Haribhakti & Co. LLP
Chartered Accountants

# Statutory Audit Report of Kestone Integrated Marketing Services Private Limited

For the year ended March 31 , 2019

# INDEPENDENT AUDITOR'S REPORT

**To the Members of Kestone Integrated Marketing Services Private Limited**

**Report on the Audit of the Standalone Ind AS Financial Statements**

## Opinion

We have audited the accompanying standalone Ind AS financial statements of Kestone Integrated Marketing Services Private Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2019, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended and notes to the standalone Ind AS financial statements including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "Ind AS Financial Statements") .

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Indian Accounting Standards ("Ind AS"), of the state of affairs of the Company as at March 31, 2019, its profit including other comprehensive income, changes in equity and its cash flows for the year ended on that date.

## Basis for Opinion

We conducted our audit in accordance with Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the standalone Ind AS financial statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ("ICAI") together with the ethical requirements that are relevant to our audit of the standalone Ind AS financial statements under the provisions of the Act and Rules thereunder and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Responsibilities of Management and Those Charged with Governance for the Standalone Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone Ind AS financial statements that give a true and fair view of the financial position, financial performance (including other comprehensive income), changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including Ind AS specified under section 133 of the Act, read with relevant rules issued thereunder. 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

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financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone Ind AS financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

**Auditor's Responsibilities for the Audit of the Standalone Ind AS Financial Statements**

Our objectives are to obtain reasonable assurance about whether the standalone Ind AS financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this standalone Ind AS financial statements. As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone Ind AS financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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- Evaluate the overall presentation, structure and content of the standalone Ind AS financial statements, including the disclosures, and whether the standalone Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

**Report on Other Legal and Regulatory Requirements**

(1) As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of section 143(11) of the Act, we give in "Annexure 1", 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, the Statement of Changes in Equity and the Statement of Cash Flows dealt with by this report are in agreement with the books of account;

d. In our opinion, the aforesaid standalone Ind AS financial statements comply with the Indian Accounting Standards specified under section 133 of the Act read with relevant rules issued thereunder;

e. On the basis of the written representations received from the directors as on March 31, 2019, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2019 from being appointed as a director in terms of section 164(2) of the Act;

f. With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, we give our separate report in "Annexure 2".

g. With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended;

In our opinion and to the best of our information and according to the explanations given to us, the Company has not paid any managerial remuneration during the year. Hence section 197 of the Act related to the managerial remuneration is not applicable;

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h. 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 Company does not have any pending litigations which would impact its financial position;

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

(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/W100048

Raj Kumar Agarwal

Partner

Membership No. 074715

Date: May 29, 2019

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**ANNEXURE 1 TO THE 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 on the standalone financial statements for the year ended March 31, 2019]

(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.

(c) The company does not hold any immovable property. Accordingly, Para 3(i)(c) of the order is not applicable to the company.

(ii) The company is a service company, engaged in the business of providing managed manpower services, marketing and sale services, online marketing support services and pass through services. Accordingly, the provisions of clause (ii) of Paragraph 3 of the order is not applicable to the company.

(iii) The Company has granted loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Act.

(a) According to the information and explanations given to us and based on the audit procedures conducted by us, we are of the opinion that, the terms and conditions of the aforesaid loans granted by the Company are not prejudicial to the interest of the Company.

(b) The schedule of repayment of principal and payment of interest in respect of such loans has not been stipulated thus we are unable to comment whether the repayments or receipts are regular and report amounts overdue for more than ninety days, if any, as required under paragraph 3(iii)(c) of the Order.

(c) In respect of the aforesaid loans, as the schedule of repayment has not been stipulated, we are unable to comment whether there is any overdue amount of loans granted to subsidiary, fellow subsidiary company and other parties listed in the register maintained under section 189 of the Act.

(iv) Based on information and explanation given to us in respect of loans, investments, guarantees and securities, the Company has complied with the provisions of section 185 and 186 of the Act.

(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 has not prescribed the maintenance of cost records for any of the services of the Company under sub-section (1) of section 148 of the Act and the rules framed there under.

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(vii)

(a) The Company is regular in depositing with appropriate authorities, undisputed statutory dues including provident fund, employees' state insurance, income tax, goods and service tax, customs duty, cess 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, service tax, value added tax, goods and service 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, service tax, value added tax, goods and service tax, customs duty, excise duty, which have not been deposited on account of any dispute.

(viii) According to the information and explanations given to us, the Company has not defaulted in repayment of loans or borrowings to financial institutions and banks. The Company has no dues in respect of government & debenture holder during the year.

(ix) In our opinion and according to the information and explanations given to us, the Company has utilized the money raised by way of term loans during the year for the purposes for which they were raised. The company has not raised money by way of public issue offer / further public offer (including debt instruments) during the year.

(x) 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 by the Company or any fraud on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of any such instance by the management during the year.

(xi) As the Company has not paid any managerial remuneration during the year, the provisions of section 197 read with Schedule V to the Act are not applicable to the Company. Accordingly, paragraph 3(xi) of the Order is not applicable to the Company.

(xii) In our opinion and according to the information and explanations given to us, the Company is not a Nidhi Company. Therefore, paragraph 3(xii) of the Order is not applicable to the Company.

(xiii) According to the information and explanation given to us, all transactions entered into by the Company with the related parties are in compliance with sections 177 and 188 of Act, where applicable and the details have been disclosed in the Financial Statements etc., as required by the applicable Indian accounting standards.

(xiv) The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Therefore, paragraph 3(xiv) of the Order is not applicable to the Company.

(xv) According to the information and explanations given to us, the Company has not entered into any non-cash transactions with directors or persons connected with him during the year.

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(xvi) According to the information and explanation given to us, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For Haribhakti & Co. LLP

Chartered Accountants

ICAI Firm Registration No. 103523W / W100048

Raj Kumar Agarwal

Partner

Membership No.074715

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Place: New Delhi

Date: May 29, 2019

**ANNEXURE 2 TO THE INDEPENDENT AUDITOR'S REPORT**

[Referred to in paragraph 2 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 Ind AS financial statements for the year ended March 31, 2019.]

**Report on the Internal Financial Controls with reference to Financial Statements under clause (i) of sub-section 3 of section 143 of the Companies Act, 2013 ("the Act")**

We have audited the internal financial controls with reference to financial statements of Kestone Integrated Marketing Services Private Limited ("the Company") as of March 31, 2019 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

**Management's Responsibility for Internal Financial Controls**

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India ("ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

**Auditors' Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing specified under section 143(10) of the Act to the extent applicable to an audit of internal financial controls, both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to financial statements and their operating effectiveness.

Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal controls based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

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We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls with reference to financial statements.

### Meaning of Internal Financial Controls with reference to Financial Statements

A company's internal financial control with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control with reference to financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;(2)provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

### Inherent Limitations of Internal Financial Controls with reference to Financial Statements

Because of the inherent limitations of internal financial controls with reference to financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to financial statements to future periods are subject to the risk that the internal financial controls with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### Qualified opinion

According to the information and explanations given to us and based on our audit, the following material weaknesses have been identified as at March 31, 2019:

a) Comprehensive procurement policies for purchase of goods and services have not been documented, which could potentially result in the aforesaid Company procuring unnecessary goods and services, or procuring goods of lower quality, or procure goods and services at higher prices.

A 'material weakness' is a deficiency, or a combination of deficiencies, in internal financial controls with reference to financial statements, such that there is a reasonable possibility that a material misstatement of the company's annual or interim financial statements will not be prevented or detected on a timely basis.

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In our opinion, except for the possible effects of the material weaknesses described above on the achievement of the objectives of the control criteria, the Company has maintained, in all material respects, adequate internal financial controls with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as of March 31, 2019, based on the internal control with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

We have considered the material weaknesses identified and reported above in determining the nature, timing, and extent of audit tests applied in our audit of the March 31, 2019 Ind AS financial statements of the Company, and these material weaknesses does not affect our opinion on the Ind AS financial statements of the Company.

For Haribhakti& Co. LLP

Chartered Accountants

ICAI Firm Registration No.103523W / W100048

**Raj Kumar Agarwal**

Partner

Membership No. 074715

HARIBHAKTI & CO. LLP NEW DELHI CHARTERED ACCOUNTANTS

Date: May 29, 2019

Place: New Delhi

Kestone Integrated Marketing Services Private Limited
Balance Sheet as at March 31, 2019
*(All amounts are Rupees in lacs, unless otherwise stated)*

| | Notes | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|---|
| **Assets** | | | |
| **Non-current assets** | | | |
| Property, plant and equipment | 3 | 263.09 | 319.33 |
| Intangible assets | 4 | 46.97 | 1.25 |
| Investments in subsidiary | 5 | 255.07 | 255.07 |
| Financial assets | | | |
| (i) Loans | 6 | 59.59 | 52.44 |
| (ii) Other Financial Assets | 7 | 175.00 | - |
| Deferred tax asset (net) | 8 | 80.94 | 101.24 |
| Non-current tax asset (net) | 9 | 1,512.73 | 856.86 |
| Other non-current assets | 10 | 8.96 | 16.60 |
| **Total non-current assets** | | **2,402.35** | **1,602.79** |
| **Current assets** | | | |
| Financial assets | | | |
| (i) Trade receivables | 11 | 4,120.61 | 2,863.92 |
| (ii) Cash and cash equivalents | 12 | 79.44 | 21.01 |
| (iii) Bank balances other than (ii) above | 13 | 799.65 | 291.93 |
| (iv) Loans | 14 | 319.52 | 369.84 |
| (v) Other financial assets | 15 | 827.29 | 1,309.86 |
| Other current assets | 16 | 368.24 | 772.28 |
| **Total current assets** | | **6,514.75** | **5,628.84** |
| **Total assets** | | **8,917.10** | **7,231.63** |
| **Equity and Liabilities** | | | |
| **Equity** | | | |
| Equity share capital | 17 | 100.00 | 100.00 |
| Other equity | 18 | 3,471.93 | 3,179.21 |
| **Total equity** | | **3,571.93** | **3,279.21** |
| **Liabilities** | | | |
| **Non-current liabilities** | | | |
| Financial liabilities | | | |
| (i) Borrowings | 19 | 525.87 | 17.13 |
| Provisions | 20 | 138.81 | 107.28 |
| Other non-current liabilities | 21 | 17.55 | 12.38 |
| **Total non-current liabilities** | | **682.23** | **136.79** |
| **Current liabilities** | | | |
| Financial liabilities | | | |
| (i) Borrowings | 22 | 1,393.25 | 1,045.14 |
| (ii) Trade payables | 23 | | |
| - dues of micro and small enterprises | | - | - |
| - dues of other than micro and small enterprises | | 2,113.58 | 1,996.21 |
| (iii) Other financial liabilities | 24 | 606.52 | 347.98 |
| Other current liabilities | 25 | 548.05 | 425.62 |
| Provisions | 26 | 1.54 | 0.68 |
| **Total Current liabilities** | | **4,662.94** | **3,815.63** |
| **Total liabilities** | | **5,345.17** | **3,952.42** |
| **Total equity and liabilities** | | **8,917.10** | **7,231.63** |

Significant accounting policies 2
The accompanying notes 1 to 46 are an integral part of these financial statements.

As per our report of even date
For Haribhakti & Co. LLP
Chartered Accountants
Firm Registration No. 103523W/W100048

HARIBHAKTI & CO. LLP * NEW DELHI * CHARTERED ACCOUNTANTS

Raj Kumar Agarwal
Partner
Membership No.:074715

Place: New Delhi
Date: May 29, 2019

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

Satya Narayanan .R
Director
DIN: 00307326

Place: New Delhi
Date: May 29, 2019

Nikhil Mahajan
Director
DIN: 00033404

Place: New Delhi
Date: May 29, 2019

Kestone Integrated Marketing Services Pvt. Ltd. * New Delhi

Kestone Integrated Marketing Services Private Limited
Statement of profit and loss for the year ended March 31, 2019
*(All amounts are Rupees in lacs, unless otherwise stated)*

| | Notes | Year ended March 31, 2019 | Year ended March 31, 2018 |
|---|---|---|---|
| **Income** | | | |
| Revenue from operations | 27 | 11,976.17 | 9,503.19 |
| Other income | 28 | 149.63 | 312.29 |
| **Total income** | | **12,125.80** | **9,815.48** |
| **Expenses** | | | |
| Employee benefit expense | 29 | 2,262.37 | 2,049.76 |
| Finance costs | 30 | 160.06 | 102.05 |
| Depreciation and amortisation expense | 31 | 91.14 | 128.30 |
| Other expenses | 32 | 9,207.38 | 7,029.69 |
| **Total Expenses** | | **11,720.95** | **9,309.80** |
| **Profit/ (loss) before exceptional items and tax** | | **404.85** | **505.68** |
| **Tax expense:** | | | |
| Current tax | | 108.02 | 202.67 |
| Tax adjustment for earlier years | | - | 20.05 |
| Deferred tax | 34 | 16.20 | (49.95) |
| **Profit for the year (A)** | | **280.63** | **332.91** |
| **Other comprehensive income** | | | |
| **Items that will not be reclassified to profit and loss** | | | |
| Remeasurement of defined benefit plans | | 14.73 | 12.17 |
| Income tax relating to these items | | (4.10) | (4.06) |
| **Total other comprehensive income for the year (B)** | | **10.63** | **8.11** |
| **Total comprehensive income for the year (A + B)** | | **291.26** | **341.02** |
| **Earnings per equity share** | 33 | | |
| Basic earnings per share | | 28.06 | 33.29 |
| Diluted earnings per share | | 28.06 | 33.29 |

Significant accounting policies 2
The accompanying notes 1 to 46 are an integral part of these financial statements.

