ₹ Nil and net cash flows amounting to ₹ 65,762 for the year ended on that date, as considered in the consolidated financial statements. These financial statements are unaudited and have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of this subsidiary, and our report in terms of sub-sections (3) and (11) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiary is based solely on such unaudited financial statements. In our opinion and according to the information and explanations given to us by the Management, these financial statements are not material to the Group.

Our opinion on the consolidated financial statements and our report on the Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the financial statements certified by the management.

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, based on the comments in the auditor's report of the Holding Company, 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, to the extent applicable, 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 of the aforesaid consolidated financial statements;



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- b. In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept by the Company so far as it appears from our examination of those books and the reports of the other auditors;
- c. The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements;
- d. In our opinion, the aforesaid consolidated 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 of the Holding Company as on March 31, 2015 taken on record by the Board of Directors of the Holding Company, none of the directors of the Holding Company 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 consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group - Refer Note 27 to the financial statements in respect of contingent liabilities.
- (ii) The Group did not have any long term contract including derivative contract 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 Holding Company and its subsidiaries companies, associate companies and jointly controlled entities incorporated in India.

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

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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 consolidated financial statements for the year ended March 31, 2015]

Our report on CARO excludes one subsidiary company incorporated outside India and hence CARO 2015 is not applicable to such subsidiary company.

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

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

(ii) The the Group is engaged in the business of providing managed manpower, event management and infrastructural support services and did not hold any inventories during the year. Accordingly, the provisions of clause (ii) of paragraph 3 of the Order are not applicable to the Company.

(iii) The Group has granted interest bearing unsecured loans to one company and two other parties covered in the register maintained under Section 189 of the Act.

(a) According to the information and explanations given to us, principal and interest are not yet due for repayment as per the terms of agreement.

(b) There is no overdue amount in excess of ₹ 100,000 in respect of loans granted to 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 Group 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 of the holding company with regard to the sale of services related to event management needs to be strengthened to be commensurate with the size of the Group 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 holding company with regard to the sale of services related to event management, we have not observed any continuing failure to correct major weaknesses in internal control system of the Group.

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 by the management of the Group, the respective entities have 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 Group under sub-section (1) of Section 148 of the Act and the rules framed there under.



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- (vii) (a) The Group is regular in depositing with appropriate authorities, undisputed statutory dues including provident fund, employees' state insurance, income tax, sales tax, wealth tax, service tax, value added tax, customs duty, excise duty, cess and any other material statutory dues applicable to it.

According to the information and explanations given by the management of the Group, 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 by the management of the Group, 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 by the management of the Group, there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the respective entities.

- (viii) The Group did 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 by the management of the Group, the respective entities have not defaulted in repayment of dues to financial institutions and banks. The Group has not issued any debentures.

(x) According to the information and explanations given by the management of the Group, the respective entities have not given any guarantee for loans taken by others from banks or financial institutions.

(xi) According to the information and explanations given by the management of the Group, the term loans have been applied for the purpose for which the loans were obtained.

(xii) During the course of examination of the books and records of the Group, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given, we have neither come across any instance of fraud on or by the respective entities, noticed or reported during the year, nor have we been informed of any such instance by the management of the respective entities.

For Haribhakti & Co. LLP

Chartered Accountants

ICAI Firm Registration No. 103523V/

Pranav Jain

Pranav Jain

Partner

Membership No. 098308



Date: June 23, 2015

Place: New Delhi

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

	Note	(Amount in ₹) March 31, 2015
EQUITY AND LIABILITIES		
Shareholders' funds		
Share capital	3	10,000,000
Reserves and surplus	4	182,100,639
		192,100,639
Non-current liabilities		
Long term borrowings	5	688,641
Long-term provisions	6	8,235,123
		8,923,764
Current liabilities		
Short term borrowings	7	48,009,891
Trade payables	8	80,141,987
Other current liabilities	9	125,394,993
Short-term provisions	6	219,363
		253,766,234
TOTAL		454,790,637
ASSETS		
Non-current assets		
Fixed assets		
Tangible assets	10	46,753,217
Intangible assets	11	883,368
Goodwill on consolidation	12	11,380,761
Deferred tax asset (net)	13	991,324
Long term loans and advances	14	61,389,890
Other non-current assets	14a	2,456,525
		123,855,085
Current assets		
Trade receivables	15	209,821,801
Cash and bank balances	16	39,428,158
Short term loans and advances	17	23,597,930
Other current assets	18	58,087,663
		330,935,552
TOTAL		454,790,637

Summary of significant accounting policies 2
The notes form an integral part of the consolidated 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
Consolidated Statement of Profit and Loss for the year ended March 31, 2015

