



## Quess Corp Limited

### Annual Report 2015-2016

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*Certified true copy*  
For Quess Corp Limited

*N. V. S. Anan Kumar*  
Company Secretary

### **Board of Directors**

*Ajit Isaac*  
*Chairman & Managing Director*

*Chandran Ratnaswami*  
*Additional Director (Nominee)*

*Madhavan Menon*  
*Nominee Director*

*Pratip Chaudhuri*  
*Independent Director*

*Pravir Kumar Vohra*  
*Independent Director*

*Revathy Ashok*  
*Independent Director*

*Sanjay Anandaram*  
*Independent Director*

*Subrata Nag*  
*Wholetime Director & CFO*

### **Board Committees**

#### **Administration Committee**

- *Ajit Isaac*
- *Subrata Nag*

#### **Audit Committee**

- *Pratip Chaudhuri (Chairman of the Committee)*
- *Pravir Kumar Vohra*
- *Revathy Ashok*
- *Chandran Ratnaswami*

#### **CSR Committee**

- *Revathy Ashok (Chairperson of the Committee)*
- *Ajit Isaac*
- *Pravir Kumar Vohra*

#### **IPO Committee**

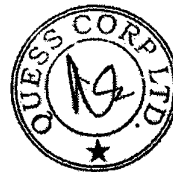
- *Ajit Isaac (Chairman of the Committee)*
- *Subrata Nag*
- *Madhavan Menon*
- *Pratip Chaudhuri*
- *Revathy Ashok*

#### **Nomination and Remuneration Committee**

- *Pravir Kumar Vohra (Chairman of the Committee)*
- *Pratip Chaudhuri*
- *Chandran Ratnaswami*

#### **Stakeholder Relationship Committee**

- *Madhavan Menon (Chairman of the Committee)*
- *Ajit Isaac*
- *Revathy Ashok*





### **Notice to the 9<sup>th</sup> Annual General Meeting**

Notice is hereby given that the 9<sup>th</sup> Annual General Meeting of the members of **Quess Corp Limited** will be held on Monday, the 23<sup>rd</sup> day of May, 2016 at 02.00 P.M.(IST) at the Registered Office of the Company at Quess House at 3/3/2, Bellandur Gate, Sarjapur Main Road, Bangalore-560103, Karnataka, India to transact the following business:-

#### **Ordinary Business**

##### **Item No.1: Adoption of Financial Statements**

- To receive, consider and adopt the Financial Statements of the Company for the year ended as on March 31, 2016 including audited Balance Sheet as at March 31, 2016 and the Statement of Profit and Loss for the year ended on that date and the Reports of the Board of Directors and Auditors thereon.

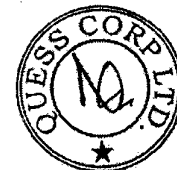
##### **Item No.2: Appointment of Directors**

- To appoint a Director in place of Mr. Madhavan Menon (holding DIN 00008542), who retires by rotation, being eligible, seeks re-appointment.

##### **Item No.3: Appointment of Auditors**

- To appoint M/s. B S R & Associates LLP., Chartered Accountants (Registration No. 116231W/W-100024), as Statutory Auditors of the Company from the conclusion of the ensuing (9th) Annual General Meeting until the conclusion of the next (10th) Annual General Meeting of the Company and fix their remuneration.

"RESOLVED THAT pursuant to the provisions of Section 139, 142 and other applicable provisions, if any, of the Companies Act, 2013 and their corresponding rules and based on the recommendations of the Audit Committee, M/s. B S R & Associates LLP., Chartered Accountants (Registration No. 116231W/W-100024), who have offered themselves for re-appointment and have confirmed their eligibility in terms of the provisions of Section 141 of the Companies Act, 2013 and Rule 4 of Companies (Audit and Auditors) Rules, 2014, be and are hereby re-appointed as Statutory Auditors of the Company, to hold office from the conclusion of the ensuing(9th) Annual General Meeting until the conclusion of the next(10th) Annual General Meeting of the Company and fix their remuneration at a remuneration as may be decided by the Board of Directors(Board includes the Audit Committee of the Board of Directors)of the Company.





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**Special Business**

**Item No.4: Appointment of Mr. Chandran Ratnaswami as a Director**

- To consider and, if thought fit, to pass with or without modification(s) the following resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to the provisions of Section(s)152, 160 and 161and other applicable provisions, if any, of the Companies Act, 2013 and their corresponding rules, Mr. Chandran Ratnaswami (DIN: 00109215) who was appointed as an Additional Director in terms of Section 161 of the Companies Act, 2013 and Article 45 of Article of Association of the Company at the meeting of the Board of Directors of the Company held on January 18, 2016, who shall hold office up to the date of the ensuing annual general meeting and in respect of whom a notice has been received from a member in writing, under Section 160 of the Companies Act, 2013 along with requisite deposit, proposing his candidature for the office of a Director, be and is hereby appointed as Director liable to retire by rotation."

**Place:**

3/3/2, Bellandur Gate,  
Sarjapur Main Road,  
Bangalore-560103,  
Karnataka, India

**Date:** May 17, 2016

**By Order of the Board of Directors  
of Quess Corp Limited**

Ajit Isaac  
Chairman & Managing Director



**NOTES:**

1. The statement pursuant to Section 102(1) of the Companies Act, 2013 in respect of the ordinary business and special business respectively, set out in the Notice is annexed.
2. **A member entitled to attend and vote is entitled to appoint a proxy, or where proxy is allowed, one or more proxies, to attend and vote instead of a member, and that proxy need not be a member. The instrument of proxy in order to be effective at the Annual General meeting, shall be deposited at the Registered Office of the Company, duly completed and signed, not less than 48 hours before the meeting.**
3. Corporate members intending to send their authorised representatives to attend the Annual General Meeting are requested to send to the Company a certified copy of the Board Resolution authorizing their representative to attend and vote on their behalf at the Meeting.
4. During the period beginning 24 hours before the time fixed for the commencement of the meeting and ending with the conclusion of the meeting, a member would be entitled to inspect the proxies lodged with the Company, at any time during the business hours of the Company, provided that not less than three days of notice in writing is given to the Company.
5. The Register of Directors and Key Managerial Personnel and their shareholding, maintained under Section 170 of the Companies Act, 2013, will be available for inspection by the members at the Annual General Meeting.
6. The Register of Contracts or Arrangements in which Directors are interested, maintained under Section 189 of the Companies Act, 2013, will be available for inspection by the members at the Annual General Meeting.





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**Statement pursuant to Section 102(1) of the Companies Act, 2013(for item no.5 of the Notice) & Statement pursuant to Schedule IV of the Companies Act, 2013**

Mr. Chandran Ratnaswami (DIN: 00109215) was appointed as an Additional Director (Nominee of Thomas Cook (India) Limited) in terms of Section 161 of the Companies Act, 2013 and Article 45 of Article of Association of the Company at the meeting of the Board of Directors of the Company held on January 18, 2016, who shall hold office up to the date of the ensuing annual general meeting.

In this regard, the Company has received a notice from a member along with the deposit of requisite amount under Section 160 of the Act proposing the candidature of Mr. Chandran Ratnaswami (DIN: 00109215) as a Director of the Company who will liable to retire by rotation.

The Company has also received an intimation from Mr. Chandran Ratnaswami (DIN: 00109215) in Form DIR-8 pursuant to Rule 14 of the Companies (Appointment & Qualification of Directors) Rules, 2014 to the effect that he is not disqualified in accordance with sub-section (2) of Section 164 of the Companies Act, 2013.

Save and except Mr. Chandran Ratnaswami (DIN: 00109215) and other nominees of Thomas Cook India Limited on the Board of the Company and the Holding Company i.e., Thomas Cook (India) Limited to the extent of the shareholding held by it, none of the other Directors/Key Managerial Personnel of the Company/their relatives are, in any way, concerned or interested, financially or otherwise, in these resolutions.

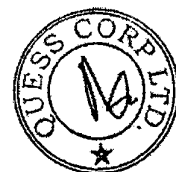
The Board recommends the resolution set forth in the Item No. 4 of the Notice for approval of the members.

**Profile of Mr. Chandran Ratnaswami (DIN: 00109215)**

Mr. Chandran Ratnaswami is a nominee Director of Thomas Cook (India) Limited on the Board of the Company. He is a non-executive Director on the Board of the Company. Mr. Chandran Ratnaswami holds a Masters degree in Business Administration from University of Toronto, Canada. Mr. Chandran Ratnaswami has 23 years of experience in the field of investment management.