As per our report of even date
For **Haribhakti & Co. LLP**
Chartered Accountants
Firm Registration No. 103523W/W100048

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

Place: New Delhi
Date: May 29, 2019

HARIBHAKTI & CO. LLP NEW DELHI CHARTERED ACCOUNTANTS

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

**Satya Narayanan .R**
Director
**DIN: 00307326**

Place: New Delhi
Date: May 29, 2019

**Nikhil Mahajan**
Director
DIN: 00033404

Place: New Delhi
Date: May 29, 2019

Kestone Integrated Marketing Services Pvt Ltd New Delhi

Kestone Integrated Marketing Services Private Limited
Statement of cash flows for the year ended March 31, 2019
*(All amounts are Rupees in lacs, unless otherwise stated)*

| | Year ended March 31, 2019 | Year ended March 31, 2018 |
|---|---|---|
| **A. Cash flow from operating activities** | | |
| **Net Profit before tax** | 404.85 | 505.67 |
| Adjustments for: | | |
| Depreciation and amortisation expense | 91.14 | 128.30 |
| Sundry balances written off | 30.70 | 5.84 |
| Loss on sale of property, plant and equipment | (0.07) | - |
| Finance cost | 160.02 | 100.60 |
| Adjustment for Loan Processing Fee | 0.04 | |
| Liability no longer required written back | (68.03) | (150.21) |
| Unwinding of interest on security deposits | (7.05) | (7.03) |
| Expense recognized on amortized cost | - | 7.24 |
| Lease equalisation reserve | 5.17 | 6.81 |
| Interest income | (70.39) | (105.80) |
| Provision for doubtful advances | - | (0.12) |
| Loss allowance on trade receivables | 32.32 | 24.49 |
| Bad debts written off | - | 40.35 |
| Unrealised forex (gain)/loss/Net exchange differences | (9.90) | (16.23) |
| **Operating profit before working capital changes** | **568.80** | **539.91** |
| **Adjustment for (increase)/decrease in Assets** | | |
| - Trade receivables | (1,287.73) | (593.22) |
| - Non-current loans and other financial assets | (0.10) | (17.57) |
| - Current loans and other financial assets | 536.26 | (145.53) |
| - Other non current assets | 7.64 | (8.84) |
| - Other current assets | 373.34 | (622.46) |
| **Adjustment for increase/(decrease) in Liabilities** | | |
| - Trade payables | 146.86 | 989.37 |
| - Provisions | 47.12 | 40.59 |
| - Other current financial liabilities | 78.19 | (124.90) |
| - Other current liabilities | 122.43 | (199.03) |
| **Cash generated from/ (used in) operations** | 592.81 | (141.68) |
| Less: Income tax paid (net of refunds) | (763.89) | (461.01) |
| **Net Cash (used in) operating activities (A)** | **(171.08)** | **(602.69)** |
| **B. Cash flow from investing activities** | | |
| Purchase of property, plant and equipment | (31.38) | (64.46) |
| Purchase of intangible assets | (49.17) | (0.06) |
| Term deposits not considered as cash and cash equivalents | - | (58.68) |
| Proceeds from maturity of fixed deposits | 251.40 | 227.71 |
| Creation of fixed deposits | (934.12) | - |
| Loans to related party | - | (247.78) |
| Repayment of loan to related party | 45.07 | 629.25 |
| Investments in subsidiary | - | (248.41) |
| Interest received | 30.57 | 156.44 |
| **Net cash generated from / (Used in) investing activities (B)** | **(687.63)** | **394.01** |
| **C. Cash Flow from financing activities** | | |
| Proceeds from short term borrowings | 455.98 | 288.30 |
| Repayments from short term borrowings | (107.87) | - |
| Repayments of long term borrowings | (16.45) | (16.05) |
| Proceeds from long term borrowings | 750.00 | 24.00 |
| Payment of Processing charges | (7.50) | |
| Interest expense paid | (157.02) | (99.34) |
| **Net cash generated from / (used in) financing activities (C)** | **917.14** | **196.91** |
| **Net increase/(decrease) in cash and cash equivalents (A+B+C)** | **58.43** | **(11.77)** |
| **Balance at the beginning of the year** | | |
| Cash and cash equivalents at the beginning of the year | 21.01 | 32.78 |
| **Balance at the end of the year** | **79.44** | **21.01** |

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*(All amounts are Rupees in lacs, unless otherwise stated)*

Reconciliation between the opening and closing balances in the balance sheet for liabilities arising from financing activities:

| Particulars | Non-current borrowings | Current borrowings | Interest on borrowings |
|---|---|---|---|
| **For the year ended March 31, 2019** | | | |
| Balance as at April 1, 2018 | 33.58 | 1,045.14 | 0.25 |
| Loan drawals (in cash) /interest accrued during the year | 750.00 | 455.98 | 158.58 |
| Adjustment for Processing Fee | (7.50) | | |
| Loan repayments/interest payment during the year | (16.45) | (107.87) | (157.02) |
| Non Cash Item: | | | |
| Amotisation | 0.04 | | |
| **Balance as at March 31, 2019** | **759.67** | **1,393.25** | **1.81** |
| **For the year ended March 31, 2018** | | | |
| Balance as at April 1, 2017 | 25.90 | 756.84 | 0.27 |
| Loan drawals (in cash) /interest accrued during the year | 24.00 | 288.30 | 99.32 |
| Loan repayments/interest payment during the year | (16.05) | - | (99.34) |
| **Balance as at March 31, 2018** | **33.85** | **1,045.14** | **0.25** |

There are no non-cash changes on account of effect of changes in foreign exchange rates and fair values.

As per our report of even date

For **Haribhakti & Co. LLP**
Chartered Accountants
Firm Registration No. 103523W/W100048

HARIBHAKTI & CO. LLP
NEW DELHI
CHARTERED ACCOUNTANTS

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

Place: New Delhi
Date: May 29, 2019

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

**Satya Narayanan .R**
Director
**DIN: 00307326**

Place: New Delhi
Date: May 29, 2019

Nikhil Mahajan

**Nikhil Mahajan**
Director
DIN: 00033404

Place: New Delhi
Date: May 29, 2019

Kestone Integrated Marketing Services Pvt. Ltd.
New Delhi

Kestone Integrated Marketing Services Private Limited
Statement of Changes in Equity for the year ended March 31, 2019
*(All amounts are Rupees in lacs, unless otherwise stated)*

(a) Equity share capital

| Particulars | Amount |
|---|---|
| Balance as at April 1, 2017 | 100.00 |
| Change in equity share capital during the year 2017-18 | - |
| Balance as at March 31, 2018 | 100.00 |
| Change in equity share capital during the year 2018-19 | - |
| Balance as at March 31, 2019 | 100.00 |

(b) Other equity

| Particluars | Attributable to owners of the company | | | Total |
|---|---|---|---|---|
| | Reserves & Surplus | | Items of OCI | |
| | Retained earnings | Deemed Equity | Remeasurement of defined benefit plans | |
| Balance as at April 1, 2017 | 2,823.32 | 4.47 | 9.12 | 2,836.91 |
| Profit for the year | 332.91 | 1.28 | | 334.19 |
| Other comprehensive income for the year | - | - | 8.11 | 8.11 |
| Total comprehensive income for the year | 332.91 | 1.28 | 8.11 | 342.30 |
| Balance as at March 31, 2018 | 3,156.23 | 5.75 | 17.23 | 3,179.21 |
| Profit for the year | 280.63 | 1.46 | | 282.09 |
| Other comprehensive income for the year | - | - | 10.63 | 10.63 |
| Total comprehensive income for the year | 280.63 | 1.46 | 10.63 | 292.72 |
| Balance as at March 31, 2019 | 3,436.86 | 7.21 | 27.86 | 3,471.93 |

As per our report of even date

For Haribhakti & Co. LLP
Chartered Accountants
Firm Registration No. 103523W/W100048

Raj Kumar Agarwal
Partner
Membership No.:074715

Place: New Delhi
Date: May 29, 2019

HARIBHAKTI & CO. LLP NEW DELHI CHARTERED ACCOUNTANTS

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

Satya Narayanan .R
Director
DIN: 00307326

Place: New Delhi
Date: May 29, 2019

Nikhil Mahajan
Director
DIN: 00033404

Place: New Delhi
Date: May 29, 2019

Kestone Integrated Marketing Services Pvt. Ltd. New Delhi

## 1. Reporting Entity

Kestone Integrated Marketing Services Private Limited ("the Company") is a company domiciled in India, with its registered office situated Plot No. 9A, Sector 27A, Mathura Road, Faridabad - Haryana - 121003. 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 marketing and sales services, manpower management services and infrastructure support services.

## 1. a Basis of preparation

### (i) Statement of compliance

These financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) as per the Companies (Indian Accounting Standards) Rules, 2015 notified under Section 133 of Companies Act, 2013, (the 'Act') and other relevant provisions of the Act.

These financial statements were authorised for issue by the Company's Board of Directors on May 29, 2019.

The accounting policies have been consistently applied by the Company and are consistent with those used in the previous year.

### (ii) Current and non-current classification

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.

### (iii) Functional and presentation currency

These financial statements are presented in Indian Rupees (Rs.), which is also the Company's functional currency. All amounts have been rounded-off to the nearest lacs, unless otherwise indicated. The sign '0.00' in these financial statements indicates that the amount involves are below INR one thousand and the sign '-' indicates that the amount is nil.

### (iv) Basis of measurement

The financial statements have been prepared on the historical cost basis except for the following items

| Items | Measurement basis |
|---|---|
| Certain financial assets and liabilities | Fair value |
| Net defined benefit (asset)/ liability | Fair value of plan assets less present value of defined benefit obligations |

### (v) Use of estimates and judgements

In preparing these financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized prospectively.

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**Judgements**

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognized in the financial statements is included in the following notes:

- Note no 36: lease classification
- Note no 42: classification of financial assets: assessment of business model within which the assets are held;

**Assumptions and estimation uncertainties**

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the year ending March 31, 2019 is included in the following notes:

- Note no 38: measurement of defined benefit obligations and plan assets: key actuarial assumptions;
- Note no 3: measurement of useful lives and residual values to property, plant and equipment;
- Note no 4: measurement of useful lives of intangible assets;
- Note no 42: fair value measurement of financial instruments;
- Note no 35: recognition and measurement of provisions and contingencies: key assumptions about the likelihood and magnitude of outflow of resources;
- Note no 34: recognition of deferred tax assets: availability of future taxable profit against which tax losses carried forward can be used.
- Note no 4: impairment test of non-financial assets: key assumptions underlying recoverable amounts including the recoverability of expenditure on internally- generated intangible assets;
- Note no. 42: impairment of trade receivables: the Company review carrying amount of trade receivables at the end of each reporting period and provide for expected credit loss.

(vi) **Measurement of fair value**

A number of accounting policies and disclosures require measurement of fair value for both financial and non-financial assets and liabilities. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an ordinary transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either -

- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to/ by the Company.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole -

Level 1 – Quoted (unadjusted) prices in active markets for identical assets or liabilities;
Level 2 –input other than quoted prices included in level 1 that are observable for the assets or liabilities either directly (i.e. as prices) or indirectly (i.e. derived from prices);
Level 3 – Input for the asset or liability that are not based on observable market data (unobservable inputs).

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For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

The Company measures financial instruments, such as, investments (other than investment in subsidiaries), at fair value at each reporting date. The same are disclosed in Note 5.

## 2. Significant accounting policies:

### (i) Revenue recognition

Effective April 1, 2018, the Company has applied Ind AS 115 which establishes a comprehensive framework for determining whether, how much and when revenue is to be recognised. Ind AS 115 replaces Ind AS 18 Revenue. The Company has adopted Ind AS 115 using the cumulative effect method. The effect of initially applying this standard is recognised at the date of initial application (i.e. April 1, 2018). The standard is applied retrospectively only to contracts that are not completed as at the date of initial application and the comparative information in the statement of profit and loss is not restated - i.e. the comparative information continues to be reported under Ind AS 18. The impact of the adoption of the standard on the financial statements of the Company is insignificant.

Refer note 2(i) - Significant accounting policies - Revenue recognition in the Annual report of the Company for the year ended March 31, 2018, for the revenue recognition policy as per Ind AS 18.

The Company earns revenue primarily from Managed Manpower Services (MMS), Marketing & sales services (Events), Online marketing & support services (Digital).

Revenue is recognised when it is probable that the entity will receive the economic benefits associated with the transaction and the related revenue can be reliably measured. Revenue is recognised at the fair value of the consideration received or receivable, which is generally the transaction price, net of any taxes/duties and discounts.

<u>Revenue from services</u>

Revenue for marketing & sales service, managed manpower services and online marketing support services is recognised in profit & loss statement over the period of time by measuring progress towards satisfaction of performance obligation for the services rendered at the reporting date. The Company uses output method for measurement of revenue from such services, as per terms of respective agreements.

<u>Revenue as an agent</u>

The Company derives its revenue from event & managed manpower services. When the Company determines that the nature of its promise, is a performance obligation to provide the specified goods or services itself (i.e. entity is the principal), then it recognises the revenue earned as the gross amount of consideration. However, where the Company promise, is to arrange, for the customer to provide goods/services as an agent then revenue is recognised only to extent of commission/markup/charges earned by it. In such cases the Company does not control the goods and services provided to a customer. The indicators evaluated by the Company to conclude if it is an agent are the following:

(a) That another party is primarily responsible for fulfilling the contract;

(b) The Company does not have any inventory risk

(c) The Company does not have discretion in establishing prices for the other party's goods or services and, therefore, the benefit that the Company can receive from those goods or services is limited;

(d) the Company's consideration is in the form of a commission / service charge or markup; and

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(e) the Company is not exposed to credit risk for the amount receivable from a customer in exchange for the other party's goods or services.

**Contract Balances**

Trade receivables

A receivable represents the Company's right to an amount of consideration that is unconditional (i.e. only the passage of time is required before payment of the consideration is due). Refer to accounting policies of financial assets in section vii(iv) in Financial instruments.

Contract Assets (Unbilled Revenue)

Contract Assets is an entity's right to consideration in exchange of service that the entity has transferred to a customer when that right is conditioned on something other than the passage of time. This is recognised when there is excess of revenue earned over billings on contracts.

Contract Liability (Unearned Revenue)

A contract liability is the obligation to transfer goods or services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer. Amounts billed and received or recoverable prior to the reporting date for services and such services or part of such services are to be performed after the reporting date are recorded as contract liabilities as per the provisions of the Ind AS-115 and shown in other current liabilities.

Use of significant judgements in revenue recognition: -

- The performance obligation is satisfied upon rendering of services as per the terms of contract. Measurement of progress of performance completion is based on judgement of Key Account Manager (KAM) of respective event and confirmed by the CEO.

- Contract fulfilment costs includes the sales incentives provided to employees for obtaining contract. The company has elected a practical expedient which allows the company to expense off the contract fulfilment cost immediately in the statement of Profit and Loss as the amortization period of the assets that the company otherwise would have used is one year or less.

  The Company disaggregates revenue from contracts with customers by nature of services, geography and type of customers.

  Revenue from Related Party is recognised based on transaction price which is at Arms-Length Price.

**(ii) Recognition of dividend income and interest income**

Interest income

Interest income on time deposits and inter corporate loans is recognised using the effective interest method.

The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to the gross carrying amount of the financial asset.

Dividend

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Dividend income is recognised in profit or loss on the date on which right to receive the payment is established.

**(iii) Property, plant and equipment:**

Recognition and measurement

Items of property, plant and equipment are measured at cost, which includes capitalised borrowing costs less accumulated depreciation and accumulated impairment losses, if any.

Cost of an item of property, plant and equipment comprises its purchase price, including import duties and non-refundable purchase taxes, if any, after deducting trade discounts, rebates and recoverable taxes and any directly attributable cost of bringing the item to its working condition for its intended use and estimated costs of dismantling and removing the item and restoring the site on which it is located.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognised in the statement of profit and loss.

Subsequent expenditure

Subsequent expenditures are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced.

All other repairs and maintenance are charged to the statement of profit and loss during the reporting year in which they are incurred.

Depreciation methods, estimated useful lives and residual values

Depreciation is calculated on cost of items of property, plant and equipment less their estimated residual values over their estimated useful lives using the straight-line method, which are equal to useful lives specified as per schedule II to the Act and is recognised in the statement of profit and loss.

The estimated useful lives of the assets are as under:

| Particulars | Useful life (years) |
|---|---|
| **Tangible Assets:** | |
| Furniture and fittings | 10 |
| Office equipment - Electric | 10 |
| Office equipment - Other | 5 |
| Vehicle | 8 |
| Computer equipment | 3 |

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The management believes that its estimates of useful lives as given above best represent the period over which management expects to use these assets. Depreciation on addition to property, plant and equipment is provided on pro-rata basis from the date the assets are ready for intended use. Depreciation on sale/discard from property, plant and equipment is provided for up to the date of sale, deduction or discard of property, plant and equipment as the case may be.