	Note	(Amount in ₹) Year ended March 31, 2015
Income		
Revenue from operations	19	995,830,194
Other income	20	17,374,628
Total revenue		1,013,204,822
Expenses		
Cost of services	21	437,440,500
Employee benefits expense	22	434,864,661
Finance cost	23	5,327,644
Depreciation and amortization expenses	24	9,479,227
Other expenses	25	26,894,124
Total expenses		914,006,156
Profit before tax		99,198,666
Tax expense		
a. Current tax		32,335,340
b. Deferred tax benefit	13	(252,563)
c. Tax for earlier years		65,145
Total tax expense		32,147,922
Profit for the year		67,050,744

Earning per equity share (in ₹)

Nominal value of ₹ 10 per share	29	67.05
-Basic and diluted		

Summary of significant accounting policies 2
 The notes form an integral part of the consolidated 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
Consolidated Cash Flow Statement for the year ended March 31, 2015

(Amount in ₹)
Year ended
March 31, 2015

Cash flows from operating activities	
Net profit before tax and prior period items	99,198,666
Adjustments for:	
Depreciation and amortisation	9,479,227
Finance cost	5,327,644
Profit on sale of assets (net)	(31,288)
Liabilities and balances written back	(10,960,066)
Provision for doubtful receivables written back	(339,029)
Bad debts written off	11,000
Provision for doubtful advances	990,225
Miscellaneous balances written off	124,197
Fixed assets written off	833,894
Interest income	(5,983,170)
Unrealised forex (gain)/loss	335,075
Cash from operating activities before working capital changes	98,986,375
Movement in assets and liabilities, net	
Adjustments for (increase)/decrease in operating assets:	
- trade receivables	(51,567,601)
- long term loans and advances	(317,389)
- short term loans and advances	(3,775,635)
- other non current assets	(2,456,525)
- other current assets	(4,966,681)
Adjustments for increase/(decrease) in operating liabilities:	
- trade payables	29,309,701
- other current liabilities	19,868,690
- long term provisions	3,140,125
- short term provisions	136,492
	(10,628,823)
Cash flow from operations	88,357,552
Less: Taxes paid (net of refund, including interest on refund)	41,696,937
Net cash generated from operating activities (A)	46,660,615
Cash flows from investing activities	
Purchase of fixed assets	(37,829,560)
Proceeds from sale of fixed assets	63,000
Fixed deposits made	(38,616,872)
Proceeds from maturity of fixed deposits	35,478,030
Loans given to related parties	(5,000,000)
Repayments received	5,000,000
Interest income received	3,845,848
Net cash (used in) investing activities (B)	(37,059,554)
Cash flows from financing activities	
Repayments of short term borrowings	(2,377,703)
Repayments of long term borrowings	(4,275,226)
Finance cost paid	(5,388,230)
Net cash (used in)/generated from financing activities (C)	(12,041,159)

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

Continued from previous page

Net (decrease) in cash and cash equivalents (D)= (A) + (B) + (C)	(2,440,098)
Beginning of the year (E)	3,251,384
End of the year (F)= (D) + (E)	811,286
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
Cash and bank balances as per balance sheet (H) = (F) + (G)	39,428,158
Summary of significant accounting policies (Refer note 2)	

- i. The notes form an integral part of the financial statements.
ii. The above consolidated 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



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

Gautam Puri
Gautam Puri
Director
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Nikhil Mahajan
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
Notes to the Consolidated Financial Statements for the year ended March 31, 2015

1. Background

Kestone Integrated Marketing Services Private Limited ('the Company' or 'the Holding 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.

The accompanying Consolidated Financial Statements reflect results of activities undertaken by the Company and its subsidiary (collectively referred to as 'the Group') during the year April 1, 2014 to March 31, 2015.

2. Summary of significant accounting policies

(i) Basis for preparation of Consolidated Financial Statements:

The consolidated 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 consolidated financial statements have been prepared under the historical cost convention on an accrual basis.

(ii) Principles of consolidation:

The Consolidated Financial Statements include the financial statements of the Company and its subsidiaries.

The Consolidated Financial Statements have been prepared in accordance with Accounting Standard (AS-21) on "Consolidated Financial Statements" specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. The Consolidated Financial Statements are prepared on the following basis:

- a. Consolidated Financial Statements include Consolidated Balance Sheet, Consolidated Statement of Profit and Loss, Consolidated Cash Flow Statement and notes to Consolidated Financial Statements, other statements and explanatory material that form an integral part thereof. The Consolidated Financial Statements are presented, to the extent possible, in the same format as adapted by the Company for its standalone financial statements.
- b. The Consolidated Financial Statements have been combined on a line by line basis by adding the book values of like items of assets, liabilities, income and expenses after eliminating intra-group balances/transactions and resulting unrealised profits in full. The amounts shown in respect of reserves comprise the amount of the relevant reserves as per the Balance Sheet of the holding company and its share in the post-acquisition increase/ (decrease) in the relevant reserves of the entity to be consolidated. This procedure has been performed using the Standalone Financial Statements of the holding company and its subsidiary.
- c. As per Accounting Standard 21 on Consolidated Financial Statements, notes involving items which are material need to be disclosed. Materiality for this purpose is assessed in relation to the information contained in the Consolidated Financial Statements.