Apart from Quess Corp Limited, he serves on the Boards of the following companies:

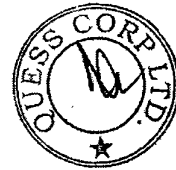
1. Thomas Cook (India) Limited
2. ICICI Lombard General Insurance Company Limited
3. IIFL Holdings Limited
4. National Collateral Management Services Limited
5. Fairbridge Capital Private Limited
6. Zoomer Media Limited,
7. Cheran Enterprise Private Limited
8. First Capital Insurance Limited
9. HWIC Asia Limited
10. ORE Holdings Ltd
11. Fairfax Asia Limited Corporation
12. Thai Reinsurance Public Company Limited
13. Fairbridge Capital (Mauritius) Limited





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14. Fairfax India Holdings Corporation
15. FIH Mauritius Investments Ltd
16. FIH Private Investments Ltd
17. Union Assurance General Limited
18. Primary Real Estate Investment
19. H Investments Ltd.
20. I Investments Ltd.





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PROXY FORM

In line with Form No. MGT-11 Proxy form [Pursuant to section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management and Administration) Rules, 2014]

CIN : U74140KA2007PLC043909
Name of the company : Guess Corp Limited
Registered office : 3/3/2, Bellandur Gate, Sarjapur Main Road, Bangalore-560103, Karnataka

Name of the member (s) :
Registered address :
E-mail Id: Folio No/ Client Id :
DP ID :

I/We, being the member (s) of .....shares of the above named company, hereby appoint :

Name : ..... Address:.....
E-mail Id : Signature:....., or failing him
Name: ..... Address:.....
E-mail Id : Signature :....., or failing him
Name: ..... Address:.....

E-mail Id : Signature :....., as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 9th Annual General Meeting of the company to be held on Monday, the 23rd day of May, 2016 at 02.00 P.M.(IST) at the Registered Office of the Company at 3/3/2, Bellandur Gate, Sarjapur Main Road, Bangalore-560103, Karnataka and at any adjournment thereof in respect of such resolutions as are indicated below :

- To consider and adopt the Financial Statements of the Company for the year ended March 31, 2016 and the Reports of the Board of Directors and Auditors thereon.
To appoint a Director in place of Mr. Madhavan Menon (holding DIN 00008542), who retires by rotation, being eligible, seeks re-appointment.
To appoint M/s. B S R & Associates LLP., Chartered Accountants (Registration No. 116231W/W100024), as Statutory Auditors of the Company
To appoint Mr. Mr. Chandran Ratnaswami (DIN: 00109215) as a Director of the Company

This form of proxy in order to be effective Affix Revenue Stamp

Signed this..... day of..... 2016 Signature of shareholder Signature of Proxy holder(s):







**QUESS CORP LIMITED**

(CIN: U74140KA2007PLC043909)

Registered Office: 3/3/2, Bellandur Gate, Sarjapur Main Road, Bangalore-560103,  
Karnataka

Telephone: +91 80 61056000, Fax: +91 80 6156406

**ATTENDANCE SLIP  
9TH ANNUAL GENERAL MEETING**

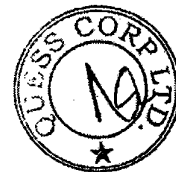
Date: 23.05.2016(Monday) Time: 02.00 P.M.

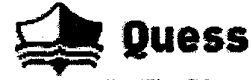
Place: 3/3/2, Bellandur Gate, Sarjapur Main Road, Bangalore-560103, Karnataka

Member's Folio/DPID-Client ID No Member's/Proxy's name in Block Letters Member's/Proxy's Signature

**Note :**

1. Sign this attendance slip and hand it over at the attendance verification counter at the entrance of meeting hall.
2. Bodies Corporate, whether a company or not, who are members, may attend through their authorised representatives appointed under Section 113 of the Companies Act, 2013. A copy of authorisation should be deposited with the Company.
3. Electronic copy of the Annual Report for 2015-16 and Notice of the Annual General Meeting (AGM) along with attendance slip and proxy form is being sent to all the members whose email address is registered with the Company/ Depository Participant unless any member has requested for a hard copy of the same. Members receiving electronic copy and attending the AGM can print copy of this Attendance Slip.
4. Physical copy of the Annual Report for 2015-16 and Notice of the AGM along with the attendance slip and proxy form is sent in the permitted mode(s) to all members who have requested for a hard copy.





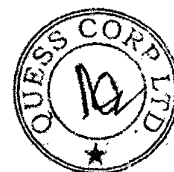
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## Board's Report

To the members of Quess Corp Limited

Your Directors are pleased to present the 9<sup>th</sup> Annual Report and the audited accounts for the financial year ended March 31, 2016:

Financial summary or highlights/Performance of the Company (Standalone & Consolidated)				
Particulars (In Rs Crores)	Standalone		Consolidated	
	01.04.2015 – 31.03.2016	01.01.2014 – 31.03.2015	01.04.2015 – 31.03.2016	01.01.2014 – 31.03.2015
Revenue from operations	2,918.18	2,373.28	3,435.01	2,567.06
Other Income	8.36	6.58	8.43	7.74
Total Income	2,926.54	2,379.86	3,443.44	2,574.80
Operating Expenses	2,761.32	2,242.18	3,271.27	2,438.06
EBITDA	165.22	137.68	172.17	136.74
Depreciation & Amortization	16.45	17.02	16.02	10.14
Finance Cost	27.09	20.93	30.79	21.83
Profit before tax	121.68	99.73	125.36	104.77
Tax Expenses				
-Less: Minimum alternate tax / Current tax	61.35	29.73	62.45	29.08
-Less: Tax charge (credit) for earlier years	(6.46)	-	(6.46)	-
-Less: Deferred tax charge/(credit)	(18.81)	6.93	(20.35)	6.80





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Profit before minority interest		85.59	68.74	89.72	68.89
-Less: Minority interest		-	-	-	-
Net profit/(loss) after tax / deferred tax		85.59	68.74	89.72	68.89
Basic EPS (Rs.)	EPS	7.56	7.55	7.92	8.16
EPS fully diluted (Rs.)	fully diluted	7.42	5.98	7.77	6.46

**Management's Discussion & Analysis (Statement of Company's Affairs and material changes)**

Our results in 2016 were the best in our 9-year history, with higher profitability backed by strong revenue growth. Our revenue and profit grew in absolute terms over the previous audited period, despite the previous audited period encompassing 15 months (compared to the current 12 month period).

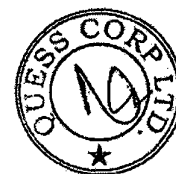
Our consolidated revenue grew by 34% from INR 2,575cr in FY15 (15 months) to INR 3,443cr in FY16. Earnings per share increased 20% to INR 7.77per share (on a fully diluted basis).

Over the past 7 years, our employee headcount has increased by a CAGR of 59% from ~4,700 in 2009 to ~121,500 in 2016.

Here's how each of our businesses performed in 2016:

**Revenue Performance (in INR cr):**

Business Segment	12 Month Period ended Mar 31 <sup>st</sup> , 2016	15 Month Period ended Mar 31 <sup>st</sup> , 2015	Revenue Growth %
People & Services (P&S)	1,949.86	1,403.60	39%
Global Technology Services (GTS)	921.69	738.10	25%
Integrated Facility Management (IFM)	372.42	302.66	23%
Industrial Asset Management (IAM)	193.40	129.69	49%
Unallocated Other Income	6.07	0.75	-
<b>Total</b>	<b>3,443.44</b>	<b>2,574.80</b>	<b>34%</b>





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**Profitability Analysis (in INR cr):**

Business Segment	12 Month Period ended March 31 <sup>st</sup> , 2016		15 Month Period ended March 31 <sup>st</sup> , 2015	
	EBITDA	EBITDA Margin	EBITDA	EBITDA Margin
P&S	67.92	3.5%	39.07	2.8%
GTS	66.68	7.2%	62.94	8.5%
IFM	22.67	6.1%	20.83	6.9%
IAM	22.13	11.4%	18.28	14.1%
Unallocated	(7.22)	-	(4.38)	
<b>Total</b>	<b>172.17</b>	<b>5.0%</b>	<b>136.74</b>	<b>5.3%</b>

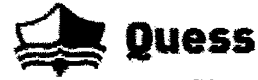
As you can see in the table above, all of our business segments registered revenue growth in excess of 23% on absolute terms. Our GTS segment registered decline in margin due to acquisitions of Brainhunter. Setting aside the impact of Brainhunter, the GTS EBITDA for FY16 would have touched INR 72 cr with an EBITDA margin of 13%. We remain confident that the acquisition of Brainhunter will soon bear fruit. The out-performance in terms of revenue growth and earnings quality is the direct result of the top quality management helming each of our business segments and our client focused business model.