Depreciation method, useful lives and residual values are reviewed at each financial year-end, and changes, if any, are accounted for prospectively.

(iv) **Intangible assets**

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

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognised in the statement of profit and loss as incurred.

Amortisation

Amortisation is calculated to write off the cost of intangible assets over their estimated useful lives using the straight-line method, and is included in depreciation and amortisation in the statement of profit and loss.

The useful life of intangible asset is as follows:

| Intangible asset | Useful life (in years) |
|---|---|
| Acquired and internally generated software | 5 |

Amortisation method, useful lives and residual values are reviewed at each financial year-end, and changes, if any, are accounted for prospectively.

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.

(v) **Impairment of non-financial assets**

The Company's non-financial assets, other than inventories and deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's or CGU's recoverable amount is estimated.

For impairment testing, assets that do not generate independent cash inflows are grouped together into cash-generating units (CGUs). Each CGU represents the smallest group of assets that generates cash inflows that are largely independent of the cash inflows of other assets or CGUs.

The recoverable amount of a CGU or an individual asset is the higher of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the CGU or the asset.

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An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its estimated recoverable amount. Impairment losses are recognised in the statement of profit and loss. Impairment loss recognised in respect of a CGU is allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets of the CGU on a pro rata basis.

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

(vi) **Borrowing cost**

Borrowing costs are interest and other costs incurred in connection with the borrowing of funds. 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 capitalised as part of the cost of asset. Other borrowing costs are recognised as an expense in the period in which they are incurred.

(vii) **Financial instruments**

**i. Recognition and initial measurement**

Trade receivables and debt securities issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument.

A financial asset or financial liability is initially measured at fair value plus, transaction costs that are directly attributable to its acquisition or issue, except for an item recognised at fair value through profit and loss. Transaction cost of financial assets carried at fair value through profit and loss are expense in the statement of profit and loss.

**ii. Classification and subsequent measurement**

Financial assets

On initial recognition, a financial asset is classified as measured at :-

- amortised cost;
- Fair value through other comprehensive income (OCI), or Fair value through profit and loss
- Investment in equity of subsidiary are accounted and carried at cost less impairment in accordance with IND AS 27.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows. Financial assets are not reclassified subsequent to their initial recognition, except if and in the period the Company changes its business model for managing financial assets.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

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- the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in OCI (designated as FVOCI - equity investment). This election is made on an investment by investment basis.

All financial assets not classified to be measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI or at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets: Business model assessment

The Company makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Company's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated - e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Company's continuing recognition of the assets

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

Financial assets: Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Company considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable interest rate features; prepayment and extension features; and

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• terms that limit the Company's claim to cash flows from specified assets (e.g. nonrecourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a significant discount or premium to its contractual paramount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

Financial assets: Subsequent measurement and gains and losses

Financial assets at amortised cost: These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses, if any. Interest income and impairment are recognised in the statement of profit and loss. Any gain or loss on de-recognition is recognised in the statement of profit & loss.

Financial assets at FVTPL: These assets are subsequently measured at fair value. Net gains and losses, including any interest income, are recognised in the statement of profit and loss.

Debts investments at FVOCI: These assets are subsequently measured at fair value. Interest income under the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On Derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.

Equity investments at FVOCI: These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are not reclassified to profit or loss.

Financial liabilities: classification, subsequent measurement and gain and loss

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held for trading, or it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in the statement of profit and loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in the statement of profit and loss. Any gain or loss on derecognition is also recognised in the statement of profit and loss.

**iii. Offsetting**

Financial assets and monetary liabilities are offset and the net amount presented in the balance sheet when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the assets and settle the liabilities simultaneously.

**iv. Derecognition**

*Financial assets*

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in

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which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset.

If the Company enters into transactions whereby it transfers assets recognised on its balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets, the transferred assets are not derecognised.

*Financial liabilities*

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire.

The Company also derecognises a financial liability when its terms are modified and the cash flows under the modified terms are substantially different. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognised in the statement of profit and loss.

**v. Impairment**

The Company recognises loss allowances for expected credit losses on:
- Financial assets measured at amortised cost; and
- Financial assets measured at FVOCI- debt investments

At each reporting date, the Company assesses whether financial assets carried at amortised cost and debt securities at FVOCI are credit impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit- impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being past due for agreed credit period;
- the restructuring of a loan or advance by the Company on terms that the Company would not consider otherwise;
- it is probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

Expected credit loss

Loss allowances for trade receivables are always measured at an amount equal to lifetime expected credit losses.

Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of a financial instrument.

12-month expected credit losses are the portion of expected credit losses that result from default events that are possible within 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

In all cases, the maximum period considered when estimating expected credit losses is the maximum contractual period over which the Company is exposed to credit risk.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit losses, the Company considers reasonable and

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supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward looking information.

The Company considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realising security (if any is held); or
- the financial asset is past due and is not recovered within agreed credit period.

Measurement of expected credit losses

Expected credit losses are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Company in accordance with the contract and the cash flows that the Company expects to receive).Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets disclosed in the Balance Sheet.

Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

**(viii) Non-current assets held for sale**

Non-current assets are classified as held for sale if it is highly probable that the carrying value will be recovered primarily through sale rather than through continuing use.

Such assets are generally measured at the lower of their carrying amount and fair value less costs to sell. Losses on initial classification as held for sale and subsequent gains and losses on re-measurement are recognised in the statement of profit and loss.

Once classified as held-for-sale the related assets are no longer amortised or depreciated, and any equity-accounted investee is no longer equity accounted.

The gain or loss arising from de-recognition of an item of property, plant and equipment, classified as held for sale, shall be included in profit or loss when the item is derecognised; which is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

**(ix) Leases**

Determining whether an arrangement contains a lease.

The determination of whether an arrangement is, or contains, a lease is based on the substance of an arrangement at inception date.

At inception or on reassessment of the arrangement that contains a lease, the payments and other consideration required by such an arrangement are separated into those for the lease and those for other elements on the basis of their relative fair values.

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<u>Where the Company is lessee</u>

Finance Lease

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

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

Operating Lease

Leases, where the lessor effectively retains substantially all the risks and benefits of ownership of the leased item, are classified as operating leases. Payments made under operating leases are generally recognised in the statement of profit and loss on a straight-line basis over the term of the lease unless such payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases. Lease incentives received are recognised as an integral part of the total lease expense over the term of the lease.

<u>Where the Company is the lessor</u>

Finance Lease

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 are included in the initial measurement of the finance lease receivable and reduce the amount of income recognised over the lease term.

Operating Lease

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 property, plant and equipment. Lease income on an operating lease is recognised in the statement of profit and loss on a straight-line basis over the lease term unless such payments are structured to increase in line with expected general inflation.

(x) **Employee Benefits:**

**<u>Short term employee benefits</u>**

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 year in which the employee renders the related service. The liabilities are presented as current employee benefit obligation in the statement of financial position.

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## 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, 1952except 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. The Company has no further obligations under these plans beyond its monthly contributions. Obligation for contribution to defined contribution plan are recognised as an employee benefit expenses in statement of profit and loss in the period during which the related services are rendered by the employees.

***Defined Benefit Plan: Gratuity***

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Company's obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The Company provides for retirement benefits in the form of Gratuity. Benefits payable to eligible employees of the company with respect to gratuity is accounted for on the basis of an actuarial valuation as at the balance sheet date. 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.

Remeasurement of the net defined benefit liability, which comprise actuarial gain or loss on change in present value of the defined benefit obligation or change in return of the plan assets is recognised as an income or expense in the other comprehensive income. The company's obligation in respect of the same is calculated by estimating the amount of future benefit that employee have earned in the current and prior period, discounting that amount and deducting the fair value of any plan assets.

The Company determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in the statement of profit and loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service ('past service cost' or 'past service gain') or the gain or loss on curtailment is recognised immediately in the statement of profit and loss. The Company recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

The expected return on plan assets is based on the assumed rate of return of such assets.

The Company 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 benefitswhich 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 accounting period. Actuarial gain and losses are recognised immediately in the statement of profit and loss.

**(xi) Foreign exchange transactions and translations**

Initial recognition

Foreign currency transactions are recorded in the reporting currency, by applying the foreign currency amount of exchange rate between the reporting currency and foreign currency at the date of transaction.

Conversion

Foreign currency monetary assets and liabilities outstanding as at balance sheet date are restated/translated using the exchange rate prevailing at the reporting date. Non-monetary assets and liabilities which are measured in terms of historical cost denomination in foreign currency, are reported using the exchange rate at the date of transaction except for non-monetary item measured at fair value which are translated using the exchange rates at the date when fair value is determined.

Exchange difference

Exchange difference arising on the settlement of monetary items or on restatement of the Company's monetary items at rates different from those at which they initially recorded during the year or reported in previous financials statement (other than those relating to fixed assets and other long term monetary assets) are recognized as income or expenses in the year in which they arise.

(xii) Income tax

Income tax comprises current and deferred tax. It is recognised in the statement of profit and loss except to the extent that it relates to a business combination or to an item recognised directly in equity or in other comprehensive income.

Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax reflects the best estimate of the tax amount expected to be paid or received after considering the uncertainty, if any, related to income taxes. It is measured using tax rates (and tax laws) enacted or substantively enacted by the reporting date.

Current tax assets and current tax liabilities are offset only if there is a legally enforceable right to set off the recognised amounts, and it is intended to realise the asset and settle the liability on a net basis or simultaneously.

Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for taxation purposes. Deferred tax is also recognised in respect of carried forward tax losses and tax credits. Deferred tax is not recognised for:

- temporary differences arising on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss at the time of the transaction;

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- taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which they can be used. The existence of unused tax losses is strong evidence that future taxable profit may not be available. Therefore, in case of a history of recent losses, the Company recognises a deferred tax asset only to the extent that it has sufficient taxable temporary differences or there is convincing other evidence that sufficient taxable profit will be available against which such deferred tax asset can be realised. Deferred tax assets - unrecognised or recognised, are reviewed at each reporting date and are recognised/ reduced to the extent that it is probable/ no longer probable respectively that the related tax benefit will be realised.
Deferred tax is measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on the laws that have been enacted or substantively enacted by the reporting date.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be real.

Minimum alternate tax

Minimum Alternative Tax ('MAT') credit entitlement under the provisions of the Income-tax Act, 1961 is recognised as a deferred tax asset when it is probable that future economic benefit associated with it in the form of adjustment of future income tax liability, will flow to the Company and the asset can be measured reliably. MAT credit entitlement is set off to the extent allowed in the year in which the Company becomes liable to pay income taxes at the enacted tax rates. MAT credit entitlement is reviewed at each reporting date and is recognised to the extent that is probable that future taxable profits will be available against which they can be used. Significant management judgement is required to determine the probability of recognition of MAT credit entitlement.

### (xiii) Contingent liability, Contingent Asset and Provisions

Contingent liabilities

Contingent liabilities are possible obligations that arise from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company. Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote.

Contingent assets

Contingent assets are possible assets that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company.

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.

If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows (representing the best estimate of the expenditure required to settle the

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**(xiv) Cash and cash equivalents**

Cash and cash equivalents includes cash on hand, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current financial liabilities in the balance sheet.

**(xv) 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 period. The weighted average numbers of equity shares outstanding during the period 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 period 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 period, unless they have been issued at a later date.

**(xvi) Segment Reporting**

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker.
In accordance with Ind AS 108 - Operating Segments, the operating segments used to present segment information are identified on the basis of internal reports used by the Company's Management to allocate resources to the segments and assess their performance.

The Board of Director(s) are collectively the Company's 'Chief Operating Decision Maker' or 'CODM' within the meaning of Ind AS 108. Refer Note 37 for segment information.

**(xvii) Dividends paid**

Dividend to shareholders is recognised as a liability and deducted from equity, in the year in which the dividends are approved by the shareholders. However, interim dividends, if any, declared by the Board of directors, which does not need shareholder's approval, are recognised as a liability and deducted from retained earnings, in the year in which the dividends are so declared.

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*(All amounts are Rupees in lacs, unless otherwise stated)*

**3 Property, plant and equipment**

| Particulars | Vehicles | Computers | Furniture and fixtures | Office equipments | Total |
|---|---|---|---|---|---|
| **Gross carrying amount** | | | | | |
| Balance as at April 1, 2017 | 35.77 | 186.02 | 143.14 | 152.60 | 517.53 |
| Additions | 26.44 | 27.87 | 11.49 | 6.38 | 72.18 |
| Disposals | - | 0.29 | - | - | 0.29 |
| **Balance as at March 31, 2018** | **62.21** | **213.60** | **154.63** | **158.98** | **589.42** |
| Balance as at April 1, 2018 | 62.21 | 213.60 | 154.63 | 158.98 | 589.42 |
| Additions | - | 29.15 | - | 2.30 | 31.45 |
| Disposals | - | 0.31 | - | - | 0.31 |
| **Balance as at March 31, 2019** | **62.21** | **242.44** | **154.63** | **161.28** | **620.56** |
| **Accumulated depreciation and impairment losses** | | | | | |
| Balance at April 1, 2017 | 4.79 | 87.48 | 15.44 | 36.53 | 144.24 |
| Depreciation for the year | 7.15 | 69.08 | 15.44 | 34.35 | 126.02 |
| Disposals | - | 0.17 | - | - | 0.17 |
| **Balance as at March 31, 2018** | **11.94** | **156.39** | **30.88** | **70.88** | **270.09** |
| Balance at April 1, 2018 | 11.94 | 156.39 | 30.88 | 70.88 | 270.09 |
| Depreciation for the year | 7.93 | 31.48 | 16.37 | 31.91 | 87.69 |
| Disposals | - | 0.31 | - | - | 0.31 |
| **Balance as at March 31, 2019** | **19.87** | **187.56** | **47.25** | **102.79** | **357.47** |
| **Carrying amount (net)** | | | | | |
| **As at March 31, 2018** | **50.27** | **57.21** | **123.75** | **88.10** | **319.33** |
| **As at March 31, 2019** | **42.34** | **54.88** | **107.38** | **58.49** | **263.09** |

Note: 1. All the present and future movable fixed assets are subject to collateral charge to secure the Company's current borrowings referred in notes as cash credit from bank (refer note **22**).

2. Vehicles are hypothecated for the vehicle loans from bank and other financial institutions.

3. For amortisation and useful life, please refer accounting policy note no. 2 (iii).

**4 Intangible assets**

| Particulars | Computer software | Total |
|---|---|---|
| **Gross carrying amount** | | |
| Balance as at April 1, 2017 | 6.35 | 6.35 |
| Additions | 0.07 | 0.07 |
| Disposals | - | - |
| **Balance as at March 31, 2018** | **6.42** | **6.42** |
| Balance as at April 1, 2018 | 6.42 | 6.42 |
| Additions | 49.17 | 49.17 |
| Disposals | - | - |
| **Balance as at March 31, 2019** | **55.59** | **55.59** |
| **Accumulated amortisation** | | |
| Balance as at April 1, 2017 | 2.89 | 2.89 |
| Amortisation charged for the year | 2.28 | 2.28 |
| Disposals | - | - |
| **Balance as at March 31, 2018** | **5.17** | **5.17** |
| Balance as at April 1, 2018 | 5.17 | 5.17 |
| Amortisation charged for the year | 3.45 | 3.45 |
| Disposals | - | - |
| **Balance as at March 31, 2019** | **8.62** | **8.62** |
| **Carrying amount (net)** | | |
| **As at March 31, 2018** | **1.25** | **1.25** |
| **As at March 31, 2019** | **46.97** | **46.97** |

Note: 1. All the present and future movable fixed assets are subject to collateral charge to secure the Company's current borrowings referred in notes as cash credit from bank (refer note 22).