(iii) Basis for Consolidation:

The Consolidated Financial Statements include the financial statements of holding company and its subsidiary (collectively known as "the Group").

Subsidiaries

Kestone Asia Hub Pte Ltd (Singapore)

Effective shareholding

March 31, 2015

99.99%

Entities acquired/sold during the year have been consolidated from/upto the respective date of their acquisition/disposal.



Kestone Integrated Marketing Services Private Limited

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

(iv) Use of estimates

The preparation of consolidated 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.

(v) Operating cycle

All assets and liabilities have been classified as current or non-current as per the Group's normal operating cycle and other criteria set out in the Schedule III to the Act. Based on the above criteria, the Group has ascertained its operating cycle as twelve months for the purpose of current/noncurrent classification of assets and liabilities.

(vi) Revenue recognition

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

The Group 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.

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.

(vii) 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 Consolidated 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 Group and are shown separately in the consolidated financial statements under other current assets. Loss determined, if any, is recognised immediately in the Consolidated 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 Consolidated Statement of Profit and Loss.

(viii) Depreciation and amortisation

Depreciation and amortisation has been calculated on Straight Line Method at the following useful lives, based on management estimates, which are equal to the rates specified as per 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 Group with effect from April 1, 2014. Accordingly, the Group 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)
Tangible Assets:		
Furniture and fittings	10	10
Office equipment - Electric	10	10
Office equipment - Other	5	10
Vehicle	8/10	10
Computer equipment	3	5
Intangible Assets:		
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 consolidated retained earnings as on that date.

As a consequence, had the Group 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 ₹ 51,215,958 as against reported amount of Rs 47,636,585. The impact of change in estimates of useful lives on subsequent periods is not realistically ascertainable.



Kestone Integrated Marketing Services Private Limited

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

(ix) 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.

(x) 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.

(xi) Leases:

Where the Group is lessee

Finance leases, which effectively transfer to the Group 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 Consolidated 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 Group 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 Consolidated Statement of Profit and Loss on a straight-line basis over the lease term.

Where the Group is the lessor

Leases in which the Group 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 Group 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 Consolidated Statement of Profit and Loss. Initial direct costs such as legal costs, brokerage costs, etc. are recognised immediately in the Consolidated Statement of Profit and Loss.

Leases in which the Group 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 Consolidated Statement of Profit and Loss on a straight-line basis over the lease term. Costs, including depreciation, are recognised as an expense in the Consolidated Statement of Profit and Loss. Initial direct costs such as legal costs, brokerage costs, etc. are recognised immediately in the Consolidated Statement of Profit and Loss.



(xii) **Employee Benefits**

Short term employee benefits:

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

Long term employee benefits:

- **Defined contribution plan: Provident fund**

All employees of the holding 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/salaries 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 Group's contributions to these schemes are expensed off in the Consolidated Statement of Profit and Loss. The Group has no further obligations under these plans beyond its monthly contributions.

- **Defined Benefit Plan: Gratuity**

The Group provides for retirement benefits in the form of Gratuity. Benefits payable to eligible employees of the Group 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 Consolidated Statement of Profit and Loss. The expected return on plan assets is based on the assumed rate of return of such assets. The Group contributes to a trust set up by the holding company which further contributes to a policy taken from the Life Insurance Corporation of India.

- **Other long-term benefits: Leave encashment**

Benefits under the Group'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 Consolidated Statement of Profit and Loss.



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

(xiii) Foreign exchange transactions

The reporting currency of the Group is the Indian Rupee. However, the local currency of the integral overseas subsidiary is different from the reporting currency of the Group.

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 Consolidated 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 recognised in the Consolidated 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 financial statements of an integral foreign operation are translated as if the transactions of the foreign operations have been those of the holding 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.

(xiv) 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.



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

Minimum alternate tax

Minimum alternate tax (MAT) under the Income Tax Act, 1961, payable for the year is charged to the Consolidated Statement of Profit and Loss as current tax. The Group recognizes MAT credit available as an asset only to the extent that there is convincing evidence that the Group 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 Group 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 Consolidated Statement of Profit and Loss and shown as "MAT Credit Entitlement." The Group reviews the "MAT credit entitlement" asset at each reporting date and writes down the asset to the extent the Group does not have convincing evidence that it will pay normal tax during the specified period.