One of the key reasons for our success is our decentralized structure where each President is responsible for the success of his or her operations. There is no better way to empower people. The leaders of our profit centers, in effect, are presidents of their own operations and are responsible for providing outstanding customer service, looking after their employees and providing superior returns on capital employed. This is a very important, empowering structure for our company, and we are excited about its possibilities.

Our clients are the sole reason for us being in business and our entire business model is focused on keeping them happy. We position ourselves as partners of our clients who manage the SG&A side of their income statement. Each business segment of ours is geared towards handling a specific SG&A element of our client in an effective and efficient manner. Our clients have responded well to our "partnership model" and have in fact taken us along as they have expanded globally. Our operations in Manila (commenced in 2014) and Kuala Lumpur (started in 2015), in response to requests from our IT Staffing clients, are good examples of this.

Our relentless focus on margin expansion means that keeping G&A costs under control and optimizing operational leverage across the group is a key focus area for us. Our 250 people strong Shared Services Center ("SSC"), which houses common group level functions including finance, admin and payroll under a single roof, is designed to drive economies of scale and provide us with significant operational leverage. We have recently embarked on benchmarking our SSC operations against industry best practices, in order to drive higher efficiencies and keep our G&A costs under control.





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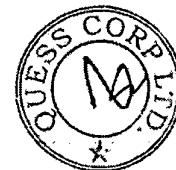
**Balance Sheet Analysis:**

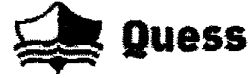
	12 Month Period ended March 31 <sup>st</sup> , 2016	15 Month Period ended March 31 <sup>st</sup> , 2015
Net Worth	345.58	250.73
Debt	374.48	220.43
Other Non Current Liabilities	46.47	9.18
	<b>766.53</b>	<b>480.34</b>
Fixed Assets	52.92	18.88
Intangibles	204.55	110.42
Other Non Current Assets	113.05	57.36
Receivables	428.20	254.83
Cash	109.35	81.83
Other Current Assets	329.79	194.57
Payables and Other Current Liabilities	(471.33)	(237.55)
	<b>766.53</b>	<b>480.34</b>
<b>Leverage Metrics (on an annualised basis)*</b>		
Debt: Equity	1.08	0.9
Debt: EBITDA	2.2	1.6
<b>Working Capital Metrics (on an annualised basis)*</b>		
Receivables DSO	45 days	45days
<b>Return Metrics (on an annualised basis)*</b>		
RoCE (pre tax)	29%	30%
RoE (post tax)	30%	25%

\* Ratios for 15month period ending March 31, 2015 calculated on twelve month revenue base of Rs. 2,176 cr

Quess continues to be financially conservative with focus on keeping leverage levels under control. We believe that revenue growth, margin expansion and acquisition should not be at the cost of the balance sheet. As can be seen from the table above, key leverage metrics continue to be under control despite the acquisitions undertaken in the year concluded. Similarly, the receivables position continues to be under control with the average DSO remaining around 45 days. This in turn is indicative of the high quality and sustainable nature of revenue growth that we have achieved across our business segments.

Our focus on strengthening our balance sheet even while sustaining market leading growth is beginning to be recognized externally as well. Our long term credit rating continues to remain at [ICRA]A+, a clear validation of our focus on responsible and sustainable growth.





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### **Acquisitions and New Additions to Quess:**

Financial year 2016 was also an eventful year on the acquisition front with Quess with the closing 3 acquisitions – Aramark India in April 2015; acquisition of residual 51% stake in MFX in January 2016; and acquisition of Randstad Lanka in April 2016, furthering our strategy of expanding presence in south-east Asia.

- **MFX:**
  - Based out of Morristown, NJ (US), MFX is a leading provider of hosted information technology applications and outsourcing solutions for the U.S. commercial property and casualty insurance industry.
  - Quess acquired significant stake (49%) in MFX from Fairfax in November 2014, and residual 51% stake on January 1, 2016
  
- **Aramark India:**
  - Headquartered in Mumbai, Aramark India (renamed as Aravon) is a facility management company with operations in more than 80 sites pan-India. The company has a workforce of over 2,500 employees spread across 9 states.
  - Quess acquired Aravon from Aramark in April 2015. The acquisition has given us a strong presence in Western India, in addition to providing a niche presence in hospitality and healthcare facility management.
  
- **Randstad Lanka:**
  - Headquartered in Colombo, Randstad Lanka offers staffing and human resource solutions in Sri Lanka.
  - With over 550 employees, Randstad Lanka has a pan Sri Lankan presence servicing several MNCs and leading Sri Lankan corporates.

The above acquisitions were completed at low cost and are examples of our philosophy of “deep value investing”. All of these acquisitions in areas that are contiguous to the business services space that we operate in and are expected to emerge as key drivers of growth and profitability going forward.

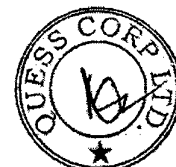
### **Initial Public Offering of Equity Shares:**

Quess filed its Draft Red Herring Prospectus with the Securities and Exchange Board of India (“SEBI”) on February 2, 2016, for raising Rs. 400 crore through an Initial Public Offering (IPO) of its equity shares. The Company received conditional approval from SEBI for its IPO on April 26, 2016. Net proceeds from the issue will be used for funding incremental working capital requirements, repayment of debt, funding of acquisitions and strategic initiatives, and capital expenditures for our IAM, IFM and GTS businesses.

### **Analysis of Business Performance:**

#### People and Services:

Our People and Services (P&S) business provides specialized service offerings in Search, Recruitment & RPO, General Staffing, Training & Skill Development, Payroll & Compliance and Retail Solutions. We are currently the third largest general staffing company in India, based on





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number of employees.

FY16 saw the top line of the P&S business segment grow by 39% to INR 1,949.86cr with EBITDA growth of 74% to INR 67.92cr. High growth was accompanied by expansion of EBITDA margin from 2.8% to 3.5% due to focus on value added services and cost efficiencies.

Our Training and Skill Development business has emerged as one of the largest skilling company in India under the PPP model with 66 Centers running across 12 States. We trained 14,500 students in FY16 and today, we have 17 ongoing projects.

#### Global Technology Solutions:

Our Global Technology Solutions (GTS) business focuses on 3 major areas: IT Staff Augmentation, Solutions and Products. In IT Staff Augmentation, Magna has emerged as the largest player in India, with a strong presence in ASEAN markets. Through Brainhunter, we provide IT Staff Augmentation to the North American market. The Solutions & Products business is driven by MFX with offices and datacenters in New Jersey and Virginia (USA) and Offshore Delivery Centers in Chennai and Bengaluru.

The GTS business segment registered a top line growth of 25%, closing FY16 at INR 921.69cr. EBITDA grew by 5.9% to 66.68 cr in FY16 with decline in EBITDA margin from 8.5% to 7.2% due to losses at Brainhunter. Settling aside the impact of Brainhunter, the GTS EBITDA would be INR 72cr in FY16 with an EBITDA margin of 13%.

#### Integrated Facility Management:

Our Integrated Facility Management (IFM) business serves as a one-stop-shop for all facility management needs. Under IFMG, we offer to our clients the entire gamut of facility management services under one roof: Soft Services (Housekeeping, Plumbing, Carpentry etc), Hard Services (HVAC and Electrical maintenance, Fire suspension system etc), Food and Hospitality (Corporate catering, Retail Vending etc) and Pest Control.

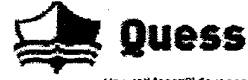
FY16 saw the top line of the IFMG business segment grew by 23% to INR 372.42cr with EBITDA of INR 22.67cr. In addition to our integrated service offering, our strong presence in IT/ITeS and BFSI verticals have been the key drivers of our growth. During the year, we started facility management services in the B2C segment in partnership with Help and a ramp up of our Pest Control and personalized home maintenance service offerings.