2. For amortisation and useful life, please refer accounting policy note no. 2(iv).

3. Refer note 'a' below for internally generated intangible assets.

**a. Details of internally generated intangible assets**

| Particulars | Recruitment software (Sofi) | Total |
|---|---|---|
| **Gross carrying amount** | | |
| Balance as at April 1, 2018 | - | - |
| Additions | 49.17 | 49.17 |
| Disposals | - | - |
| **Balance as at March 31, 2019** | **49.17** | **49.17** |
| **Accumulated amortisation** | | |
| Balance as at April 1, 2018 | - | - |
| Amortisation for the year | 2.45 | 2.45 |
| Disposals | - | - |
| **Balance as at March 31, 2019** | **2.45** | **2.45** |
| Carrying amount | | |
| **As at March 31, 2019** | **46.72** | **46.72** |

Sofi is a recruitment software and is capitalized on December 31, 2018 and it is a high-end resource matching solution for any company looking to hire technical & IT manpower that immediately analyses high volumes of IT personnel's CVs, evaluates, filters and sorts the most suitable candidates.

The cost of Sofi is the employee cost incurred in respect of the development of the software.

Sofi will help in;

i) Using customer requirements as the basis for filtering through an unlimited number of CVs
ii) Sorting through the CVs and suggesting the most relevant candidates
iii) Contacting the best applicants & track applications

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**5 Investments in subsidiary**

| | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|
| **Investment in equity instruments** | | |
| **Unquoted, at cost** | 255.07 | 255.07 |
| 514,000 (March 31, 2018: 514,000 ) fully paid up equity shares of SGD 1 each of Kestone CL Asia Hub Pte Limited (Formerly known as Career Launcher Asia Educational Hub Pte Limited) | | |
| Total equity investment in subsidiaries | 255.07 | 255.07 |
| Aggregate amount of unquoted investments | 255.07 | 255.07 |
| Aggregate amount of quoted investments & market value thereof | - | - |
| Aggregate amount of impairment in value of investments | - | - |

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

| Name of entity | Relationship | Place of business | % of ownership | Accounting |
|---|---|---|---|---|
| Kestone CL Asia Hub Pte Limited | Subsidiary | Singapore | 100% | Cost |

**6 Non-current financial asset - loans**

| | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|
| *Unsecured, considered good* | | |
| Security deposits | 59.59 | 52.44 |
| | 59.59 | 52.44 |

For explanation on the company credit risk management process. (Refer Note 42)

**7 Other non-current financial assets**

| | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|
| Deposits with maturity for more than 12 months from reporting date | 175.00 | - |
| | 175.00 | - |

**Note:**
Deposits are under lien towards Term Loan from Tata Capital Financial Services Ltd.

**8 Deferred tax asset (net)**

| | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|
| Deferred tax asset (net) (Refer Note 34) | 80.94 | 101.24 |
| | 80.94 | 101.24 |

**9 Non current tax assets (net)**

| | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|
| Advance tax and tax deducted at source {net of provisions for tax amounting to Rs. 471.19 lakhs (March 31, 2018- Rs. 363.16 Lakhs )} | 1,512.73 | 856.86 |
| | 1,512.73 | 856.86 |

**10 Other non-current assets**

| | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|
| Prepaid rent | 8.96 | 16.60 |
| | 8.96 | 16.60 |

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**11 Trade receivables**

| | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|
| Considered good - Secured | - | - |
| Considered good - Unsecured | 4,120.61 | 2,863.92 |
| Credit Impaired | 48.93 | 120.11 |
| | 4,169.54 | 2,984.03 |
| Less: Allowances for Credit impairment | (48.93) | (120.11) |
| | **4,120.61** | **2,863.92** |
| Trade receivables from related parties (included above) | **1,011.16** | **1,570.95** |
| | **1,011.16** | **1,570.95** |

Note : 1. For trade receivables from related parties Refer Note 39.

2. The Company has measured Expected Credit Loss of trade receivable based on simplified approach as per Indu AS 109 "Financial Instruments" except on related party customers. (Refer Note 42)

3. For explanation on the Company credit risk management process (Refer Note 42)

4. No trade or other receivable are due from director or other officer of the Company and firms or private companies in which any director is a partner, a director or a member either jointly or severally with other persons except as stated above.

5. Trade receivable are pledged as securities for borrowings taken from bank (Refer Note 22)

**12 Cash and cash equivalents**

| | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|
| Balance with banks: | | |
| - on current account | 79.44 | 21.01 |
| | **79.44** | **21.01** |

For explanation on the company credit risk management process (Refer Note 42).

**13 Bank balances other than cash and cash equivalents**

| | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|
| Deposits with original maturity for more than 3 months but less than 12 months from the reporting date | 799.65 | 291.93 |
| | **799.65** | **291.93** |

**Note:**

Fixed deposits amounting Rs 790.00 lakhs (March 31, 2018 Rs. 290.00 lakhs) are under lien, out of which fixed deposits amounting Rs. 290.00 lakhs (March 31, 2018 Rs. 290.00 lakhs) are under lien towards cash credit facility from Indusind Bank taken by the company, fixed deposits amounting Rs. 200.00 lakhs (March 31, 2018 Rs Nil) are under lien towards term loan facility from Tata Capital Financial Services Ltd and fixed deposits amounting Rs. 300.00 lakhs (March 31, 2018 Rs. Nil) are under lien towards overdraft facility taken from ICICI Bank.

For explanation on the company credit risk management process (Refer Note 42).

**14 Current financial asset - loans**

| | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|
| *Unsecured, considered good* | | |
| Security deposits | 15.50 | 31.53 |
| Loan to related parties | 260.05 | 328.21 |
| Loan to others | 27.54 | - |
| Loan to employees | 16.43 | 10.10 |
| | **319.52** | **369.84** |

Note : 1. For loan to related parties (Refer Note 39)

2. For explanation on the company credit risk management process (Refer Note 42)

**15 Other current financial assets**

| | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|
| Contract Assets* | 697.51 | 1,221.15 |
| Interest accrued but not due on fixed deposits | 22.53 | 4.45 |
| Interest accrued but not due on loan given to related parties (Refer Note 39) | 104.38 | 83.99 |
| Interest accrued but not due on loan given to others | 1.35 | - |
| Amount recoverable from Non Banking Financial Company | 1.52 | 0.27 |
| | **827.29** | **1,309.86** |

For explanation on the company credit risk management process (Refer Note 42)

*For movement of contract assets, Refer Footnote 27 (iii)

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## 16 Other current assets

| | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|
| Advances to suppliers: | | |
| Considered good | 247.93 | 618.06 |
| Considered doubtful | - | 0.22 |
| Less: Provision for doubtful | - | (0.22) |
| Prepaid expenses | 38.68 | 18.60 |
| Advances to employees | 5.94 | 9.84 |
| Prepaid rent | 7.69 | 7.64 |
| Balances recoverable from government authorities | 68.00 | 118.14 |
| | 368.24 | 772.28 |

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*(All amounts are Rupees in lacs, unless otherwise stated)*

17 **Share capital**

| | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|
| **Authorised** | | |
| 1,000,000 (March 31, 2018: 1,000,000 ) equity shares of Rs 10 each | 100.00 | 100.00 |
| **Issued, subscribed and paid-up** | | |
| 1,000,000 (March 31, 2018 : 1,000,000) equity shares of Rs 10 each | 100.00 | 100.00 |
| | **100.00** | **100.00** |

During the year the company has neither issued nor bought back any shares.

a. **Terms and rights attached to equity shares**

**Voting**

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

**Dividends**

The Company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to approval of the shareholders in ensuing Annual General Meeting except in the case where interim dividend is distributed. The Company has not declared or paid any dividend since its incorporation.

**Liquidation**

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

b. **Reconciliation of number of shares outstanding at the beginning and at the end of the year :**

| | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|
| At the beginning of the year | 10,00,000 | 10,00,000 |
| **Outstanding at the end of the year** | **10,00,000** | **10,00,000** |

c. **Details of shares held by holding company 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.

| | As at March 31, 2019 | | As at March 31, 2018 | |
|---|---|---|---|---|
| | No. of Shares | Percentage holding | No. of Shares | Percentage holding |
| CL Educate Limited and its nominees* | 10,00,000 | 100% | 10,00,000 | 100% |
| | **10,00,000** | **100%** | **10,00,000** | **100%** |

* 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 during the period of five years immediately preceding to the balance sheet date.

18 **Other equity**

| | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|
| **Surplus in the statement of profit and loss** | | |
| Opening balance | 3,156.23 | 2,823.32 |
| (+) Net profit for the period | 280.63 | 332.91 |
| **Closing balance (A)** | **3,436.86** | **3,156.23** |
| **Deemed equity contribution** | | |
| Opening balance | 5.75 | 4.47 |
| Additions | 1.46 | 1.28 |
| **Closing balance (B)** | **7.21** | **5.75** |
| **Other comprehensive income** | | |
| Opening balance | 17.23 | 9.12 |
| Additions | 10.63 | 8.11 |
| **Closing balance (C)** | **27.86** | **17.23** |
| **Total reserves and surplus (A+B+C)** | **3,471.93** | **3,179.21** |

**Nature and purpose of other reserves/ other equity**

**Deemed equity**

The Company has received guarantee from its holding Company on the borrowings of Company. The fair valuation of the financial guarantee has resulted in the creation of Deemed equity.

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## 19 Non-current borrowings

| | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|
| **Secured** | | |
| Term Loan from Financial Institutions | 743.22 | - |
| Vehicle Loan | | |
| - From Banks | 17.23 | 29.68 |
| - From others | - | 4.16 |
| **Total non-current borrowings** | **760.45** | **33.84** |
| Less: Current maturities of non-current vehicle loan from banks (included in note 24) | 4.63 | 12.29 |
| Less: Current maturities of non-current borrowing from others (included in note 24) | 229.17 | 4.16 |
| Less: Interest accrued but not due on borrowings (included in note 24) | 0.78 | 0.26 |
| | **525.87** | **17.13** |

Note:

i. Vehicle loans from bank and other financial institutions are secured against hypothecation of concerned vehicles.

**Collateral security ( to Tata Capital)**

a. Lien on fixed deposits amounting Rs. 375.00 lakhs ( March 31, 2018: Rs nil) (Refer Note 7 and 13)

**Guarantees**

a. The Loan from Tata Capital is further secured by personal guarantees of directors of the company i.e. by, Mr. Gautam Puri and Mr. Nikhil Mahajan.

b. Aggregate amount of loans guaranteed by directors of the Company as at year end Rs. 750.00 lakhs ( March 31, 2018: Rs.nil)

Terms and conditions of outstanding borrowings are as follows:

<u>For amount outstanding as at March 31 , 2019</u>

| Loan | Outstanding amount | Equal monthly installment (EMI) | Rate of interest | Date of last EMI |
|---|---|---|---|---|
| Loan from HDFC Bank Limited | 8.57 | 0.25 | 8.76% | 07-Jul-22 |
| Loan from HDFC Bank Limited | 8.57 | 0.25 | 8.76% | 07-Jul-22 |
| | **17.14** | | | |

| Loan | Outstanding amount | Equal monthly Principal (EMP) | Rate of interest | Date of last EMP |
|---|---|---|---|---|
| Loan from TATA Capital | 750.00 | 20.83 | 12.00% | 01-Apr-22 |
| | **750.00** | | | |

<u>For amount outstanding as at March 31, 2018</u>

| Loan | Outstanding amount | Equal monthly installment (EMI) | Rate of interest | Date of last EMI |
|---|---|---|---|---|
| Loan from Kotak Mahindra Prime Limited | 4.16 | 0.45 | 17.74% | 01-Jan-19 |
| Loan from HDFC Bank Limited | 8.05 | 0.78 | 13.50% | 05-Feb-19 |
| Loan from HDFC Bank Limited | 10.69 | 0.25 | 8.76% | 07-Jul-22 |
| Loan from HDFC Bank Limited | 10.69 | 0.25 | 8.76% | 07-Jul-22 |
| | **33.59** | | | |

Company's exposure to liquidity risk is disclosed in Note 42.

## 20 Non-current provisions

| | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|
| **Provision for employee benefits** | | |
| Gratuity (Refer Note 38) | 136.34 | 105.64 |
| Leave encashment (Refer Note 38) | 2.47 | 1.64 |
| | **138.81** | **107.28** |

Refer Note 26 for current portion of provision.

## 21 Other non-current liabilities

| | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|
| Lease equalisation reserve | 17.55 | 12.38 |
| | **17.55** | **12.38** |

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## 22 Current borrowings

| | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|
| **Secured** | | |
| Loan repayable on demand | | |
| Cash credit from bank | 979.35 | 1,045.14 |
| Bank Overdraft | 271.77 | - |
| | 1,251.12 | 1,045.14 |
| **Unsecured** | | |
| Loan from NBFC | 142.13 | - |
| | 142.13 | - |
| **Total current borrowings** | 1,393.25 | 1,045.14 |

Note:

Details of these loans are as follows:

Primary security

First and exclusive charge on entire current assets of the Company both present and future for Cash credit from Indusind Bank.

Collateral security ( to Indusind bank)

a. Corporate guarantee of CL Educate Limited (Holding Company) amounting Rs. 1,450.00 lakhs ( March 31, 2018 : Rs 1,450.00 lakhs)

b. Lien on fixed deposits amounting Rs. 290.00 lakhs ( March 31, 2018: Rs 290.00 lakhs) (Refer Note 13)

c. First and exclusive charge on movable fixed assets of the Company both present and future.

Collateral security ( to ICICI bank)

a. Lien on fixed deposits amounting Rs. 300.00 lakhs ( March 31, 2018: Rs Nil) (Refer Note 13)

Interest rates

a. 13.55% p.a till September 25, 2017 on CC Limit from Indusind Bank.

b. 11.50% p.a from September 26, 2017 on CC Limit from Indusind Bank.

c. 14.50% p.a for Loan from Nortern Arc.

d. 0.75% p.a. over and above the FD Interest rate on Overdraft facility from ICICI Bank.

Guarantees

a. The cash credit facility and Loan from Nortern Arc is further secured by personal guarantees of directors of the company i.e. by, Mr. Gautam Puri and Mr. Nikhil Mahajan.

b. Aggregate amount of loans guaranteed by directors of the Company as at year end Rs. 1,121.48 lakhs ( March 31, 2018: Rs.1,045.14 lakhs)

Terms and conditions of outstanding borrowings are as follows:

For amount outstanding as at March 31 , 2019

| Loan | Outstanding amount | Equal monthly installment (EMI) | Rate of interest | Date of last EMI |
|---|---|---|---|---|
| Loan from Northern Arc | 142.13 | 29.48 | 14.50% | 13-Aug-19 |
| | 142.13 | | | |

Note : Company's exposure to liquidity risk is disclosed in Note 42.