(xv) Provisions, contingent liabilities and contingent assets

Provision

The Group 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 consolidated financial statements.

(xvi) Cash and cash equivalents

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

(xvii) 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.

(xviii) Segment Reporting

The Group 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.



Kestone Integrated Marketing Services Private Limited

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

The accounting policies adopted for segment reporting are in line with the accounting policies of the Group. 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 Group as a whole and are not allocable to segments on reasonable basis have been included under "unallocated revenue / expenses / assets / liabilities".

(xix) 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 consolidated 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	
	Numbers	Amount in ₹
Authorised Shares		
Equity shares of ₹ 10 each	1,000,000	10,000,000
Issued, subscribed and fully paid up shares		
Equity shares of ₹ 10 each	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	
	Numbers	Amount in ₹
At the beginning of the year	1,000,000	10,000,000
Issued during the year	-	-
Outstanding at the end of the year	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 its nominees.

Name of the share holders	March 31, 2015	
	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

Note a: None of the nominees individually own 5% or more 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 Services Private Limited
Notes to the consolidated financial statements for the year ended March 31, 2015

4. Reserves and surplus

Surplus in the Statement of Profit and Loss	(Amount in ₹)
	March 31, 2015
Opening balance	115,733,115
Add: Profit after tax for the year	67,050,744
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
Total Reserves and surplus	182,100,639

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, 2015
Unsecured term loan		
From bank (Refer note i)	-	1,128,541
Secured loan		
Vehicle loan from Non Banking Finance Companies (NBFCs) (Refer note ii)	688,641	489,162
	688,641	1,617,703
Amount disclosed under the head other current liabilities (Refer note 9)	-	(1,617,703)
Net amount	688,641	-

(i) Unsecured loan from bank

The term loans so availed of ₹ 4,000,000. Period end balances of these loans are ₹ 1,128,541.

Interest rate:

These loans carry interest at Bank's base rate + 7.75% per annum i.e. 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.

Interest rate:

The loans of ₹ 4,000,000 and ₹ 3,500,000 carry interest at fixed rate of 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 year.

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 year.

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



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

The repayment terms of the vehicle loans are as follows:

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

The rate of interest on the vehicle loan is 10.59%

6. Provisions

	(Amount in ₹)	
	Long Term March 31, 2015	Short Term March 31, 2015
Provision for employee benefits: (Also refer note 28)		
Provision for gratuity	8,133,281	216,358
Provision for leave encashment	101,842	3,005
	<u>8,235,123</u>	<u>219,363</u>

7. Short term borrowings

	(Amount in ₹)	
	March 31, 2015	
Secured		
Loan repayable on demand		
Cash credit from bank		40,053,705
Unsecured		
Loan from related party (Refer note 34)		7,956,186
		<u>48,009,891</u>

Footnotes:

Cash credit from bank

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
- Lien on fixed deposits amounting ₹ 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
- Aggregate amount of loans guaranteed by directors of the Company ₹ 40,053,705

Loan from related party

The loan received from related party is an unsecured, interest free loan repayable on demand

8. Trade payables

	(Amount in ₹)	
	March 31, 2015	
Trade payables (Refer note 33 for details of dues to Micro, Small and Medium Enterprises)		80,141,987
		<u>80,141,987</u>

9. Other current liabilities

	(Amount in ₹)	
	March 31, 2015	
Current maturities of long term borrowings (Refer note 5)		1,617,703
Interest accrued but not due on borrowings		23,144
Advance from customers		34,281,022
Employees related payables		55,939,016
Receipts on behalf of clients		7,528,427
Payable for expenses (Refer footnote 9.1 and 9.2)		11,532,882
Payable for fixed assets (Refer footnote 9.1)		6,613,369
Other payable :		
a. Tax deducted at source		4,124,815
b. Provident fund and Employees state insurance		3,497,390
c. Professional tax		237,225
		<u>125,394,993</u>

9.1 Refer note 33 for details of dues to Micro, Small and Medium Enterprises

9.2 Includes payable to related parties-Refer note 34



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

10. Tangible assets *

Particulars	Gross block (at cost)			Accumulated depreciation			(Amount in ₹) Net block As at March 31, 2015		
	Upto April 1, 2014	Additions	Disposal/ adjustments	As at March 31, 2015	Upto April 1, 2014	Depreciation for the year		Adjustments pursuant to Schedule II *	Disposal
Own assets									
Vehicles#	240,730	1,737,089	240,730	1,737,089	237,181	159,312	-	238,252	158,241
Computers#	21,445,698	19,814,908	4,972,033	36,288,573	12,350,487	7,264,395	623,377	4,199,248	16,039,011
Furniture & Fittings#	3,396,840	12,102,461	360,582	15,138,719	3,087,839	321,571	6,193	360,582	3,055,021
Office Equipment#	6,191,813	10,404,582	499,593	16,096,802	1,880,398	1,393,470	391,075	409,250	3,255,693
Total	31,275,081	44,059,040	6,072,938	69,261,183	17,555,905	9,138,748	1,020,645	5,207,332	22,507,966

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
	36,437,438	6,365,649	5,963,841	30,071,789

* 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 charged to opening reserves of the Group.