#### Industrial Asset Management:

Our Industrial Asset Management (IAM) business is a leading player in Plant Asset Management, offering comprehensive solutions in Industrial Operations & Maintenance and Managed Services (in Utilities & Telecom).

FY16 saw the top line of the IAM business segment grew by 49% to INR 193.40 cr with EBITDA growth of 21% to INR 22.13 cr. High growth was primarily on account of growth in our telecom and utilities services business, carried out under the Maxeed brand.





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**Infrastructure:**

During the year, we added new offices in Bangalore, Chennai, Imphal, Mumbai, NCR, and Tiruchirapalli, in India, as well as offices in Singapore and Kuala Lumpur, Malaysia. As on 31.03.2016, we have 47 offices across 25 cities in India, as well as offices in North America (U.S.A and Canada), and South-East Asia.

**Corporate Social Responsibility:**

Quess believes in creating significant and sustainable societal value, inspired by a vision to actively contribute to the community by creating a positive impact on the lives of people, especially in the areas of health and education. Our CSR initiatives are carried out through the Care Works Foundation (CWF), a non profit initiative established in January, 2014.

CWF has till date made a difference to 5,700 lives. We have given below some of the work that is being done by the CWF team in FY 2016:

Activities 2015-16	Project Cost(Rs.)	Plan for 2016-17
<b>Education Kit:</b> Given to children from 1st std to 7 <sup>th</sup> Std. Education kit includes School bag, Note books & Stationeries. Benefited 2526 children.	12.00 Lakhs	To reach 1800 children providing Education Kits for their education.
<b>Scholarship:</b> Scholarship helps economically backwards students who have potential, but lack financial support, by giving them new opportunities for education through scholarship program. To help poor students excel in their chosen disciplines. Benefited : 124 students	8 Lakhs	Support 150 Meritorious children by providing scholarships to the need.
<b>School Enhancement Program:</b> School enhancement program is a flagship initiative of Quess. The focus is to work with government schools to enhance quality of education activities that support proper learning environment by providing habitable surroundings. Benefited : 1300 children	88.40 Lakhs	Proposed to adopt 10 schools & support 1500 children through School enhancement programme.
<b>Grant In Aid</b> to economically challenged students for skill development and higher education	1.5 Lakhs	Considered as continuous activity for every financial year.
<b>Chennai Flood Relief:</b> Rescue, Rehabilitation and health programs organized for Flood victims. Also supported by giving food & basic necessities : Supported 13225 people	6.3 Lakhs	Quess through CWF is always committed to such supportive rehabilitation at times as and when takes place.

In conclusion, we have had a good year with several initiatives and acquisitions that are likely to bear fruit over the next few years. Even as we continue to grow, our focus remains on the bottom line and on maintaining a healthy balance sheet. Our focus in all this is to secure just







rewards for all of our stakeholders (our clients, our shareholders, our employees and our bankers) who have stood by us through out.

Material changes occurred subsequent to the close of the financial year of the Company to which the balance sheet relates and the date of the report like settlement of tax liabilities, operation of patent rights, depression in market value of investments, institution of cases by or against the company, sale or purchase of capital assets or destruction of any assets etc.

#### **Dividend**

No dividend payout to the shareholders has been recommended by the Board of Directors of the Company for the current year.

#### **Reserves**

An amount of Rs.85,00,12,920/- of Free Reserves i.e., from Securities Premium Account was appropriated to issue 8,50,01,292 bonus shares to the existing shareholders of the Company in the ratio of three equity shares for every one equity share held.

#### **Details of Subsidiary Companies**

Your Company has the following subsidiary companies as on 31.03.2016:

##### **Indian Subsidiaries:**

1. Aravon Services Private Limited (CIN: U93000MH2007FTC172493)
2. Coachieve Solutions Private Limited(CIN: U72300DL2007PTC166789)
3. MFX Infotech Private Limited(CIN: U72200KA2014PTC074949)

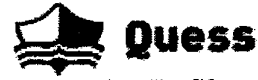
##### **Overseas subsidiaries:**

1. Brainhunter Systems Limited, Canada
2. Brainhunter Companies LLC, USA
3. Brainhunter Companies Canada, Inc.
4. IKYA Business Services (Private) Limited, Sri Lanka
5. MFXchange Holdings Inc., Canada
6. MFXchange US, Inc., USA
7. MFXchange (Ireland) Limited(in voluntary liquidation)
8. Mindwire Systems Limited, Canada
9. Quess Corp (USA) Inc., USA
10. Quess (Philippines) Corp., Philippines
11. Quesscorp Holdings Pte. Ltd., Singapore
12. Quessglobal (Malaysia) Sdn. Bhd., Malaysia

##### **Subsidiaries acquired after 31.03.2016:**

1. Randstad Lanka (Private) Limited, Sri Lanka





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During the year MFXchange Holdings Inc., Canada along with its subsidiaries, which were earlier associate companies of the Company have become wholly owned subsidiaries of the Company upon acquisition of remaining 51% stake in MFXchange Holdings Inc, Canada by Quesscorp Holdings Pte. Ltd. Further, the Company has invested in Styrapcorp and IME Consultancy through the Company's wholly owned subsidiary Quesscorp Holdings Pte. Ltd. Singapore.

As on the date of this report the Company has acquired Randstad (Lanka) Private Limited from Randstad India Private Limited through the Company's wholly owned subsidiary Quesscorp Holdings Pte. Ltd. Singapore and has become a wholly owned subsidiary of the Company.

#### **Performance and financial position of each of the subsidiaries, associates and joint venture companies included in the consolidated financial statement.**

A detailed financial position and summary of performance of the company on consolidated basis covering the financial highlights of each subsidiary during the financial year was referred under a separate section above.

#### **Deposits**

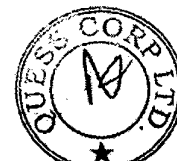
There are no deposits accepted, remained or unpaid during the financial year.

#### **Share Capital and Shareholding**

As on 31.03.2016 the share capital of the Company is as below:

- **Authorised Share Capital:** Rs. 200,00,00,000 divided into 20,00,00,000 equity shares of Rs.10 each.
- **Issued & Paid up share Capital:** Rs. 113,33,50,560 divided into 11,33,35,056 equity shares of Rs.10 each.
- **During the year:**
  - **Authorized Capital:** The authorised share capital of your Company was increased from Rs.1,131,046,310 divided into 113,104,631 Equity Shares of Rs.10 each to Rs.2,000,000,000 divided into 200,000,000 Equity Shares of Rs.10 each
  - **Rights Issue:** Subsequent to the offer of rights issue made by the Company in the ratio of 0.099 for every one equity share to the existing shareholders, Mr. Ajit Isaac and Thomas Cook (India) Limited renounced their rights in favour of Net Resources Investments Private Limited and accordingly 25,60,000 equity shares of Rs.10/- each were allotted on rights basis on December 22, 2015.
  - **Bonus Issue:** Subsequent to the approval of shareholders on December 23, 2015 at their extra-general meeting, 8,50,01,292 equity shares of Rs.10/- each were allotted to the existing shareholders of the Company on January 5, 2016, by way of a bonus issue in the ratio of three equity shares for every one equity share held in the Company.
- Post above allotments, Thomas Cook (India) Limited, Holding company of your Company holds 69.55% and Mr. Ajit Isaac holds 16.40% as a part of the promoter holding and Net Resources India Private Limited holds 13.56% as a part of the promoter group.

During the year the shareholders of the Company have approved in terms of Section 62(1)(c) of





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the Companies Act, 2013 approved the further issue of equity shares of the Company by way of a proposed initial public offering at a meeting of shareholders by way of an Extra- Ordinary General Meeting held on December 23, 2015. In this regard the shareholders approved for creation, offer, issue and allotment in an initial public offering of equity shares of the Company, aggregating to Rs.4000 Million (Rs.400 Crores) and to further to effect the same, filed a Draft Red Herring Prospectus (DRHP) with the Securities Exchange Board of India at its office situated in Chennai and further planning for the necessary compliances in relation to filing of a Red Herring Prospectus(RHP)& Offer document (Prospectus) with the ROC/SEBI/Stock Exchanges in this context. An in-principle listing approval was also obtained from National Stock Exchange of India Limited (NSE) and Bombay Stock Exchange Limited (BSE) at Mumbai.

#### **Demat Holding of shareholders**

As on date of this report, your shareholders including the promoter and promoter group were holding 99.98 % of the total paid up share capital in electronic form.