## 23 Trade payables

| | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|
| Trade payables | | |
| - to micro and small enterprises | - | - |
| - to others | 2,113.58 | 1,996.21 |
| | 2,113.58 | 1,996.21 |

(i) Refer Note 41 for dues to micro and small enterprises

(ii) Refer Note 39 for payable to related parties

(iii) Company's exposure to liquidity risk related to trade payables is disclosed in note 42.

## 24 Other current financial liabilities

| | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|
| Current maturities of non-current vehicle loan from banks | 4.63 | 12.29 |
| Current maturities of non-current loan from others | 229.17 | 4.16 |
| Interest accrued but not due on borrowings | 1.81 | 0.26 |
| Employees related payables | 95.27 | 91.53 |
| Receipts on behalf of clients (refer note 27(vi)) | 275.64 | 226.80 |
| Payable for fixed assets | - | 12.94 |
| | 606.52 | 347.98 |

Note : Company's exposure to liquidity risk is disclosed in Note 42.

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Notes to the financial statements for the year ended March 31, 2019
*(All amounts are Rupees in lacs, unless otherwise stated)*

**25 Other current liabilities**

| | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|
| Contract Liabilities | 350.77 | 297.09 |
| Statutory dues payable | 197.28 | 128.21 |
| Lease equalisation reserve | - | 0.32 |
| | **548.05** | **425.62** |

For movement of contract liabilities. Refer Footnote - 27 (ii)

**26 Current provisions**

| | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|
| **Provision for employee benefits** | | |
| Gratuity (Refer Note 38) | 1.51 | 0.66 |
| Leave encashment (Refer Note 38) | 0.03 | 0.02 |
| | 1.54 | 0.68 |

Refer Note 20 for Non-current portion of provision.

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*(All amounts are Rupees in lacs, unless otherwise stated)*

27 Revenue from operations

| | Year ended March 31, 2019 | Year ended March 31, 2018 |
|---|---|---|
| Sale of services | 11,976.17 | 9,503.19 |
| | 11,976.17 | 9,503.19 |

Notes:

i. **Disaggregated revenue information**

Set out below is the disaggregation of the revenue from contracts with customers:

| Category | Events | Digital | MMS | Total |
|---|---|---|---|---|
| **Type of goods or service** | | | | |
| Sale of Services | 10,283.04 | 272.63 | 1,420.50 | 11,976.17 |
| **Total revenue from contracts with customers** | 10,283.04 | 272.63 | 1,420.50 | 11,976.17 |
| **Geographical markets** | | | | |
| India | 10,218.75 | 250.79 | 1,403.54 | 11,873.08 |
| Overseas | 64.29 | 21.84 | 16.96 | 103.09 |
| **Total revenue from contracts with customers** | 10,283.04 | 272.63 | 1,420.50 | 11,976.17 |

ii. Changes in contract liablity are as follows:-

| | Year ended March 31, 2019 |
|---|---|
| Balance at the beginning of the year | 297.09 |
| Revenue recognised that was deducted from trade receivables as unearned revenue balance at the beginning of the year | (297.09) |
| increase due to invoicing during the year,excluding amount recognised as revenue during the year | 350.77 |
| Balance at the end of the year | 350.77 |

| The transaction price allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) | Year ended March 31, 2019 |
|---|---|
| Within one year | 350.77 |
| More than one year | - |

iii. Changes in contract assets are as follows:-

| | Year ended March 31, 2019 |
|---|---|
| Balance at the beginning of the year | 1,221.15 |
| Revenue recognised that was added to trade receivables as unbilled revenue balance at the beginning of the year | (1,146.70) |
| increase due to amount not recognised as revenue during the year | 623.06 |
| Balance at the end of the year | 697.51 |

iv. Operating segments are the components of entity whose results are regularly reviewed by the entity's chief operating decision maker. The company has different categories of revenue but due to absence of discrete information about the expense incurred to earn that revenue is not sufficient for decision making with regard to resource allocation and performance measurement of a segment. Hence the company has not considered any revenue related information to be treated as operating segment.

v. It includes revenue from Related Party. (Refer Note 39)

vi. Revenue as an agent

The Company is involved in marketing and sale services. Such activities interalia involves, working at times, as agent of the customers for certain events or for certain activities in an event. For example the customer at times request for collection of registration fees for the event, which is collected by the Company and paid to the customers. In such cases normally there are, either the related event revenue or normal fees/commission. In such case the revenue disclosed in the financials includes only the amount of the fees/commission in accordance with para 34 to 38 of Ind As 115. During the financial year 2018-19 the details of the collectable amount on behalf of the customers are detailed as under. Such amount is generally paid as and when collected and balance if any is disclosed under "Receipts on behalf of clients" as other current financial liability.

| | Year ended March 31, 2019 |
|---|---|
| Amount collected/collectable on behalf of various customers | 1,386.43 |
| Amount of fees/commission/related charges forming part of the revenue for the year | 90.11 |

The Company is involved in marketing and sale services. Such activities interalia involves, working at times, as agent of the customers for certain events or for certain activities in an event. For example the customer at times request for payment to various vendors for the services rendered to them, which is paid by the Company to various vendors and collected from customers. In such cases normally there are, either the related event revenue or normal fees/commission. In such case the revenue disclosed in the financials includes only the amount of the fees/commission in accordance with para 34 to 38 of Ind As 115. During the financial year 2018-19 the details of the amount paid/ payable on behalf of the customers are detailed as under. Such amount is generally collected from client as and when paid and balance if any is disclosed under "Trade Receivable" as current financial assets.

| | Year ended March 31, 2019 |
|---|---|
| Amount paid/payable on behalf of various customers during the year | 503.44 |
| Amount of fees/commission/related charges forming part of the revenue for the year | 35.85 |

28 Other income

| | Year ended March 31, 2019 | Year ended March 31, 2018 |
|---|---|---|
| Interest income from financial assets measured at amortised cost | | |
| -Security deposits | 7.05 | 7.03 |
| Interest income on | | |
| -Bank deposits | 43.51 | 18.75 |
| -Income tax Refund | - | 29.15 |
| -Loans to related parties (Refer Note 39) | 26.88 | 57.89 |
| Liabilities no longer required written back | 68.03 | 150.21 |
| Excess provision for doubtful trade receivables written back | - | 15.87 |
| Net gain on foreign exchange transaction | 1.59 | 27.38 |
| Profit on sale of property, plant and equipment | 0.07 | 0.11 |
| Miscellaneous income | 2.50 | 5.90 |
| | 149.63 | 312.29 |

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*(All amounts are Rupees in lacs, unless otherwise stated)*

## 29 Employee benefits expense

| | Year ended March 31, 2019 | Year ended March 31, 2018 |
|---|---|---|
| Salaries and wages | 2,020.22 | 1,836.60 |
| Contribution to provident and other funds (Refer Note 38) | 83.81 | 67.66 |
| Expenses related to post-employment defined benefit plan (Refer Note 38) | 49.01 | 49.46 |
| Expenses related to compensated absences (Refer Note 38) | 1.14 | 1.17 |
| Staff welfare expenses | 108.19 | 94.87 |
| | 2,262.37 | 2,049.76 |

## 30 Finance cost

| | Year ended March 31, 2019 | Year ended March 31, 2018 |
|---|---|---|
| Interest expense on borrowings | 156.11 | 85.57 |
| Interest on delayed payment of Statutory dues* | 0.00 | 1.45 |
| Commission expense on financial guarantees | 1.45 | 1.28 |
| Other borrowing cost | 2.50 | 13.75 |
| | 160.06 | 102.05 |

* Amount as shown is Rs. 200 for year ended March 31, 2019.

## 31 Depreciation and amortisation expense

| | Year ended March 31, 2019 | Year ended March 31, 2018 |
|---|---|---|
| Depreciation on property, plant and equipment | 87.69 | 126.02 |
| Amortisation of intangible assets | 3.45 | 2.28 |
| | 91.14 | 128.30 |

## 32 Other expenses

| | Year ended March 31, 2019 | Year ended March 31, 2018 |
|---|---|---|
| Banquet and hotel expense | 1,409.61 | 1,226.25 |
| Giveaways | 1,525.86 | 1,667.32 |
| Temporary manpower resources | 607.23 | 482.35 |
| Photography charges | 68.07 | 70.75 |
| Equipment hire charges | 1,168.36 | 623.02 |
| Sponsorship fees | 112.63 | 127.10 |
| Printing and stationery | 95.48 | 106.33 |
| Travelling expenses | 583.68 | 436.93 |
| Communication expenses | 242.28 | 253.16 |
| CSR Expenses | - | 6.28 |
| Rent (refer note 36) | 156.71 | 127.89 |
| Business promotion expenses | 1,147.46 | 453.12 |
| Repairs and maintenance | 42.01 | 53.64 |
| Insurance | 31.61 | 18.80 |
| Electricity charges | 21.88 | 25.85 |
| Sundry balances written off | 30.70 | 5.84 |
| Provision for Expected Credit Loss | 32.32 | 40.35 |
| Event consultancy | 1,794.13 | 1,208.90 |
| Legal and professional charges (refer note i below) | 83.59 | 66.53 |
| Miscellaneous expenses | 53.77 | 29.28 |
| | 9,207.38 | 7,029.69 |
| Amount Written off: | | |
| Bad Debts Written Off | 103.50 | - |
| Less: Provision made in earlier years | 103.50 | - |
| | - | - |
| | 9,207.38 | 7,029.69 |

### (i) Payment to auditors (excluding GST)

| | Year ended March 31, 2019 | Year ended March 31, 2018 |
|---|---|---|
| As auditor | | |
| Statutory audit | 9.00 | 10.50 |
| In other capacities | | |
| Certification fees | 0.55 | 1.40 |
| Reimbursement of expenses | 0.79 | 0.31 |
| | 10.34 | 12.21 |

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*(All amounts are Rupees in lacs, unless otherwise stated)*

**33 Disclosure as per Ind AS 33 on 'Earnings per share'**

| | Year ended March 31, 2019 | Year ended March 31, 2018 |
|---|---|---|
| **Basic and diluted earnings per share** | | |
| Basic and diluted earnings per share (Refer Note i & ii) (attributable to Equity Shareholders of the company) | 28.06 | 33.29 |
| Nominal Value per share | 10.00 | 10.00 |
| **i. Profit attributable to equity shareholders (used as numerator)** | | |
| Profit from operations | 280.63 | 332.91 |
| Profit attributable to equity shareholders | **280.63** | **332.91** |
| **ii. Weighted average number of shares used as the denominator** | | |
| Opening balance of issued equity shares | 10,00,000 | 10,00,000 |
| Effect of shares issued during the year, if any | - | - |
| **Weighted average number of equity shares for basic and diluted EPS** | **10,00,000** | **10,00,000** |

Note: At present, the company does not have any dilutive potential equity shares.

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Kestone Integrated Marketing Services Private Limited
Notes to the financial statements for the year ended March 31, 2019
*(All amounts are Rupees in lacs, unless otherwise stated)*

**34 Income taxes**

| | Year ended March 31, 2019 | Year ended March 31, 2018 |
|---|---|---|
| **A. Amounts recognised in profit or loss** | | |
| **Current tax expense** | | |
| Current year | 108.02 | 202.67 |
| Adjustment for prior years | - | 20.05 |
| | **108.02** | **222.72** |
| **Deferred tax expense** | 16.20 | (49.95) |
| **Total Tax Expense** | **124.22** | **172.77** |
| **B. Amounts recognised in Other Comprehensive Income** | | |
| **Income tax relating to items that will not be reclassified to profit or loss** | | |
| - Income tax relating to remeasurement of defined benefit plans | (4.10) | (4.06) |
| | **(4.10)** | **(4.06)** |

**C. Reconciliation of effective tax rate**

| | Year ended March 31, 2019 | | Year ended March 31, 2018 | |
|---|---|---|---|---|
| | Rate | Amount | Rate | Amount |
| **Profit before tax from continuing operations** | 27.82% | 404.85 | 33.38% | 505.68 |
| Tax using the Company's domestic tax rate | | 112.63 | | 168.80 |
| Tax effect of: | | | | |
| Tax effect of Permanent timimg difference | | 0.71 | | 0.42 |
| Tax adjustments relating to earlier years | | - | | 20.05 |
| Others | | 10.88 | | (16.49) |
| | | 124.22 | | **172.78** |

**D. Movement in deferred tax balances**

| | Year ended March 31, 2018 | Recognized in P&L | Recognized in OCI | Year ended March 31, 2019 |
|---|---|---|---|---|
| **Items that will not be reclassified to profit and loss** | | | | |
| **Deferred tax assets** | | | | |
| Provision for employee benefits | 35.75 | 7.39 | 4.10 | 39.04 |
| Provision for bonus | 20.32 | (8.98) | - | 11.34 |
| Provision for allowance for doubtful debtors | 41.27 | (27.66) | - | 13.61 |
| Provision for doubtful supplier advances | 0.13 | (0.13) | - | - |
| Lease equalisation reserve | 4.32 | 0.56 | - | 4.88 |
| Property, plant and equipment | (1.05) | 14.61 | - | 13.56 |
| Amortisation of Security Deposits | 3.91 | 1.31 | - | 5.22 |
| **Sub- total (a)** | **104.65** | **(12.90)** | **4.10** | **87.65** |
| **Deferred tax liabilities** | | | | |
| Long Term Borrowings | - | 2.08 | - | 2.08 |
| Amortisation of Prepaid rent | 3.41 | 1.22 | - | 4.63 |
| **Sub- total (b)** | **3.41** | **3.30** | **-** | **6.71** |
| **Net deferred tax (asset) liability (b)-(a)** | **(101.24)** | **16.20** | **(4.10)** | **(80.94)** |

| | Year Ended March 31, 2017 | Recognized in P&L | Recognized in OCI | Year ended March 31, 2018 |
|---|---|---|---|---|
| **Deferred tax assets** | | | | |
| Provision for employee benefits | 26.64 | 13.18 | 4.06 | 35.75 |
| Provision for bonus | 9.26 | 11.06 | - | 20.32 |
| Provision for allowance for doubtful debtors | 33.09 | 8.17 | - | 41.27 |
| Provision for doubtful supplier advances | 0.13 | - | - | 0.13 |
| Lease equalisation reserve | 1.82 | 2.50 | - | 4.32 |
| Amortisation of security deposits | 1.61 | 2.30 | - | 3.91 |
| **Sub- total (a)** | **72.55** | **37.21** | **4.06** | **105.70** |
| **Deferred tax liabilities** | | | | |
| Property, plant and equipment | 16.14 | 15.09 | - | 1.05 |
| Amortisation of prepaid rent | 1.06 | (2.35) | - | 3.41 |
| **Sub- Total (b)** | **17.20** | **12.74** | **-** | **4.46** |
| **Net deferred tax (asset) liability (b)-(a)** | **(55.35)** | **49.95** | **4.06** | **(101.24)** |

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*(All amounts are Rupees in lacs, unless otherwise stated)*

**35 Contingent liabilities, contingent assets and commitments**

**a. Commitments**

There are no capital or other commitments as on March 31, 2019 and March 31, 2018

**b. Contingent liabilities**

There are no contingent liabilities as on March 31, 2019 and March 31, 2018.