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



Kestone Integrated Marketing Services Private Limited
Notes to the consolidated 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		
	Upto April 1, 2014	Additions	Disposal/ adjustments	As at March 31, 2015	Upto April 1, 2014		Amortisation for the year	Disposal
Computer software	2,181,870	27,000	-	2,208,870	985,023	340,479	-	1,325,502
	2,181,870	27,000	-	2,208,870	985,023	340,479	-	1,325,502
								883,368
								883,368

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Kestone Integrated Marketing Services Private Limited

Notes to the consolidated financial statements for the year ended March 31, 2015

12. Goodwill on consolidation

	(Amount in ₹)
	March 31, 2015
Kestone Asia Hub Pte Limited	11,380,761
	<u>11,380,761</u>

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 Consolidated 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:

	March 31, 2015	Benefit/ (Charge) for the year	(Amount in ₹) March 31, 2014
Deferred tax assets			
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	-
	<u>3,304,850</u>	<u>1,190,556</u>	<u>2,114,294</u>
Total deferred tax assets			
Deferred tax liability			
Depreciation	2,650,951	(937,993)	1,712,958
	<u>2,650,951</u>	<u>(937,993)</u>	<u>1,712,958</u>
Total deferred tax liability			
Deferred tax asset (net)	<u>653,899</u>	<u>252,563</u>	<u>401,336</u>
Footnote:			
Deferred Tax Asset	653,899		
Add: Transfer from retained earnings on account of Schedule II adjustments (Refer note 4)	337,425		
Net deferred tax asset	<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
Unsecured and considered good	
Advance tax and tax deducted at source (net of provisions for tax amounting to ₹ 78,691,901)	58,626,849
Security deposits	2,406,152
Capital advances	356,889
	<u>61,389,890</u>

14a. Other non current assets

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



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

15. Trade receivables (Refer footnote 15.1)

	(Amount in ₹)
	<u>March 31, 2015</u>
Outstanding for a period exceeding six months from the date they are due for payment - Unsecured and considered good	44,759,118
Others	165,062,683
	<u>209,821,801</u>
15.1 Includes amount due from related parties (Refer note 34)	

16. Cash and bank balances

	(Amount in ₹)
	<u>March 31, 2015</u>
Cash and cash equivalents	
Cash on hand (Refer footnote 16.1)	36,425
Balances with banks: (Refer footnote 16.2)	
- on current accounts	774,861
	<u>811,286</u>
Other bank balances	
Deposits with original maturity for more than three months but realisable within twelve months from Balance Sheet date (Refer footnote 16.3)	38,616,872
	<u>39,428,158</u>

16.1 Includes ₹ 36,425 in foreign currency (refer note 32)

16.2 Includes ₹ 66,410 in foreign currency (refer note 32)

16.3 Fixed deposits amounting ₹ 35,000,000 are under lien, out of which fixed deposits amounting ₹ 15,000,000 are under lien towards cash credit facility from IndusInd Bank and fixed deposits amounting ₹ 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 ₹)
		<u>March 31, 2015</u>
Unsecured and considered good, unless otherwise stated		
Loans and advances to related parties (Refer note 34)	(A)	<u>13,661,000</u>
Advance to suppliers		
- Considered good		5,419,311
- Considered doubtful		1,241,109
Less: Provision for doubtful advances		1,241,109
Total	(B)	<u>5,419,311</u>
Security deposits	(C)	74,875
Balance with government authorities		
- Service Tax Cenvat (net of service tax payable Rs 220,047)	(D)	957,490
Loans and advances to employees	(E)	<u>1,308,918</u>
Other loans and advances		
Prepaid expenses	(F)	<u>2,176,336</u>
Total	(A)+(B)+(C)+(D)+(E)+(F)	<u>23,597,930</u>

18. Other current assets

	(Amount in ₹)
	<u>March 31, 2015</u>
Unbilled revenue	48,931,908
Amount recoverable from Non Banking Financial Company	132,628
Interest accrued but not due on fixed deposits	975,526
Interest accrued but not due on loan given to related parties (Refer note 34)	8,047,601
	<u>58,087,663</u>