#### **Stock Options grant**

After the commencement of the Companies Act, 2013 there were no stock options granted to any promoter or any independent Director. There were no stock options granted during the period under the schemes of ESOP to employees.

As on date the Company has two employee stock option schemes namely Quess Corp Employees' Stock Option Scheme 2009 (Amended) and Quess Corp Limited Employee Stock Option Scheme 2015

During the year the shareholders of the Company based on the recommendations of the Nomination and Remuneration Committee and the Board of Directors of the Company approved the variations of terms of the existing ESOP scheme of 2009 and further approved for a new ESOP Scheme of 2015.

As required under general instructions to the statement of profit and loss under Schedule III to the Companies Act, 2013, a disclosure by way of additional information regarding aggregate expenditure incurred on Employee Stock Option Scheme (ESOP) was made as part of the notes to the accounts forming part of the financial statements of the Company. An **Annexure - I** detailing the position of options granted, vested, exercised, lapsed/forfeited and details of exercise price if any, variation in terms of options and other details as required under Rule 12 of the Companies (Share Capital and Debentures) Rules, 2014 read with Section 62 of the Companies Act, 2013 enclosed to this report.

#### **Statutory Auditors**

Audit Committee of the Board of Directors recommended for re-appointment of M/s. B S R & Associates LLP., Chartered Accountants (Registration No. 116231W/W-100024), as statutory Auditors of the Company considering the eligibility and their willingness to be re-appointed.

M/s. B S R & Associates LLP., Chartered Accountants (Registration No. 116231W/W-100024), who have offered themselves for re-appointment and have confirmed their eligibility in terms of the provisions of Section 141 of the Companies Act, 2013 and Rule 4 of Companies





(Audit and Auditors) Rules, 2014, being recommended for re-appointment as Statutory Auditors of the Company, to hold office from the conclusion of the ensuing(9<sup>th</sup>) Annual General Meeting until the conclusion of the next(10<sup>th</sup>) Annual General Meeting of the Company. Your Board recommends for your approval at the ensuing Annual General Meeting.

**Explanations or comments by the Board on every qualification, reservation or adverse remark or disclaimer made by the auditor in his report**

There were no qualifications to be responded by the Board of Directors on the Audit Report of M/s. B S R & Associates LLP. for members of the Company as there were no qualifications, reservation or adverse remark or disclaimer made by M/s. B S R & Associates LLP., Statutory Auditors of the Company in audit report for the members of the Company.

#### **Directors**

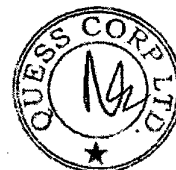
##### **Inductions**

- Ms. Revathy Ashok (DIN: 00057539), Mr. Pratip Chaudhuri (DIN:00915201) and Mr. Pravir Kumar Vohra(DIN: 00082545) were appointed as Independent Directors of the Company effective July 24, 2015;
- Mr. Sanjay Anandaram (DIN: 00579785), was appointed as Independent Director on the Board of the Company effective December 22, 2015;
- Mr. Chandran Ratnaswami (DIN: 00109215) was appointed as Nominee Director of Thomas Cook (India) Limited effective January 18, 2016.

In terms of Section 149 and 152 read with Schedule IV and all other applicable provisions of the Companies Act,2013, Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force), Ms. Revathy Ashok (DIN: 00057539), Mr. Pratip Chaudhuri (DIN: 00915201) and Mr. Pravir Kumar Vohra(DIN: 00082545) who were appointed as Independent Directors on the Board of the Company for a period of five years from the date of their appointment effective July 24, 2015 by way of an approval by the shareholders at an Extra-Ordinary General Meeting held on December 23, 2015.

Mr. Sanjay Anandaram (DIN: 00579785) was appointed as an Independent Director on the Board of the Company for a period of five years from the date of their appointment effective December 22, 2015 by way of an approval by the shareholders at an Extra-Ordinary General Meeting held on December 23, 2015. Necessary declarations pertaining to declaration of independence of the afore appointed independent Directors in terms of Sections 149, 152 of the Companies Act, 2013 read with Schedule IV to the Companies Act, 2013 were ascertained.

Mr. Chandran Ratnaswami (DIN: 00109215) was appointed as an Additional Director (Nominee of Thomas Cook (India) Limited) in terms of Section 161 of the Companies Act, 2013 and Article 45 of Article of Association of the Company at the meeting of the Board of Directors of the Company held on January 18, 2016, who shall hold office up to the date of the ensuing annual general meeting. In this regard, the Company has received a notice from a member along with the deposit of requisite amount under Section 160 of the Act proposing the candidature of Mr. Chandran Ratnaswami (DIN: 00109215) as a Director of the Company who will liable to retire by rotation.



The Company has also received an intimation from Mr. Chandran Ratnaswami (DIN: 00109215) in Form DIR-8 pursuant to Rule 14 of the Companies (Appointment & Qualification of Directors) Rules, 2014 to the effect that they are not disqualified in accordance with sub-section (2) of Section 164 of the Companies Act, 2013.

Your Board recommends the above appointment for your approval.

**Re-appointments**

- Mr. Madhavan Menon, Nominee Director (holding DIN: 00008542) retires by rotation and being eligible offers himself for reappointment.

Your Board recommends his re-appointment at the ensuing Annual General Meeting.

**Retirements and resignations**

- Mr. Mahendra Kumar Sharma (DIN: 00327684), Independent Director resigned as Director from the Board of the Company on June 30, 2015;
- Mr. Marcel Raymond Parker(DIN: 00252900),a Non- Executive Director resigned as Director from the Board of the Company on November 30, 2015;
- Mr. Harsha Raghavan(DIN: 01761512),a Nominee Director resigned as Director from the Board of the Company on January 8, 2016 and

The Board places on record, its appreciation for the services rendered by Mr. Mahendra Kumar Sharma, Mr. Marcel Raymond Parker and Mr. Harsha Raghavan during their tenure as Directors on the Board of the Company.

**Re-designations**

- Mr. Ajit Abraham Isaac (DIN:00087168) has been re-designated as Chairman, Managing Director and CEO; and
- Mr. Subrata Nag (DIN: 02234000) has been re-designated as Whole time Director and CFO.

**Board Committees**

As on the date of this report Your Board of Directors have constituted the following committees of the Board:

1. Administration Committee
2. Audit Committee
3. Corporate Social Responsibility Committee
4. IPO Committee
5. Nomination and Remuneration Committee
6. Stakeholders Relationship Committee





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Following the is the composition of the above referred committees of the Board<sup>§</sup>:

• Administration Committee	Mr. Ajit Isaac Member Mr. Subrata Nag, Member
• Audit Committee	Mr. Pratip Chaudhuri, Chairman Mr. Chandran Ratnaswami, Member Mr. Revathy Ashok, Member Mr. Pravir Kumar Vohra, Member
• Corporate Social Responsibility Committee	Ms. Revathy Ashok, Chairperson Mr. Ajit Isaac Member Mr. Pravir Kumar Vohra, Member
• IPO Committee	Mr. Ajit Isaac Chairman Mr. Subrata Nag, Member Mr. Pratip Chaudhuri, Member Mr. Madhavan Menon, Member Ms. Revathy Ashok, Member
• Nomination and Remuneration Committee	Mr. Pravir Kumar Vohra, Chairman Mr. Chandran Ratnaswami, Member Mr. Pratip Chaudhuri, Member
• Stakeholders Relationship Committee	Mr. Madhavan Menon, Chairman Mr. Ajit Isaac Member Ms. Revathy Ashok, Member

<sup>§</sup> Were constituted/reconstituted on December 22, 2015.

#### Extract of the annual return

An extract of the annual return as required under provisions of Section 134(3)(a) and Section 92(3) of the Companies Act, 2013 in Form No. MGT – 9 forms part of this Board's report as an **Annexure II**.

#### Conservation of energy, technology absorption and foreign exchange earnings and outgo

The details of conservation of energy, technology absorption, foreign exchange earnings and outgo in terms of Rule 8(3) of the Companies (Accounts) Rules, 2014 are as follows:

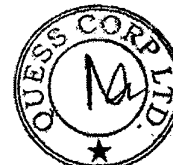
##### **A) Conservation of energy:**

The Company has continued its effort of energy conservation. An endeavor for continual improvements in energy savings in areas such as air conditioning, power consumption, equipment functioning is a prime objective of our facilities management systems.