**c. Contingent assets**

There are no contingent assets as on March 31, 2019 and March 31, 2018.

**36 Operating lease**

**A. Leases as a lessee**

The Company has taken various office premises under cancellable and non cancellable operating leases ranging from 11 months to 60 months. These lease agreements have escalation clauses ranging from 0% to 10% and are usually renewable on mutually agreeable terms. Disclosure in respect of such operating leases is as given below:

| | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|
| **i Commitments for minimum lease payments in relation to non cancellable operating leases are payable as follows:** | | |
| Within one year | 145.96 | 135.63 |
| Later than one year but not later than five years | 188.00 | 327.15 |
| Later than five years | | - |
| | **333.96** | **462.78** |

| | Year ended March 31, 2019 | Year ended March 31, 2018 |
|---|---|---|
| **ii Amounts recognised in statement of profit and loss** | | |
| Lease rent recognised in the statement of profit and loss | 156.71 | 127.89 |

**B. Leases as a lessor**

The Company has given some of its fixed assets on cancellable operating lease and the lease terms are generally for one year. There are no non cancellable leases and hence disclosure relating to minimum lease receipts has not been provided.

| | Year ended March 31, 2019 | Year ended March 31, 2018 |
|---|---|---|
| **i Amounts recognised in statement of profit and loss** | | |
| Lease rent recognised in the statement of profit and loss during the year | | |
| - in respect of cancellable leases | - | 1.80 |

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*(All amounts are Rupees in lacs, unless otherwise stated)*

**37 Segment information**

In the opinion of the management, there is only one reportable segment. Accordingly, no separate disclosure for segment reporting is required to be made in the financial statements of the Company.

The Company's Board of Directors have been identified as the Chief Operating Decision Maker ('CODM'), since they are responsible for all major decision w.r.t. the preparation and execution of business plan, preparation of budget, planning, expansion, alliance, joint venture, merger and acquisition, and expansion of any new facility.

**i. Geographic information**

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 are no reportable geographical segments.

**a) Revenue from external customers**

| Particulars | Year ended March 31, 2019 | Year ended March 31, 2018 |
|---|---|---|
| India | 11,873.08 | 9,373.91 |
| Outside India | 103.09 | 129.28 |
| **Total** | **11,976.17** | **9,503.19** |

**b) Non-current assets**

Total of non-current assets other than financial instruments, investment in subsidiaries and deferred tax assets broken down by location of the assets, is shown below:

| Particulars | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|
| India | 1,831.75 | 1,194.04 |
| Outside India | - | - |
| **Total** | **1,831.75** | **1,194.04** |

**ii. Information about products and services**

The Company provides integrated business marketing and sales service like managed manpower, training, event management, customer engagement, marketing communication and digital marketing services for corporate to conduct very large conferences and exhibitions.

**iii. Major customer**

Revenue from transactions with external customer amounting to 10 per cent or more of the Company's revenue is as follows:

| Client Name | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|
| Customer 1 | 2,718.78 | 3,774.03 |
| Customer 2 | 2,588.24 | 2,343.71 |

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*(All amounts are Rupees in lacs, unless otherwise stated)*

## 38 Employee benefits

The Company contributes to the following post-employment defined benefit plans in India.

### (i) Defined Contribution Plans

The Company makes contributions, determined as a specified percentage of employee salaries, in respect of qualifying employees towards provident fund, which is a defined contribution plan. The Company has no obligations other than to make the specified contributions. The contributions are charged to the statement of profit and loss as they accrue.

| | Year ended March 31, 2019 | Year ended March 31, 2018 |
|---|---|---|
| Contribution to Government Provident Fund | 74.87 | 60.47 |
| | 74.87 | 60.47 |

### (ii) Defined Benefit Plan

**Gratuity**

The present value obligation is determined based on actuarial valuation as at balance sheet date using the projected unit credit method which recognises each year of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligations. The scheme is funded by the Company and contribution is made to group gratuity policy issued by Life Insurance Corporation of India.

The most recent actuarial valuation of plan assets and the present value of the defined benefit obligation for gratuity were carried out as at March 31, 2019. The present value of the defined benefit obligations and the related current service cost and past service cost, were measured using the Projected Unit Credit Method.

**A.** Based on the actuarial valuation obtained in this respect, the following table sets out the status of the gratuity plan and the amounts recognised in the Company's financial statements as at balance sheet date:

| | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|
| **Net defined benefit liability** | | |
| Liability for Gratuity | 137.64 | 106.30 |
| **Total employee benefit liabilities** | 137.64 | 106.30 |
| Non-current | 136.13 | 105.64 |
| Current | 1.51 | 0.66 |

**B. Movement in net defined benefit (asset) / liability**

The following table shows a reconciliation from the opening balances to the closing balances for net defined benefit (asset) liability and its components:

| | Year ended March 31, 2019 | | | Year ended March 31, 2018 | | |
|---|---|---|---|---|---|---|
| | Defined benefit obligation | Fair value of plan assets | Net defined benefit (asset)/ liability | Defined benefit obligation | Fair value of plan assets | Net defined benefit (asset)/ liability |
| Balance as at the beginning of the year | 110.20 | 3.91 | 106.29 | 80.94 | 2.84 | 78.10 |
| Not considered in last year | - | - | - | - | 0.03 | (0.03) |
| **Included in profit and loss** | - | | - | - | - | - |
| - Current service cost | 40.72 | | 40.72 | 34.68 | - | 34.68 |
| - Past service cost | - | | - | 8.93 | - | 8.93 |
| - Interest cost/ (income) | 8.60 | 0.31 | 8.29 | 6.07 | 0.21 | 5.86 |
| | 159.52 | 4.22 | 155.30 | 130.62 | 3.08 | 127.54 |
| **Included in OCI** | | | | | | |
| Remeasurements loss (gain) | | | | | | |
| - Actuarial loss (gain) arising from: | | | | | | |
| - financial assumptions | 2.97 | | 2.97 | (9.37) | - | (9.37) |
| - demographic assumptions | - | | - | 1.44 | - | 1.44 |
| - experience adjustment | (17.83) | | (17.83) | (4.18) | - | (4.18) |
| - Return on plan assets excluding interest income | - | (0.13) | 0.13 | - | 0.06 | (0.06) |
| | (14.86) | (0.13) | (14.73) | (12.11) | 0.06 | (12.17) |
| **Other** | | | | | | |
| Contributions paid by the employer | - | 4.19 | (4.19) | - | 10.00 | (10.00) |
| Benefits paid | (5.00) | (5.00) | - | (8.31) | (8.16) | (0.15) |
| Fund management charges | - | (1.15) | 1.15 | - | (0.94) | 0.94 |
| Admin charges | - | (0.11) | 0.11 | - | (0.12) | 0.12 |
| Received from LIC against Provision | - | | - | - | | - |
| | (5.00) | (2.07) | (2.93) | (8.31) | 0.78 | (9.09) |
| Balance as at the end of the year | 139.66 | 2.02 | 137.64 | 110.20 | 3.92 | 106.28 |

**C. Expenses recognised in the profit and loss account**

| | Year ended March 31, 2019 | Year ended March 31, 2018 |
|---|---|---|
| Current service cost | 40.72 | 34.68 |
| Past service cost | - | 8.93 |
| Net interest cost | 8.29 | 5.86 |
| | 49.01 | 49.47 |

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**D. Plan assets**

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.

| | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|
| Funds Managed by Insurer ( investment with insurer) | 100% | 100% |

**E Actuarial assumptions**

**a) Economic assumptions**

The principal assumptions are the discount rate and salary growth rate. The discount rate is based upon the market yields available on Government bonds at the accounting date with a term that matches that of liabilities. Salary increase rate takes into account of inflation, seniority, promotion and other relevant factors on long term basis. Valuation assumptions are as follows which have been selected by the company.

| | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|
| Discount rate | 7.66% | 7.80% |
| Expected rate of future salary increase | 8.00% | 8.00% |

**b) Demographic assumptions**

| | | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|---|
| i) | Retirement age (years) | 58 | 58 |
| ii) | Mortality rates inclusive of provision for disability | 100% of IALM (2006-08) | |
| iii) | Ages | Withdrawal rate (%) | Withdrawal rate (%) |
| | | External/Internal | External/Internal |
| | Upto 30 years | 2.32/1.22% | 2.32/1.22% |
| | From 31 to 44 years | 1.77/0.90% | 1.77/0.90% |
| | Above 44 years | 0.14/0.06% | 0.14/0.06% |

**F. Sensitivity analysis**

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below.

Sensitivity due to mortality and withdrawals are not material and hence impact of changes are not calculated. Sensitivity as to rate of inflation, rate of increase of pensions in payment, rate of increase of pensions before retirement and life expectancy are not applicable being a lump sum benefit on retirement.

| | As at March 31, 2019 | | As at March 31, 2018 | |
|---|---|---|---|---|
| | Increase | Decrease | Increase | Decrease |
| Discount rate (0.5% movement) | (11.50) | 11.85 | (10.04) | 9.73 |
| Expected rate of future salary increase (0.5% movement) | 11.75 | (11.51) | 9.66 | (10.07) |

**G. Description of Risk Exposures**

Valuations are based on certain assumptions, which are dynamic in nature and vary over the time. As such, company is exposed to various risks as follows: -

A) Salary increases- Actual salary increases will increase the Plan's liability. Increase in salary increase rate assumption in future valuations will also increase the liability.

B) Investment risk - If Plan is funded then assets and liabilities mismatch and actual investment return on assets lower than the discount rate assumed at the last valuation date can impact the liability.

C) Discount rate: Reduction in discount rate in subsequent valuations can increase the plan's liability.

D) Mortality and disability - Actual deaths and disability cases proving lower or higher than assumed in the valuation can impact the liabilities.

E) Withdrawals - Actual withdrawals proving higher or lower than assumed withdrawals and change of withdrawal rates at subsequent valuations can impact Plan's liability.

**H. Expected maturity analysis of the defined benefit plans in future years**

| Particulars | March 31, 2019 | March 31, 2018 |
|---|---|---|
| **Duration of defined benefit obligation** | | |
| Less than 1 year | 1.71 | 0.66 |
| Between 1-2 years | 1.36 | 1.27 |
| Between 2-5 years | 5.89 | 6.12 |
| Over 5 years | 130.70 | 102.16 |
| **Total** | **139.66** | **110.21** |

Expected contributions for the next annual reporting period as at March 31, 2019: Rs 61.63 lakhs(March 31, 2018: Rs 56.41 lakhs).
The weighted average duration of the defined benefit plan obligation at the end of the reporting period is 22.33 years (March 31, 2018: 22.50 years).

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*(All amounts are Rupees in lacs, unless otherwise stated)*

**(ii) Other long-term employee benefits:**

The company provides for compensated absences to some of its employees. The employees can carry-forward a portion of the unutilised accrued compensated absences and utilise it in future service periods or receive cash compensation on termination of employment. Since the compensated absences may not fall due wholly within twelve months after the end of the period in which the employees render the related service and are also not expected to be utilized wholly within twelve months after the end of such period, the benefit is classified as a long-term employee benefit. The Company determines the expense for compensated absences basis the actuarial valuation and the present value of the obligation, using the Projected Unit Credit Method.

A. Based on the actuarial valuation obtained in this respect, the following table sets out the status of the leave encashment plan and the amounts recognised in the Company's financial statements as at balance sheet date:

| | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|
| **Defined benefit liability** | | |
| Liability for leave encashment | 2.51 | 1.66 |
| **Total employee benefit liabilities** | 2.51 | 1.66 |
| Non-current | 2.48 | 1.64 |
| Current | 0.03 | 0.02 |

**B. Movement in net defined benefit liability**

The following table shows a reconciliation from the opening balances to the closing balances for net defined benefit liability and its components:

| | Year ended March 31, 2019 | Year ended March 31, 2018 |
|---|---|---|
| | Defined benefit obligation | Defined benefit obligation |
| Balance as at the beginning of the period | 1.66 | 1.43 |
| Not considered in last year | - | - |
| **Included in profit or loss** | - | - |
| Current service cost | 1.14 | 1.31 |
| Fund management charges | - | - |
| Admin charges | - | - |
| Received from LIC against Provision | - | - |
| Interest cost (income) | 0.13 | 0.11 |
| | 2.93 | 2.85 |
| - Actuarial loss (gain) arising from: | | |
| - financial assumptions | 0.06 | (0.17) |
| - demographic assumptions | (0.01) | - |
| - experience adjustment | (0.18) | (0.07) |
| -Return on plan assets excluding interest income | - | - |
| | (0.13) | (0.24) |
| **Other** | | |
| Contributions paid by the employer | - | - |
| Benefits paid | (0.29) | (0.95) |
| | (0.29) | (0.95) |
| Balance as at the end of the period | 2.51 | 1.66 |

| C. Expenses recognised in the profit and loss account | Year ended March 31, 2019 | Year ended March 31, 2018 |
|---|---|---|
| Current service cost | 1.14 | 1.31 |
| Actuarial (gain)/loss | (0.13) | (0.24) |
| Net interest cost | 0.13 | 0.11 |
| | 1.14 | 1.18 |

**D Actuarial assumptions**

**a) Economic assumptions**

The principal assumptions are the discount rate and salary growth rate. The discount rate is based upon the market yields available on Government bonds at the accounting date with a term that matches that of liabilities. Salary increase rate takes into account of inflation, seniority, promotion and other relevant factors on long term basis. Valuation assumptions are as follows which have been selected by the company.

| | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|
| Discount rate | 7.66% | 7.80% |
| Expected rate of future salary increase | 8.00% | 8.00% |

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**b) Demographic assumptions**

| | | Year ended March 31, 2019 | Year ended March 31, 2018 |
|---|---|---|---|
| i) | Retirement age (years) | 58 | 58 |
| ii) | Mortality rates inclusive of provision for disability | 100% of IALM (2006-08) | |
| iii) | Ages | Withdrawal rate (%) | Withdrawal rate (%) |
| | Upto 30 years | 0.00% | 0.00% |
| | From 31 to 44 years | 2.23% | 2.23% |
| | Above 44 years | 0.00% | 0.00% |

**E. Sensitivity analysis**

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below.

Sensitivity due to mortality and withdrawals are not material and hence impact of change not calculated. Sensitivity as to rate of inflation, rate of increase of pensions in payment, rate of increase of pensions before retirement and life expectancy are not applicable being a lump sum benefit on retirement.

| | March 31, 2019 | | March 31, 2018 | |
|---|---|---|---|---|
| | Increase | Decrease | Increase | Decrease |
| Discount rate (0.5% movement) | (0.19) | 0.21 | (0.13) | 0.15 |
| Expected rate of future salary increase (0.5% movement) | 0.20 | (0.19) | 0.15 | (0.13) |

**F. Description of Risk Exposures**

Valuations are based on certain assumptions, which are dynamic in nature and vary over time. As such, company is exposed to various risks as follow:-

A) Salary increases- Actual salary increases will increase the Plan's liability. Increase in salary increase rate assumption in future valuations will also increase the liability.