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

19. Revenue from operations

	(Amount in ₹)
	Year ended March 31, 2015
Revenue from services rendered	
Manpower management services	451,148,005
Event management services	520,762,450
Infrastructure support services	23,919,739
	<u>995,830,194</u>

Note: Includes services rendered to related party as mentioned below: (Also refer note 34)

Manpower management services	1,109,562
Event management services	9,803,000
Infrastructure support services	23,919,739

20. Other income

	(Amount in ₹)
	Year ended March 31, 2015
Interest income on:	
Bank deposits	3,576,109
Loans given to related parties (Refer note 34)	2,407,061
	<u>5,983,170</u>
Other non-operating income	
Profit on sale of fixed assets	31,288
Liabilities written back	10,960,066
Provisions for doubtful debts written back	339,029
Miscellaneous Income	61,075
	<u>11,391,458</u>
	<u>17,374,628</u>

21. Cost of services

	(Amount in ₹)
	Year ended March 31, 2015
Giveaways	114,128,680
Event consultancy	77,546,906
Banquet and hotel charges	57,386,638
Travelling and conveyance	42,709,204
Equipment hire charges	39,066,541
Temporary manpower resources	25,667,516
Business promotion	23,097,228
Printing and stationery	20,548,493
Sponsorship Fee	15,233,691
Communication	13,926,888
Subscription	1,321,835
Photography Charges	1,202,672
Recruitment Expenses	1,046,593
Insurance	1,715,229
Rent (Refer note 32)	1,532,480
Miscellaneous expense	1,309,906
	<u>437,440,500</u>



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

22. Employee benefits expense

	(Amount in ₹)
	Year ended March 31, 2015
Salaries, wages & bonus and other benefits	401,130,755
Contribution to Provident fund & other funds (net of EDLI charges recovered from employees) (Refer note 28)	24,974,676
Gratuity expenses (Refer note 28 and footnote 22.1)	1,943,311
Leave benefits expenses (Refer note 28)	123,442
Staff welfare expenses	6,692,477
	<u>434,864,661</u>

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 recoverable by the Group, 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 amounting 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
Interest expense on borrowings	4,521,492
Other borrowing cost (loan processing fee and other charges)	806,152
	<u>5,327,644</u>

24. Depreciation and amortisation expense

	(Amount in ₹)
	Year ended March 31, 2015
Depreciation on tangible assets (Refer note 10)	9,138,748
Amortisation on intangible assets (Refer note 11)	340,479
	<u>9,479,227</u>

25. Other expenses

	(Amount in ₹)
	Year ended March 31, 2015
Banquet and hotel charges	683,050
Giveaways	18,509
Travelling and conveyance	3,117,845
Equipment hire charges	3,500
Temporary manpower resources	3,630,568
Communication	3,174,576
Printing and stationery	557,669
Rent (Refer note 31)	4,281,155
Business promotion	24,852
Repair and maintenance:	
Office maintenance	2,044,929
Vehicle	17,380
Bad debts written off	11,000
Provision for doubtful supplier advances	990,225
Power and fuel	1,153,393
Legal and professional expenses	2,697,105
Bank charges	170,270
Insurance	2,487,187
Rates and taxes	68,579
Foreign exchange loss (net)	2,885
Fixed assets written off	833,894
Sundry balances written off	124,197
Miscellaneous expense	801,356
	<u>26,894,124</u>



26 Contingent liabilities

(Amount in ₹)

Particulars	March 31, 2015
Claims made against the Company not acknowledged as debts	-

27 Commitments

(Amount in ₹)

Particulars	March 31, 2015
- Capital commitments	-
- Other material commitments	-

28 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
Employers contribution to provident fund	15,162,136
Employers contribution to employees' state insurance	9,528,056
Contribution to Employee Deposit Linked Insurance	284,484
Total (Refer note 22)	24,974,676

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

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, 2015
Discount rate (per annum)	7.80%	7.80%
Expected rate of increase in compensation levels	4.88%	4.88%
Expected rate of return on plan assets	N.A.	9.00%
Expected average remaining working lives of employees (years)	24.96	30.44
Retirement age (Years)	58	58
Mortality table	IALM (2006-08)	IALM (2006-08)
Ages	Withdrawal Rate (%)	
	External	External/Internal
Up to 30 Years	1.28%	3.81/1.70 %
From 31 to 44 years	2.09%	0.75/1.91 %
Above 44 years	0.00%	0.01/0.00 %

Note:

- The discount rate has been assumed at 7.80% 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 has not been provided by Life Insurance Corporation of India.
- The Company's leave encashment is entirely unfunded.