##### **(B) Technology absorption: Not Applicable**

##### **(C) Foreign exchange earnings and Outgo: (Amount in Rs. In Crores)**

Particulars	01.04.2015-31.03.2016	01.01.2014-31.03.2015
Total Exchange used (Cash basis)	Nil	Nil
Total Foreign Exchange Earned (Accrual Basis)	42.90	52.86



**Corporate Social Responsibility (CSR)**

A detailed note was given as part of the state of affairs of the Company in the first sections of the Report. A committee of CSR was re-constituted during the year with a composition of Ms. Revathy Ashok, an Independent Director as its Chairperson, Mr. Ajit Isaac and Mr. Pravir Kumar Vohra as members of the Board Committee to ensure the compliance of CSR mechanism and the policy adopted by the Company. The contents of the policy and other details of the CSR implementation were posted on the company's website at [www.quescorp.com](http://www.quescorp.com). Annexure III in this regard is enclosed to this report.

**Declaration by an Independent Director(s) and re-appointment, if any**

Necessary declarations from all the Independent Directors that they met the criteria of independence as provided in sub-section (6) of Section 149 of the Companies Act, 2013 were received and placed before the Board of Directors.

**Formal Board Annual Evaluation and Evaluation of individual Directors**

The Nomination & Remuneration Committee shall oversee the self-evaluation process for the evaluation process of performance of the Board and Committees of the Board as required under provisions of Section 178 of the Companies Act, 2013.

As per the policy devised by the Nomination & Remuneration Committee of the Board, the evaluation process shall take place annually at the time of approval of financial statements at the committees and board meeting. An Independent Director expert in such evaluation shall be the lead independent Director to oversee the complete evaluation mechanism and solicit the ideas of improving the governance in particular on the board and committees role in improving the functions & duties prescribed under the Companies Act, 2013 including those functions viz., improving personnel development, financials, major issues of strategy, risk, integrity, reputation and governance.

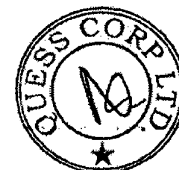
**Managerial Remuneration and Remuneration of Directors and key managerial personnel**

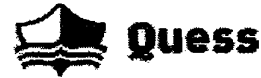
The details of managerial remuneration and of remuneration to Directors are given as part of MGT-9 which is annexed to this report.

**Number of meetings of the Board of Directors, Committees and general meetings**

Details of Board, General meetings and committee meetings held during the period 01.04.2015 till 31.03.2016:

<b>Board of Directors</b>	22.05.2015 24.07.2015 15.10.2015 06.11.2015 22.12.2015 05.01.2016 18.01.2016
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<b>Audit Committee</b>	22.05.2015 24.07.2015 15.10.2015 22.12.2015 18.01.2016
<b>Nomination and Remuneration Committee</b>	22.12.2015 24.07.2015 22.12.2015 18.01.2016
<b>General Meetings: Annual and Extra-ordinary General Meetings</b>	26.05.2015 10.08.2015 23.12.2015

#### **Audit Committee & Details of establishment of vigil mechanism for Directors and employees**

Audit Committee of the Board of Directors have recommended for a vigil mechanism for the company and its subsidiaries and was adopted by the Board.

#### **Nomination and Remuneration Committee**

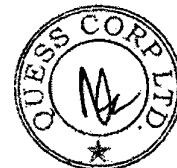
The Nomination and Remuneration Committee of the Board of Directors formulated the policy ensuring (a) the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate Directors of the quality required to run the company successfully; (b) relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and (c) remuneration to Directors, key managerial personnel and senior management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals.

In terms of the Compliance of Section 134(3) (e) of the Companies Act, 2013, as a company in compliance of provisions of Section 178 (1) of the Companies Act, 2013 making the disclosure of its Nomination and remuneration Policy on Directors' appointment and remuneration including criteria for determining qualifications, positive attributes, independence of a Director and other matters provided under the provisions of the Companies Act, 2013. A policy is enclosed as an **Annexure IV** to this report.

#### **Particulars of loans, guarantees or investments under section 186**

During the year the following loans, guarantees and securities provided by your companies to the following subsidiaries enclosed as an **Annexure V** to this report.

In compliance of provisions of Section 186(4) of the Companies Act, 2013, the Company has given necessary and adequate disclosures as part of the financial statements by way of schedules and notes to the accounts forming part of the financial statements pertaining to the full particulars of the loans given, investments made or guarantees given or security provided along with the details of interest charged under Section 186(7) of the Companies Act, 2013 and the purpose for which the said loans, guarantees or securities provided with utilization plans of the recipient of such loan, guarantee or security.





**Particulars of contracts or arrangements with related parties**

The particulars of contract or arrangements entered into by the Company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto shall be disclosed in Form No. AOC -2 enclosed as an Annexure VI to this report.

**Internal Audit and Internal Auditor**

Your Board of Directors have appointed M/s E&Y LLP, an audit firm of Chartered Accountants in practice, Bengaluru as the Internal Auditors of the Company and the subsidiaries for conducting internal audit of the functions and activities of your company.

As required under Section 134(5) (f) of the Companies Act, 2013 and for the purpose of Section 143(3)(i) of the Companies Act, 2013 read with Rule 10 A of the Companies (Audit and Auditors) Rules, 2014, the Company has devised necessary and adequate internal financial control system to enable smooth operating effectiveness in the company which was duly verified and submitted before the Audit Committee of the Board by the Internal Auditors of the Company.

**Secretarial Auditor & Secretarial Audit Report**

Your Board of Directors have appointed M/s SNM Associates, a firm of company secretaries in practice, Bengaluru as the secretarial Auditors of the Company and the subsidiaries.

A Secretarial Audit Report given by M/s SNM Associates, Bengaluru, a firm of company secretaries in practice is enclosed as an Annexure VII to this report.

**Explanations or comments by the Board on every qualification, reservation or adverse remark or disclaimer made by the company secretary in practice in his secretarial audit report**

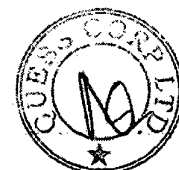
There were no explanations or comments by the Board of Directors as there were no qualification, reservation or adverse remark or disclaimer made by the company secretary in practice in the secretarial audit report.

**Secretarial standards**

The SS-1 and SS-2 as revised from time to time as prescribed by the Institute of Company Secretaries of India (ICSI) as notified by the Ministry of Corporate Affairs being implemented by the Company for all its Board, Committee and General meetings.

**Risk management policy**

A statement indicating development and implementation of a risk management policy for the Company including identification therein of elements of risk, if any, which in the opinion of the Board may threaten the existence of the company is enclosed as Annexure VIII to this Report.





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### Directors' Responsibility Statement

The Directors' Responsibility Statement referred to in clause (c) of sub-section (3) of Section 134 of the Companies Act, 2013, shall state that—

- a. In the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- b. the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit of the company for that period;
- c. the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- d. the Directors had prepared the annual accounts on a going concern basis; and
- e. the Directors, had laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively.
- f. the Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

### Acknowledgements

Your Directors wish to place on record their appreciation for the sincere and dedicated efforts to all the stakeholders for their sustained support, patronage and cooperation with which the Company is able to achieve the results.