B) Investment risk - If plan is funded then assets liabilities mismatch and actual investment return on assets lower than the discount rate assumed at the last valuation date can impact the liability.

C) Discount rate: Reduction in discount rate in subsequent valuations can increase the plan's liability.

D) Mortality and disability - Actual deaths and disability cases proving lower or higher than assumed in the valuation can impact the liabilities.

E) Withdrawals - Actual withdrawals proving higher or lower than assumed withdrawals and change of withdrawal rates at subsequent valuations can impact Plan's liability.

**G. Expected maturity analysis of the defined benefit plans in future years**

| **Particulars** | **March 31, 2019** | **March 31, 2018** |
|---|---|---|
| **Duration of defined benefit obligation** | | |
| Less than 1 year | 0.03 | 0.02 |
| Between 1-2 years | 0.05 | 0.03 |
| Between 2-5 years | 0.13 | 0.10 |
| Over 5 years | 2.30 | 1.51 |
| **Total** | **2.51** | **1.66** |

Expected contributions for the next annual reporting period as at March 31, 2019: Rs. 1.10 lacs (March 31, 2018: Rs. 1.09 lacs).
The weighted average duration of the defined benefit plan obligation at the end of the reporting period is 18.08 years (March 31, 2018: 18.92 years).

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*(All amounts are Rupees in lacs, unless otherwise stated)*

**39 Related parties**

**A. Related parties and their relationships**

**a) Holding company**

| Name of the company | Type | Place of incorporation | Ownership interest | |
|---|---|---|---|---|
| | | | March 31, 2019 | March 31, 2018 |
| CL Educate Limited | Immediate and ultimate parent entity | India | 100% | 100% |

**b) Subsidiary company**

| Name of the company | Type | Place of incorporation | Ownership interest | |
|---|---|---|---|---|
| | | | March 31, 2019 | March 31, 2018 |
| Kestone CL Asia Hub Pte Limited (Formerly known as Kestone Asia Hub Pte Limited) | Direct | Singapore | 100% | 100% |
| Kestone CL US Limited (from March 22, 2018) | Indirect | USA | 100% | 100% |

**c) Key Managerial Personnel (KMP)**

Mr. Satya Narayanan R, Non-Executive Director
Mr. Gautam Puri, Non-Executive Director
Mr. Nikhil Mahajan, Non-Executive Director
Mr. Girish Shivani, Additional (Non-Executive Independent) Director

**d) Fellow subsidiaries**

CL Media Private Limited
G K Publications Private Limited
Career Launcher Education Infrastructure and Services Limited
Accendere Knowledge Management Services Private Limited
Career Launcher Infrastructure Private Limited
Ice Gate Educational Institute Private Limited

**e) Enterprises in which key management personnel and their relatives having control and significant influence**

Bilakes Consulting Private Limited, India
CLEF - AP, India
Career launcher Education Foundation, India
Nalanda Foundation (upto June 30, 2017)
Career Launcher Employee Welfare Society

**B. Transactions with the above in the ordinary course of business**

| | Year ended March 31, 2019 | Year ended March 31, 2018 |
|---|---|---|
| **a. Rendering of services** | | |
| Holding company | | |
| - CL Educate Limited | | |
| - Marketing and sales services | 35.65 | 246.72 |
| - Online marketing support services | 72.84 | 22.68 |
| - Managed Manpower Services | 8.00 | - |
| Subsidiary | | |
| - Kestone CL Asia Hub Pte Ltd | | |
| - Marketing and sales services | 16.96 | - |
| Fellow subsidiary | | |
| - CL Media Private Limited | | |
| - Marketing and sales services | 25.26 | |
| - Online marketing support services | 0.60 | 17.50 |
| **b. Interest income on loans given** | | |
| Fellow subsidiary | | |
| - CL Media Private Limited | 4.24 | 16.41 |
| Subsidiary company | | |
| - Kestone CL Asia Hub Pte Limited | 17.55 | 34.80 |
| Enterprises over which key managerial personnel exercise significant influence | | |
| - Career Launcher Education Foundation | 5.09 | 5.65 |
| - Nalanda Foundation | - | 1.03 |
| **c. Unsecured loans given** | | |
| Subsidiary company | | |
| - Kestone CL Asia Hub Pte Limited | - | 235.54 |
| **d. Repayment received of unsecured loans given** | | |
| Fellow subsidiary | | |
| - CL Media Private Limited | 45.07 | 380.84 |
| **e. Debit notes/invoices received for expenses incurred/Services rendered by related parties on behalf of Company** | | |
| Holding company | | |
| - CL Educate Limited | 79.55 | 199.03 |
| Fellow subsidiary | | |
| - CL Media Private Limited | 323.80 | 23.09 |

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*(All amounts are Rupees in lacs, unless otherwise stated)*

| | | |
|---|---|---|
| **f. Amount incurred on behalf of** | | |
| Holding company | | |
| - CL Educate Limited | 39.19 | 3.00 |
| **g. Loan converted into Investment made during the year** | | |
| Subsidiary company | | |
| - Kestone CL Asia Hub Pte Limited | - | 248.41 |
| **h. Repayment of Interest** | | |
| Fellow subsidiary | | |
| - CL Media Private Limited | 5.10 | 105.16 |

**C. Balances outstanding as at year end**

| | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|
| **a. Trade Receivable** | | |
| Enterprises over which key managerial personnel exercise significant influence | | |
| - Career Launcher Education Foundation | 75.28 | 75.28 |
| Holding company | | |
| - CL Educate Limited | 821.97 | 1,475.37 |
| Fellow subsidiary | | |
| - CL Media Private Limited | 50.30 | 20.30 |
| Subsidiary company | | |
| - Kestone CL Asia Pte Limited | 16.96 | |
| **b. Interest accrued but not due on loans given:** | | |
| Enterprises over which key managerial personnel exercise significant influence | | |
| - Career Launcher Education Foundation | 34.63 | 30.22 |
| Fellow subsidiary | | |
| - CL Media Private Limited | - | 1.28 |
| Subsidiary company | | |
| - Kestone CL Asia Hub Pte Limited | 69.75 | 51.14 |
| **c. Receivable against expenses incurred on behalf of related parties:** | | |
| Holding company | | |
| - CL Educate Limited | 46.65 | 3.00 |
| **d. Current loan:** | | |
| Enterprises over which key managerial personnel exercise significant influence | | |
| -Career Launcher Education Foundation | 40.70 | 40.70 |
| Fellow subsidiary | | |
| - CL Media Private Limited | - | 45.07 |
| Subsidiary company | | |
| - Kestone Asia Hub Pte Limited | 219.35 | 214.90 |
| (During the year no fresh loan has been given, difference is due to the forex reinstatement) | | |
| **e. Payable for expenses** | | |
| Fellow subsidiary | | |
| - CL Media Private Limited | - | 27.25 |
| Holding company | | |
| - CL Educate Limited | 59.74 | 130.81 |
| **f. Trade advances given for expenses to be incurred** | | |
| Fellow subsidiary | | |
| - CL Media Private Limited | 14.52 | - |
| Fellow subsidiary | | |
| - Accendere Knowledge Management Services Private Limited | 0.53 | - |
| **g. Guarantees against loan taken by the Company** | | |
| Holding company | | |
| - CL Educate Limited | 1,450.00 | 1,450.00 |

**Terms and conditions of transactions with the related parties:**

1) All transactions of rendering of services & other with these related parties are priced on an arm's length basis and resulting outstanding balances are to be settled in cash. None of the balances are secured.

2) The principal amount of loan outstanding to Career Launcher Education Foundation and Kestone Asia Hub Pte Limited carry a variable interest as agreed between both the parties from time to time. The current rate of interest is 12.5% and 8% respectively.

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40 **Corporate Social Responsibility**

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

| | Year ended March 31, 2019 | Year ended March 31, 2018 |
|---|---|---|
| Amount required to be spent as per Section 135 of the Act | 56.45 | 47.92 |
| Amount spent during the year | | |
| (i) Consturction/acquisition of an asset | - | - |
| (ii) On purposes other than (i) above | - | 6.28 |

41 In terms of the clause 22 of chapter V micro, small and Medium enterprises development Act 2006 (MSMED act 2006), the disclosure of payments due to any supplier as at March 31, 2019 are as follows:

Parties covered under "The Micro, Small and Medium Enterprise Development Act, 2006" (MSMED Act, 2006) have been identified on the basis of confirmation received. Based upon the information available, the balance due to the Micro and Small Enterprises as defined under the MSMED Act, 2006 is Rs. Nil (March 31, 2018: Rs. Nil). Further no interest during the year has been paid or is payable under the terms of the MSMED Act, 2006.

| | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|
| the principal amount and the interest due thereon remaining unpaid to any supplier at the end of each accounting year; | - | - |
| the amount of interest paid by the buyer in terms of section 16 of the Micro, Small and Medium Enterprises Development Act, 2006 (27 of 2006), along with the amount of the payment made to the supplier beyond the appointed day during each accounting year; | - | - |
| the amount of interest due and payable for the period of delay in making payment (which has been paid but beyond the appointed day during the year) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006; | - | - |
| the amount of interest accrued and remaining unpaid at the end of each accounting year; and | - | - |
| the amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under section 23 of the Micro, Small and Medium Enterprises Development Act, 2006. | - | - |

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42. **Fair value measurement and financial instruments**

a. **Financial instruments - by category and fair values hierarchy**

The following table shows the carrying amounts and fair value of financial assets and financial liabilities, including their levels in the fair value hierarchy.

i. As on March 31, 2019

| Particulars | Carrying value | | | | Fair value measurement using | | |
|---|---|---|---|---|---|---|---|
| | FVTPL | FVOCI | Amortised cost | Total | Level 1 | Level 2 | Level 3 |
| **Financial assets** | | | | | | | |
| **Non-current** | | | | | | | |
| Security deposits | - | - | 59.59 | 59.59 | - | - | 59.59 |
| Other Financial Assets | - | - | 175.00 | 175.00 | - | - | - |
| **Current** | | | | | | | |
| Trade receivables | - | - | 4,120.61 | 4,120.61 | - | - | - |
| Cash and cash equivalents | - | - | 79.44 | 79.44 | - | - | - |
| Bank balances other than cash and cash equivalents | - | - | 799.65 | 799.65 | - | - | - |
| Loans and security deposits | - | - | 319.52 | 319.52 | - | - | - |
| Other financial assets | - | - | 827.29 | 827.29 | - | - | - |
| **Total** | - | - | **6,381.10** | **6,381.10** | - | - | **59.59** |
| **Financial liabilities** | | | | | | | |
| **Non-current** | | | | | | | |
| Borrowings | - | - | 525.87 | 525.87 | - | - | - |
| **Current** | | | | | | | |
| Borrowings | - | - | 1,393.25 | 1,393.25 | - | - | - |
| Trade payables | - | - | 2,113.58 | 2,113.58 | - | - | - |
| Other financial liabilities | - | - | 606.52 | 606.52 | - | - | - |
| **Total** | - | - | **4,639.22** | **4,639.22** | - | - | - |

ii. As on March 31, 2018

| Particulars | Carrying value | | | | Fair value measurement using | | |
|---|---|---|---|---|---|---|---|
| | FVTPL | FVOCI | Amortised cost | Total | Level 1 | Level 2 | Level 3 |
| **Financial assets** | | | | | | | |
| **Non-current** | | | | | | | |
| Security deposits | - | - | 52.44 | **52.44** | - | - | 52.44 |
| Other financial assets | | | | | | | |
| **Current** | | | | | | | |
| Trade receivables | - | - | 2,863.92 | **2,863.92** | - | - | - |
| Cash and cash equivalents | - | - | 21.01 | **21.01** | - | - | - |
| Bank balances other than cash and cash equivalents | - | - | 291.93 | **291.93** | - | - | - |
| Loans and security deposit | - | - | 369.84 | **369.84** | - | - | - |
| Other financial assets | - | - | 1,309.86 | **1,309.86** | - | - | - |
| **Total** | - | - | **4,909.00** | **4,909.00** | - | - | **52.44** |
| **Financial liabilities** | | | | | | | |
| **Non-current** | - | - | 17.13 | **17.13** | - | - | - |
| Borrowings | | | | | | | |
| **Current** | | | | | | | |
| Borrowings | - | - | 1,045.14 | **1,045.14** | - | - | - |
| Trade payables | - | - | 1,996.21 | **1,996.21** | - | - | - |
| Other financial liabilities | - | - | 347.98 | **347.98** | - | - | - |
| **Total** | - | - | **3,406.46** | **3,406.46** | - | - | - |

The Company's borrowings have been contracted at floating rates of interest, which resets at short intervals. Accordingly, the carrying value of such borrowings (including interest accrued but not due) approximates fair value.

The carrying amounts of trade receivables, trade payables, cash and cash equivalents and other financial assets and liabilities, approximates the fair values, due to their short-term nature. Fair value of non-current financial assets which includes bank deposits (due for maturity after twelve months from the reporting date) is similar to the carrying value as there is no significant differences between carrying value and fair value.

The fair value for security deposits were calculated based on discounted cash flows using a current lending rate. They are classified as level 3 fair values in the fair value hierarchy due to the inclusion of unobservable inputs including counterparty credit risk.

There have been no transfers between Level 1, Level 2 and Level 3 for the year ended March 31, 2019 and March 31, 2018.

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**Valuation techniques and processes**

The valuation techniques used to value non current financial assets and liabilities for whom the fair values have been determined are based on present values and the appropriate discount rates of the Company at each balance sheet date. The discount rate is based on the weighted average cost of borrowings of the Company at each balance sheet date.

The Management performs the valuations of financial assets and liabilities required for financial reporting purposes on a periodic basis, including level 3 fair values.

**Valuation technique used to determine fair value**

Specific valuation techniques used to value non current financial assets and liabilities for whom the fair values have been determined based on present values and the appropriate discount rates of the Company at each balance sheet date. The discount rate is based on the weighted average cost of borrowings of the Company at each balance sheet date.

b. **Financial risk management**

The Company has exposure to the following risks arising from financial instruments:

- Credit risk ;
- Liquidity risk ;
- Market risk

**Risk management framework**

The Company's Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board of Directors have authorised senior management to establish the processes and ensure control over risks through the mechanism of properly defined framework in line with the businesses of the company.

The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risks limits and controls, to monitor risks and adherence to limits. Risk management policies are reviewed regularly to reflect changes in market conditions and the Company's activities.

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b. Financial risk management (continued)

(i) Credit risk

**The maximum exposure to credit risks is represented by the total carrying amount of these financial assets in the balance sheet**

| Particulars | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|
| Trade receivables | 4,120.61 | 2,863.92 |
| Cash and cash equivalents | 79.44 | 21.01 |
| Balances other than cash and cash equivalents | 799.65 | 291.93 |
| Loans and security deposits | 379.11 | 422.28 |
| Other financial assets | 1,002.29 | 1,309.86 |

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers. The carrying amount of financial assets represents the maximum credit exposure.

The Company's credit risk is primarily to the amount due from customers. The Company maintains a defined credit policy and monitors the exposures to these credit risks on an ongoing basis. Credit risk on cash and cash equivalents is limited as the Company invests in deposits with scheduled commercial banks with high credit ratings assigned by domestic credit rating agencies.