II. Present value of obligation

Particulars	(Amount in ₹)	
	Earned Leave (Non funded)	Gratuity (funded)
	March 31, 2015	March 31, 2015
Present value of obligation at the beginning of the year	20,136	5,437,339
Current service cost	47,964	2,762,993
Interest cost	1,828	493,710
Benefit paid	(38,731)	(1,174,224)
Actuarial loss/(gain) on obligation	73,650	1,168,053
Present value of obligation at the end of the year	104,847	8,687,871

III. Fair value of plan assets

Particulars	(Amount in ₹)	
	Gratuity (funded)	
	March 31, 2015	
Fair value of plan assets at the beginning of the year	279,606	
Expected return on plan assets	25,165	
Contributions	1,000,000	
Benefits paid	(966,294)	
Actuarial (loss) on plan assets	(245)	
Fair value of plan assets at the end of the year	<u>338,232</u>	



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

Particulars	(Amount in ₹)	
	Earned Leave (Non funded)	Gratuity (funded)
	March 31, 2015	March 31, 2015
Current service cost	47,964	2,762,993
Interest cost	1,828	493,710
Past service cost	-	-
Expected return on plan assets	-	(25,165)
Net actuarial loss/(gain) to be recognized	73,650	1,168,298
Expense recognised in Consolidated Statement of Profit and Loss	123,442	4,399,836

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

Particulars	(Amount in ₹)	
	Earned Leave (Non funded)	Gratuity (funded)
	March 31, 2015	March 31, 2015
Present value of obligation as at the end of the year (A)	104,847	8,687,871
Fair Value of plan assets as at the end of the year (B)	-	338,232
Net liability recognized in Balance Sheet as at year end (A-B)	104,847	8,349,639
Amount classified as:		
Short term provision (Refer note 6)	3,005	216,358
Long term provision (Refer note 6)	101,842	8,133,281

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

(a) Gratuity (Funded)

Particulars	(Amount in ₹)
	March 31, 2015
PBO	8,687,871
Fair value of Plan assets	338,232
Net (liability)	(8,349,639)
Experience gain/(loss) on PBO	1,695,185
Experience gain/(loss) on plan assets	6,047
Refer foot note 1	

(b) Earned Leave (Non- Funded)

Particulars	(Amount in ₹)
	March 31, 2015
Present value of obligation	104,847
Fair value of plan assets	-
Net Assets/(Liability)	(104,847)
Actuarial gain/(loss) on PBO	(46,697)
Actuarial gain/(loss) on plan assets	-
Refer foot note 1	

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

Particulars	(Amount in ₹)
	March 31, 2015
Employees gratuity fund	4,926,423
Earned leave	22,675

Foot note 1:

As the consolidated financial statements are being presented for the first time, disclosures for 5 years as required by paragraph 120 of AS 15 have not been provided.



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

29 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 March 31, 2015
Profits attributable to the Equity Shareholders	₹	67,050,744
Weighted average number of Equity shares outstanding during the year	Number	1,000,000
Nominal value of Equity shares	₹	10
Basic and Diluted Earnings Per Share	₹	67.05

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.

30 Segment reporting

Primary Segment

The Group 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 Group 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 Group not only provides manpower but also equip, support and manages these skilled teams to meet the business objectives.

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

For the year ended March 31, 2015

Particulars	(Amount in ₹)			Total
	Managed manpower services	Infrastructure support services	Event management services	
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				73,624,358
Operating profit				87,151,682
Finance costs				5,327,644
Other income including finance income				17,374,628
Prior period expenses(net)				-
Exceptional expenses				-
Profit before tax				99,198,666
Income taxes				32,147,922
Net profit				67,050,744



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

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				158,426,981
Total assets				454,790,637
Segment liabilities	57,039,408	6,613,369	120,172,623	183,825,400
Unallocable liabilities				78,864,598
Total liabilities				262,689,998

Other information

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	-	-	-	3,515,387
Other significant non-cash expenses (net) allocable	-	-	-	-
Other significant non-cash expenses (net) unallocable	-	-	-	1,959,316

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. Goodwill on consolidation and tax related assets and other assets and liabilities that cannot be allocated to a segment on reasonable basis have been disclosed as "unallocable".

Secondary Segment

The group has identified geographical segment as secondary segment.

Financial information about the geographic segment is given below:

For the year ended March 31, 2015

Particulars	Withir. India	Overseas	Total
Segment revenue	995,830,194	-	995,830,194
Segment assets	454,599,666	190,971	454,790,637
Segment liabilities	254,270,000	8,419,998	262,689,998
Capital expenditures	44,086,040	-	44,086,040

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31 Leases

(i) As a lessee

The Group 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	
Lease rent recognised in the Consolidated 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
- in respect of non-cancellable leases		2,476,920
Future minimum lease payments for non cancellable leases:		
Not later than one year		653,382
Later than one year and not later than five years		-
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 Consolidated Statement of Profit and Loss during the period amounting ₹ 23,919,739. As the leases are cancellable leases, hence disclosure relating to minimum lease receipts has not been provided. Refer note 10 for details of assets given on lease.