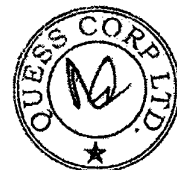
**Place:**

3/3/2, Bellandur Gate,  
Sarjapur Main Road,  
Bangalore-560103,  
Karnataka, India

**Date:** May 17, 2016

**By Order of the Board of Directors  
of Quess Corp Limited**

**Ajit Isaac  
Chairman & Managing Director**



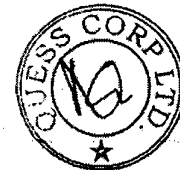


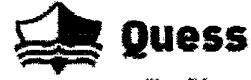
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**ANNEXURE-I**

**Disclosure under Section 62 of the Companies Act, 2013, rule 12 of companies (share capital and debentures) rules, 2014, SEBI (share based employee benefits) regulations, 2014, for the year ended as on 31.03.2016**

Sr. No.	Particulars	Employees' Stock Option Scheme – 2009 (Amended)							Quess Corp Limited Employee Stock Option Scheme 2015
		Financial Year 2009-10	Financial Year 2010-11	Financial Year 2011-12	Financial Year 2012-13	Financial Year 2013-14	Financial Year 2014-15	Financial Year 2015-16	
1.	Options Granted and Accepted	180,000	237,680	321,250	561,070	-	-	-	-
2.	Pricing Formula.	Each option entitles the holder to purchase one Equity Share at a price of Rs.10.00 per Equity Share	Each option entitles the holder to purchase one Equity Share at a price of Rs.10.00 per Equity Share	Each option entitles the holder to purchase one Equity Share at a price of Rs.10.00 per Equity Share	Each option entitles the holder to purchase one Equity Share at a price of Rs.10.00 per Equity Share	Each option entitles the holder to purchase one Equity Share at a price of Rs.10.00 per Equity Share	Each option entitles the holder to purchase one Equity Share at a price of Rs.10.00 per Equity Share	Each option entitles the holder to purchase one Equity Share at a price of Rs.10.00 per Equity Share	The option exercise price would be determined by the Nomination and Remuneration Committee, provided that the exercise price per option shall not be less than the face value of the Equity Shares of the Company as on the date of grant of options
3.	Exercise Price (₹)	Face value of the Share	Face value of the Share	Face value of the Share	Face value of the Share	Face value of the Share	Face value of the Share	Face value of the Share	-
4.	Options Vested and exercisable	0	0	0	1,300,000	0	0	0	-
5.	Options Exercised	0	0	0	429,000	0	0	0	-
6.	Total number of Ordinary Shares arising as a result of exercise of Options	0	0	0	429,000	0	0	0	-





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7.	Options Lapsed/ Forfeited/ Cancelled (doesn't include options not accepted)	0	0	45,470	27,000	0	0	138,258
8.	Variations of terms of Options	None	None	None	None	None	None	##
9.	Money realized by exercise of the Options (in Rs.)	NA	NA	NA	4,290,000	NA	NA	NA
10.	Total number of Options in force (Vested + Unvested)	-	-	-	13,00,000	871,000	871,000	2,729,528

The Nomination and Remuneration Committee and the Board of Directors of Company modified the exercise period on December 22, 2015 over a period of five years commencing from the date of an initial public offering by the Company (or one of its subsidiaries) or other transaction or series of transactions in which Company's shareholders prior to such transaction or transactions will not retain a majority of the Equity Shares or the voting power of the surviving entity, whichever is earlier. In the event that the option holder leaves the Company upon resignation or termination, the exercise period shall be calculated after expiry of two year cooling period from the date of cessation of services with the Company. This was approved by the Shareholders on December 23, 2015

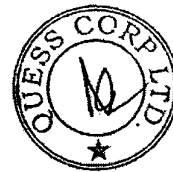
Date: 17.05.2016  
Place: Bengaluru

For and on behalf of the Board of Quess Corp Limited

Ajit Abraham Isaac  
Chairman, Managing Director & CEO

Subrata Kumar Nag  
Whole-time Director & CFO

N.V.S. Pavan Kumar  
Company Secretary





**ANNEXURE-II**  
**FORM NO. MGT-9**  
**EXTRACT OF ANNUAL RETURN**

As on the financial year ended on March 31, 2016 [Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

**I. REGISTRATION AND OTHER DETAILS: (As on the date of this report)**

i) CIN:-U74140KA2007PLC043909

ii) Registration Date:19/09/2007

iii) Name of the Company: **Quess Corp Limited (Formerly known as Ikya Human Capital Solutions Limited)**

iv) Category / Sub-Category of the Company: **Company Limited by shares-public/non-govt.**

v) Address of the registered office and contact details:**3/3/2, Bellandur Gate, Sarjapur road, Bengaluru-560103 KA.**

vi) Whether listed company Yes / No: **NO**

vii) Name, Address and Contact details of Registrar and Transfer Agent, if any: **Link In time, Mumbai**

**Link Intime India Pvt. Ltd**

**Contact point: Ganesh Jadhav | Associate Vice President – Depository Operations |**

**(Phone: +91 22 25963838 | Extn: 2251 |)Mobile: +919869120348**

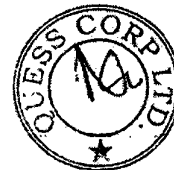
**Fax: +91 22 25946979 / 25946969**

**ganesh.jadhav@linkintime.co.in & www.linkintime.co.in**

**II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY**

All the business activities contributing 10 % or more of the total turnover of the company shall be stated:-

1.	People And Services	898	7830	59.08
2	Global Technology Solutions	898	7830	22.90
3	Integrated Facility Management	898	7830	12.67
4	Industrial Asset Management Services	898	7830	5.35





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III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES –

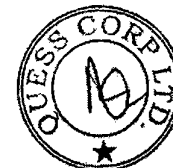
Subsidiary Companies				
1	Thomas Cook (India) Limited	L63040MH1978PLC020717	69.55	2(87)
Subsidiary Companies (India)				
2	Aravon Services Private Limited (Formerly known as Aramark India Private Limited)	U93000MH2007FTC172493	100.00	2(87)
3	Coachleve Solutions Private Limited, India	U72300DL2007PTC166789	100.00	2(87)
4	MFx Infotech Private Limited, India	U72200KA2014PTC074949	100.00	2(87)
Subsidiary Companies (Overseas)				
5	Brainhunter Systems Limited, Canada (Formerly Zylog Systems (Canada) Limited)	Ontario Corporation No. 2219707 registered under Business Corporation Act, (Acquired on 23.10.2014)	100.00	2(87)
6	Brainhunter Companies LLC, USA (subsidiary to Brainhunter Systems Limited, Canada)	Registered as Domestic Liability Company with identification No.0400536871 under New Jersey (Acquired on 23.10.2014)	100.00	2(87)
7	Brainhunter Companies Canada Inc (subsidiary to Brainhunter Systems Limited, Canada)	Ontario Corporation No. 002384695 registered under Business Corporation Act, (Acquired on 23.10.2014)	100.00	2(87)
8	IKYA Business Services Private Limited, Sri Lanka	P V 99076 private Company under Companies Act of Sri Lanka (Incorporated as subsidiary on 17.06.2014)	100.00	2(87)
9	MFxchange Holdings Inc. Canada*	Corporation No. 398443-5 incorporated under Canada Business Corporations Act (Acquired by Quess Corp (USA) Inc.)	100.00	2(87)
10	MFxchange (USA) Inc. subsidiary of MFxchange Holdings, Inc. Canada (sl.no.9)	Corporate Authentication No.2039987 under State of Delaware, NJ	100.00	2(87)
11	MFxchange (Ireland) Limited (in liquidation)-subsidiary of MFxchange Holdings, Inc. Canada (sl.no.9)	Registered under the Companies Act, of Ireland No., 356722 (Registered as Subsidiary of MFxchange Holdings Inc. Canada)	100.00	2(87)
12	Mindwire Systems Limited, Ottawa (subsidiary to Brainhunter Systems Limited, Canada)	Ontario Corporation No. 1823144 registered under Business Corporation Act, (Acquired on 23.10.2014)	100.00	2(87)
13	Quess Corp (USA) Inc. (earlier known as Magna Infotech Inc., USA)*	File No: 5435112 (Dept. of state: Division of Corporate-Delaware: USA (Incorporated as subsidiary on 19.11.2013)	100.00	2(87)
14	Quess (Philippines) Corp	CS201305088 Registered with SEC, Manila (Acquired on 30.10.2013)	100.00	2(87)
15	Quesscorp Holdings Pte. Ltd. Singapore	8 Temasek Boulevard, #32-01 Suntec Tower Three Singapore 038988	100.00	2(87)

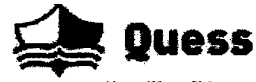
\*49% of the interest was held through Quess Corp (USA) Inc., 51% of the interest was held through Quesscorp Holdings Pte. Ltd. Singapore and Quess Corp (USA) Inc. and Quesscorp Holdings Pte. Ltd. are wholly owned subsidiary of Quess Corp Limited.