**Trade receivables**

The maximum exposure to the credit risk at the reporting date is primarily from trade receivables. Trade receivables are unsecured and are derived from revenue earned from customers primarily located in India. The Company does monitor the economic enviorment in which it operates and the Company manages its Credit risk through credit approvals, establishing credit limits and continuosly monitoring credit worthiness of customers to which the Company grants credit terms in the normal course of business.

On adoption of Ind AS 109, the Company establishes an allowance for impairment that represents its expected credit losses in respect of trade receivable and other financial assets. The management uses a simplified approach (i.e. based on lifetime ECL) for the purpose of impairment loss allowance, the company estimates amounts based on the business environment in which the Company operates, and management considers that the trade receivables are in default (credit impaired) when counterparty fails to make payments for receivable within the allowed credit period. However the Company based upon historical experience determine an impairment allowance for loss on receivables.

The gross carrying amount of trade receivables is Rs. 4,169.54 lakhs (March 31, 2018 - Rs. 2,984.03 lakhs . Trade receivables are generally realised within the credit period.

The company believes that the unimpared amounts that are past due by more than allowed credit period are still collectible in full, based on historical payment behaviour and extensive analysis of customer credit risk.

The Company's exposure to credit risk for trade receivables are as follows:

| | Gross carrying amount | |
|---|---|---|
| Particulars | As at March 31, 2019 | As at March 31, 2018 |
| 1-90 days past due | 3,066.36 | 1,598.18 |
| 91 to 180 days past due | 414.62 | 130.12 |
| More than 180 days past due | 688.56 | 1,255.73 |
| | 4,169.54 | 2,984.03 |

**Movement in the allowance for impairment in respect of trade receivables:**

| Particulars | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|
| Opening Balance | 120.11 | 95.62 |
| Impairment loss recognised / (reversed) | (71.18) | 24.49 |
| Balance at the end | 48.93 | 120.11 |

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b. Financial risk management (continued)

(ii) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they fall due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company believes that its liquidity position, including total cash (including bank deposits under lien and excluding interest accrued but not due) of Rs. 879.09 lakhs as at March 31, 2019 (March 31, 2018: Rs. 312.95 lakhs) and the anticipated future internally generated funds from operations will enable it to meet its future known obligations in the ordinary course of business.

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of credit facilities to meet obligations when due. The Company's policy is to regularly monitor its liquidity requirements to ensure that it maintains sufficient reserves of cash and funding from group companies to meet its liquidity requirements in the short and long term.

The Company's liquidity management process as monitored by management, includes the following:
- Day to day funding, managed by monitoring future cash flows to ensure that requirements can be met.
- Maintaining rolling forecasts of the Company's liquidity position on the basis of expected cash flows.

**Exposure to liquidity risk**
The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted, and includes interest accrued but not due on borrowings.

| As at March 31, 2019 | Carrying amount | Contractual cash flows | | | |
|---|---|---|---|---|---|
| | | Total | Less than one year | Between one year and five years | More than 5 years |
| Borrowings | | | | | |
| -From banks | | | | | |
| Vehicle loans | 17.23 | 17.23 | 4.73 | 12.50 | - |
| -From others | | | | | |
| Vehicle loans | | - | - | - | - |
| Term Loan from Tata Capital | 743.22 | 750.68 | 229.85 | 520.83 | - |
| Unsecured Loan from Northern Arc | 143.16 | 143.16 | 143.16 | - | - |
| Cash credit from banks | 979.35 | 979.35 | 979.35 | - | - |
| Overdraft from ICICI | 271.77 | 271.77 | 271.77 | - | - |
| Trade payables | 2,113.58 | 2,113.58 | 2,113.58 | - | - |
| Employees related payables | 95.27 | 95.27 | 95.27 | - | - |
| Receipts on behalf of clients | 275.64 | 275.64 | 275.64 | - | - |
| Total | 4,639.22 | 4,646.68 | 4,113.35 | 533.33 | - |

| As at March 31, 2018 | Carrying amount | Contractual cash flows | | | |
|---|---|---|---|---|---|
| | | Total | Less than one year | Between one year and five years | More than 5 years |
| Borrowings | | | | | |
| -From banks | | | | | |
| Vehicle loans | 29.68 | 29.68 | 12.55 | 17.13 | - |
| -From others | | | | | |
| Vehicle loans | 4.16 | 4.16 | 4.16 | - | - |
| Cash credit from banks | 1,045.14 | 1,045.14 | 1,045.14 | - | - |
| Trade payables | 1,996.21 | 1,996.21 | 1,996.21 | - | - |
| Employees related payables | 91.53 | 91.53 | 91.53 | - | - |
| Receipts on behalf of clients | 226.80 | 226.80 | 226.80 | - | - |
| Payable for fixed assets | 12.94 | 12.94 | 12.94 | - | - |
| Total | 3,406.46 | 3,406.46 | 3,389.33 | 17.13 | - |

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*(All amounts are Rupees in lacs, unless otherwise stated)*

B. Financial risk management (continued)

(iii) Market risk

Market risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk, the Company mainly has exposure to two type of market risk namely: currency risk and interest rate risk. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Currency risk

Currency risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company is exposed to the effects of fluctuation in the prevailing foreign currency exchange rates on its financial position and cash flows to the extent of earnings and expenses in foreign currencies. Exposure arises primarily due to exchange rate fluctuations between the functional currency and other currencies from the Company's operating, investing and financing activities.

Exposure to currency risk

The summary of quantitative data about the Company's exposure to currency risk, as expressed in Indian Rupees, as at March 31, 2019 and March 31, 2018 are as below:

| Particulars | March 31, 2019 | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | USD | Amount in INR | SGD | Amount in INR | AUD | Amount in INR | GBP | Amount in INR |
| **Financial assets** | | | | | | | | |
| Trade receivables | 0.54 | 37.23 | 0.38 | 19.15 | - | - | - | - |
| Other receivables | - | - | 5.70 | 289.10 | - | - | - | - |
| | 0.54 | 37.23 | 6.08 | 308.25 | - | - | - | - |
| **Financial liabilities** | | | | | | | | |
| Trade payables | 0.54 | 37.57 | - | - | 0.05 | 2.66 | 0.07 | 5.96 |
| | 0.54 | 37.57 | - | - | 0.05 | 2.66 | 0.07 | 5.96 |
| Net exposure in respect of recognised assets and liabilities | (0.00) | (0.34) | 6.08 | 308.25 | (0.05) | (2.66) | (0.07) | (5.96) |

| Particulars | March 31, 2018 | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | USD | Amount in INR | SGD | Amount in INR | AUD | Amount in INR | GBP | Amount in INR |
| **Financial assets** | | | | | | | | |
| Trade receivables | 0.54 | 35.40 | - | - | - | - | - | - |
| Other receivables | - | - | 4.33 | 214.90 | - | - | - | - |
| | 0.54 | 35.40 | 4.33 | 214.90 | - | - | - | - |
| **Financial liabilities** | | | | | | | | |
| Trade payables | 0.55 | 36.13 | - | - | - | - | - | - |
| | 0.55 | 36.13 | - | - | - | - | - | - |
| Net exposure in respect of recognised assets and liabilities | (0.01) | (0.73) | 4.33 | 214.90 | - | - | - | - |

Sensitivity analysis

A reasonably possible strengthening (weakening) of the Indian Rupee against below currencies at March 31, 2019 and March 31, 2018, would have affected the measurement of financial instruments denominated in a foreign currency and affected equity and profit or loss by the amounts shown below.This analysis assumes that all other variables, in particular interest rates, remain constant.

| Particulars | Profit or loss | | Equity, net of tax | |
|---|---|---|---|---|
| | Strengthening | Weakening | Strengthening | Weakening |
| 1% depreciation / appreciation in Indian Rupees against following foreign currencies: | | | | |
| **Year ended March 31, 2019** | | | | |
| USD | (0.00) | 0.00 | (0.00) | 0.00 |
| SGD | 3.08 | (3.08) | 2.22 | (2.22) |
| AUD | (0.03) | 0.03 | (0.02) | 0.02 |
| GBP | (0.06) | 0.06 | (0.04) | 0.04 |
| Total | 2.99 | (2.99) | 2.16 | (2.16) |
| **Year ended March 31, 2018** | | | | |
| USD | (0.01) | 0.01 | (0.01) | 0.01 |
| SGD | 2.15 | (2.15) | 1.43 | (1.43) |
| Total | 2.14 | (2.14) | 1.42 | (1.42) |

USD: United States Dollar, SGD: Singapore Dollar, AUD: Australian Dollar, GBP : Great Britain Pound

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*(All amounts are Rupees in lacs, unless otherwise stated)*

B. Financial risk management (continued)

**Interest rate risk**

Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's main interest rate risk arises from non-current and current borrowings with variable interest rates, which expose the Company to cash flow interest rate risk.

**Exposure to interest rate risk**

The Company's interest rate risk arises majorly from the term loans and cash credit from banks carrying floating rate of interest. These obligations expose the Company's cash flow to interest rate risk.

The exposure of the Company's borrowing to interest rate changes as reported to the management at the end of the reporting period are as follows:

| Particulars | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|
| Cash credit from bank | 979.35 | 1,045.14 |
| Loan from NBFC | 142.13 | - |
| Term Loan from Financial Institutions | 750.00 | - |
| **Total** | **1,871.48** | **1,045.14** |

**Fair value sensitivity analysis for fixed-rate instruments**

A reasonably possible change of 50 basis points (bps) in interest rates at the reporting date would have increased (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency exchange rates, remain constant.

**Cash flow sensitivity analysis for variable-rate instruments**

A reasonably possible change of 50 basis points (bps) in interest rates at the reporting date would have increased (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency exchange rates, remain constant.

| Particulars | Profit or loss | | Equity, net of tax | |
|---|---|---|---|---|
| | 50 bps increase | 50 bps decrease | 50 bps increase | 50 bps decrease |
| **Interest on loan from NBFC** | | | | |
| Year ended March 31, 2019 | 0.80 | (0.80) | 0.58 | (0.58) |
| Year ended March 31, 2018 | - | - | - | - |
| **Interest on CC Limit from Bank** | | | | |
| Year ended March 31, 2019 | 5.10 | (5.10) | 3.68 | (3.68) |
| Year ended March 31, 2018 | 3.34 | (3.34) | 2.22 | (2.22) |

## 43 Capital management

For the purpose of the Company's capital management, capital includes issued equity share capital and all other equity reserves attributable to the equity holders of the Company.

Management assesses the Company's capital requirements in order to maintain an efficient overall financing structure. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets.

The Company monitors capital on the basis of the debt to capital ratio, which is calculated as interest-bearing debts divided by total capital (equity attributable to owners of the parent plus interest-bearing debts).

| Particulars | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|
| Borrowings | 2,154.73 | 1,062.27 |
| Less : Cash and cash equivalent | 879.09 | 312.94 |
| **Adjusted net debt (A)** | 1,275.64 | 749.33 |
| **Total equity (B)** | 3,571.93 | 3,279.21 |
| **Adjusted net debt to adjusted equity ratio (A/B)** | **35.71%** | **22.85%** |

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**44 Standards issued but not yet effective**

**(a) Ind AS-116 Leases**

On March 30, 2019, the Ministry of Corporate Affairs has notified Ind AS 116, *Leases*. Ind AS 116 will replace the existing leases standard, Ind AS 17, Leases, and related interpretations. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract i.e. the lessee and the lessor. Ind AS 116 introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with an term of more than 12 months, unless the underlying asset is of low value. Currently, operating lease expenses are charged to the Statement of Profit & Loss. The standard also contains enhanced disclosure requirements for lessee. Ind AS 116 substantially carries forward the lessor accounting requirements in Ind AS 17.

The Company is evaluating the requirements of Ind AS 116 and has not yet determined its impact on the financial statements.

**(b) Amendment to Ind AS 19- plan amendment, curtailment or settlement**

On March 30, 2019, Ministry of Corporate Affairs issued amendments to Ind AS 19, "Employee benefits", in connection with accounting for plan amendments, curtailments and settlements.

The amendment requires an entity :

* to use updated assumptions to determine current service cost and net interest for the remainder of the period after a plan amendment, curtailment or settlement; and

* to recognize in profit or loss as a part of past service cost, or a gain or loss on settlement, any reduction in surplus, even if that surplus was not previously recognized because of the impact of the asset ceiling.

Effective date for application of this amendment is annual period beginning on or after April 1, 2019. The Company is currently evaluating the effect of this amendment.

**(c) Amendment in Ind AS 23- Borrowing Costs**

The amendments clarify that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows generally when calculating the capitalisation rate on general borrowings. The Company does not expect any impact from this amendment.

**(d) Ind AS - 12 Appendix C, Uncertainty over Income Tax treatments:**

On March 30, 2019, Ministry of Corporate Affairs has notified Ind AS 12 Appendix C, Uncertainty over Income Tax Treatment which is to be applied while performing the determination of taxable profit (or loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under Ind AS 12. According to Appendix, companies need to determine the probability of the relevant tax authority accepting each tax treatment, or group of tax treatments, when determining tax profit (tax loss), tax bases, unused tax losses, unused tax credit and tax rates.

The standard permits two possible methods of transition-

i) Full retrospective approach- Under this approach, Appendix C will be applied retrospectively to each prior reporting period presented in accordance with Ind AS 8 - Accounting Policies, Change in Accounting Estimates and Errors, without using hindsight and

ii) retrospectively with cumulative effect of initially applying Appendix C recognized by adjusting equity on initial application without adjusting comparatives.

The Company is evaluating the requirements of the amendment and the effect on the financial statements is being evaluated.

**(e) Amendment to Ind AS 12- Income Taxes**

On March 30, 2019, Ministry of Corporate Affairs issued amendments to the guidance in Ind AS 12, "Income Taxes", in connection with accounting for dividend distribution taxes.

The amendment clarifies that an entity shall recognize the income tax consequences of dividend in profit or loss, other comprehensive income or equity according to where the entity originally recognized those past transactions or events.

The effect of adoption of this amendment of Ind AS 12 would be insignificant in the financial statements.

45 The Board of Directors of the Company has approved a scheme of arrangement for amalgamation of the company ("Amalgamating Company") with its parent company "CL Educate Limited" ("Amalgamated Company") in its meeting held on November 27, 2018. An application under Regulation 37 of the SEBI (LODR) Regulations, 2015 was filed with the National Stock Exchange of India Limited ("NSE") and BSE Limited ("BSE"), for the proposed amalgamation. The scheme will be effective upon approval from National Company Law Tribunal (NCLT). The appointed date as finalized by the Company is April 1, 2019.

46 Previous year's figures have been regrouped / reclassified as per the current period's presentation for the purpose of comparability.

As per our report of even date
**For Haribhakti & Co. LLP**
Chartered Accountants
Firm registration No. 103523W/W100048

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

Place: New Delhi
Date: May 29, 2019

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

**Satya Narayanan .R**
Director
**DIN: 00307326**

Place: New Delhi
Date: May 29, 2019

**Nikhil Mahajan**
Director
DIN: 00033404

Place: New Delhi
Date: May 29, 2019

Kestone Integrated Marketing Services Pvt. Ltd. * New Delhi