32 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	
		Amount in FC	Amount in ₹
Trade receivables	USD	4,507.34	280,968
Cash balance in foreign exchange	SGD	800.57	36,425
Bank balances in current accounts	SGD	1,459.61	66,410
Earnest money & security deposits	SGD	1,645.66	74,875
Trade payables	USD	134,419.91	8,379,133
	SGD	300.00	13,630
Short term borrowings	SGD	174,867.00	7,956,186
Accrued expense and liabilities	SGD	10,194.00	463,812

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

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

	(Amount in ₹)
	<u>March 31, 2015</u>
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	80,141,987
Other current liabilities	
- Payable for Expenses	11,532,882
- Payable for Fixed Assets	6,613,369
Principal amount due to micro and small enterprises	-
Interest due on above	-
	<u>98,288,238</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 Group 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 Group.

34 Related Party Disclosure

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

(A) List of related parties where control exists and other parties with whom transactions have taken place:

Nature of relationship	Name of related party
Holding Company	CL Educate Limited
Enterprises that are under common control with the reporting enterprise - Fellow subsidiaries	i. CL Media Private Limited 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 ₹)
	<u>March 31, 2015</u>

Transactions with related parties

a) Rendering of services

Holding Company

CL Educate Limited

- Event management services	9,803,000
- Infrastructure support services	23,919,739
- Managed manpower services	1,109,562



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

b) Interest income on loans given

Enterprises over which key managerial

- Career Launcher Education Foundation	651,200
- Nalanda Foundation	461,301

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

- CL Media Private Limited	1,294,560
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c) Unsecured loans given

Enterprises over which key managerial personnel exercise significant influence

- Nalanda Foundation	5,000,000
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d) Repayment received of Unsecured Loan given

Enterprises over which key managerial personnel exercise significant influence

- Nalanda Foundation	5,000,000
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e) Debit notes received for expenses incurred by related parties on behalf of Company

Holding Company

- CL Educate Limited	844,056
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f) Receipt of Services

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

- CL Media Private Limited	725,328
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g) Amount incurred on behalf of:

- CL Educate Limited	1,010,991
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Balances outstanding as at year end

a) Other current liabilities:

Payable for expenses

Enterprises that are under common control

- CL Media Private Limited	1,624,525
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Enterprises over which key managerial

- CL Educate Limited	595,349
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b) Trade receivables:

Enterprises over which key managerial

- CL Educate Limited	66,493,795
- Career Launcher Education Foundation	7,527,875

c) Short term loans and advances:

Enterprises over which key managerial

- Career Launcher Education Foundation	4,070,000
- Nalanda Foundation	1,500,000

Enterprises that are under common control

- CL Media Private Limited	8,091,000
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d) Other Receivable

Receivable against expenses incurred on

- CL Educate Limited	1,010,991
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Kestone Integrated Marketing Services Private Limited
Notes to the consolidated financial statements for the year ended March 31, 2015

e) Interest accrued but not due on loans

Enterprises over which key managerial

- Career Launcher Education Foundation	1,340,938
- Nalanda Foundation	1,309,684

Enterprises that are under common control

- CL Media Private Limited	5,396,979
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f) Security- Lien on Fixed deposits for loans taken by

Enterprises that are under common control

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

Holding Company

- CL Educate Limited	75,000,000
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h) Short term borrowings

Holding Company


- CL Educate Limited	7,956,186
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35 Statement of Net Assets and Profit or Loss attributable to owners

Name of the entity	Net Assets, i.e. total assets minus total liabilities (including goodwill on consolidation)		Share in profit or loss	
	As % of consolidated net assets	Amount ₹	As % of consolidated profit or loss	Amount ₹
Kestone Integrated Marketing Services Private Limited	104.28%	200,329,665	99.67%	66,831,440
Foreign Subsidiary				
Kestone Asia Hub Pte Limited	-4.28%	(8,229,026)	0.33%	219,304
Consolidated Net Assets / Profit after tax	100%	192,100,639	100%	67,050,744

36 The company has prepared consolidated financial statements for the first time as required by Section 129(3) of the Companies Act, 2013. In accordance with the provisions of Para 30 of Accounting Standard 21 on "Consolidated Financial Statements" comparative figures for the previous year ended March 31, 2014 have not been provided.

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


 Pranav Jain
 Partner
 Membership No.:098038



Place:
 Date : June 23, 2015

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