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total % of	Total Shares	Demat	Physical	Total % of	Total Shares	
A. Promoters									
Indian									(1.63)
a) Individual/HUF		46,46,490	18.03	46,46,490		-	16.40	1,85,85,960	(8.91)
b) Central									





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Govt- e) State Govt-(s) d) Bodies Corp. e) Banks / FI f) Any Other....	1,97,05,874	76.46	1,97,05,874	-	69.55	7,88,23,496	
A <sub>1</sub> Promoter Group	12,94,100	5.02	12,94,100	-	13.56	1,53,65,824	8.54
Sub-total (A) + (A <sub>1</sub> )	2,56,46,464	99.51	2,56,46,464	-	99.51	11,27,75,280	Nil
(2) Foreign a) NRIs Individuals b) Other Individuals c) Bodies Corp. d) Banks / FI e) Any Other....	-	-	-	-	-	-	-
Sub-total (A) (2):-	2,56,46,464	99.51	2,56,46,464	-	99.51	11,27,75,280	Nil
Total shareholding of Promoter (A) = (A)(1)+(A)(2)	2,56,46,464	99.51	2,56,46,464	-	99.51	11,27,75,280	Nil
B. Public Shareholding							
1. Institutions a) Mutual Funds b) Banks / FI c) Central Govt d) State Govt(s) e) Venture Capital Funds f) Insurance Companies g) FIs h) Foreign Venture Capital Funds i) Others (specify)	-	-	-	-	-	-	-
Sub-total (B)(1):-	-	-	-	-	-	-	-
2. Non- Institutions							
a) Bodies Corp. i) Indian ii) Overseas	-	-	-	-	-	-	-
b) Individuals	1,27,300	0.49	1,27,300	22,097	0.49	5,59,776	Nil
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	6,700	0.02	6,700				
ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh	1,20,600	0.47	1,20,600	22,097	0.49	5,59,776	





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c) Others (specify)									
Sub-total (B)(2):-		1,27,300	0.49	1,27,300		22,097	0.49	5,59,776	
Total Public Shareholding (B)-(B)(1)+ (B)(2)									
C. Shares held by Custodian for GDRs & ADRs									
Grand Total (A+B+C)		2,57,73,764	100.00	25,77,3764		22097	100.00	113335056	0.00

Quess Corp Limited has obtained the ISIN from NSDL and in the process of updating its master with both the NSDL and the RTA and enabling the shareholders to get their shares demat in due course.

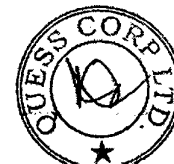
<sup>2</sup> Held by Thomas Cook (India) Limited, a subsidiary of Fairbridge Capital (Mauritius) Ltd & H Investments Limited (subsidiary of Fairfax Holdings Limited, Canada)- Downstream investment in Quess Corp Limited.

(ii) Shareholding of Promoters & Promoter group

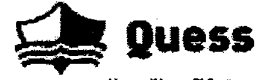
Sl No.	Name of the Shareholder	Shareholding at the beginning of the year			Shareholding at the end of the year			
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	% change in share holding during the year
<b>Promoters</b>								
1	Thomas Cook (India) Ltd	1,97,05,874	76.46	-	7,88,23,496	69.55	-	(1.63)
2	Ajit Isaac	46,46,490	18.03	-	1,85,85,960	16.40	-	(6.91)
<b>Promoter Group</b>								
1	Net Resources Investments Pvt. Ltd.							8.54
		12,94,100	5.02	-	1,53,65,824	13.56	-	
	<b>Total</b>	<b>2,43,52,364</b>	<b>99.51</b>	<b>-</b>	<b>11,27,75,280</b>	<b>99.51</b>	<b>-</b>	<b>Nil</b>

(iii) Change in Promoters' Shareholding (please specify, if there is no change)

Sl. No.	Name of the Shareholder		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
			No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	Thomas Cook (India) Ltd	At the beginning of the year	1,97,05,874	76.46	1,97,05,874	76.46
2	Ajit Isaac		46,46,490	18.03	46,46,490	18.03
1	Thomas Cook (India) Ltd	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc): Bonus Issue on 05.01.2016	5,91,17,622	52.16	5,91,17,622	52.16
2	Ajit Isaac		1,39,39,470	12.29	1,39,39,470	12.29
1	Thomas Cook (India) Ltd	At the End of the year (or on the date of separation, if separated during the year)	7,88,23,496	69.55	7,88,23,496	69.55
2	Ajit Isaac		1,85,85,960	16.40	1,85,85,960	16.40



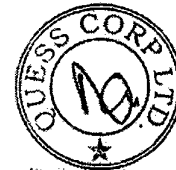




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(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

Sl. No.	Name of the Shareholder	DP ID / Client ID	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
				No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1.	Net Resources Investments Pvt. Ltd.	IN302269/14469266	At the beginning of the year	12,94,100	5.02	12,94,100	5.02
2.	Guruprasad Srinivasan	IN302679/33705285		28,475	0.11	28,475	0.11
3.	Amrita Nathani	IN300484/13065199		38,525	0.15	38,525	0.15
4.	Jaison Jose	IN300484/13042002		6,700	0.03	6,700	0.03
5.	Vijay Sivaram	IN300484/14303906		20,100	0.08	20,100	0.08
6.	Pratibha J	IN303270/10429389		13,400	0.05	13,400	0.05
7.	Venkatesan Jayaraman	Folio No. 17 IN300484/20206582		20,100	0.08	20,100	0.08
1.	Net Resources Investments Pvt. Ltd.	IN302269/14469266	Allotment of Rights Shares on 22.12.2015 and allotment of shares Bonus shares on 05.01.2016	1,40,71,724	13.56	1,40,71,724	13.56
2.	Guruprasad Srinivasan	IN302679/33705285		96,737	0.11	96,737	0.11
3.	Amrita Nathani	IN300484/13065199		1,30,883	0.15	1,30,883	0.15
4.	Jaison Jose	IN300484/13042002		22,760	0.03	22,760	0.03
5.	Vijay Sivaram	IN300484/14303906		68,284	0.08	68,284	0.08
6.	Pratibha J	IN303270/10429389		45,524	0.05	45,524	0.05
7.	Venkatesan Jayaraman	Folio No. 17 IN300484/20206582		68,288	0.08	68,288	0.08
1.	Net Resources Investments Pvt. Ltd.	IN302269/14469266	At the End of the year ( or on the date of separation, if separated during the year)	1,53,65,824	13.56	1,53,65,824	13.56
2.	Guruprasad Srinivasan	IN302679/33705285		1,25,212	0.1	1,25,212	0.11
3.	Amrita Nathani	IN300484/13065199		1,69,408	0.15	1,69,408	0.15
4.	Jaison Jose	IN300484/13042002		29,460	0.03	29,460	0.03
5.	Vijay Sivaram	IN300484/14303906		88,384	0.08	88,384	0.08
6.	Pratibha J	IN303270/10429389		58,924	0.05	58,924	0.05
7.	Venkatesan Jayaraman	Folio No. 17 IN300484/20206582		88,388	0.08	88,388	0.08





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(v) Shareholding of Directors and Key Managerial Personnel:

Sl. No.		For Each of the Directors and KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
			No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1.	Ajit Isaac, Chairman, Managing Director & CEO	At the beginning of the year	46,46,490	18.03	46,46,490	18.03
		Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc):	1,39,39,470	12.29	1,39,39,470	12.29
		At the End of the year ( or on the date of separation, if separated during the year)	1,85,85,960	16.40	1,85,85,960	16.40

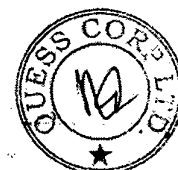
V. INDEBTEDNESS of the Company including interest outstanding/accrued but not due for payment as on 31.03.2016

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total indebtedness (Amount in Rs.)
Indebtedness at the beginning of the financial year i) Principal Amount ii) Interest due but not paid iii) Interest accrued but not due	165.06 Crores	-	-	165.06 crores
Total (i+ii+iii)	165.06 Crores	-	-	165.06 Crores
Change in Indebtedness during the financial year • Addition • Reduction Net Change	97.68 Crores	-	-	97.68 Crores
Indebtedness at the end of the financial year i) Principal Amount ii) Interest due but not paid iii) Interest accrued but not due	262.74 Crores 0.28 Lakhs	-	-	262.74 Crores 0.28 Lakhs
Total (i+ii+iii)	263.02 Crores	-	-	263.02 Crores

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

Sl. no.	Particulars of Remuneration	Name of MD/WTD/ Manager	Total Amount	Total Amount (in Rs.)
1	Gross salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 (c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	Ajit Isaac, MD Subrata Nag WHTD		Rs.1.45 Crores Rs.0.90 Crores
2	Stock Option			-
3	Sweat Equity			-
4	Commission - as % of profit - others, specify...			-
5	Others, please specify			-





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Total (A)					Rs.2.35 Crores
Ceiling as per the Act					Rs.8.58 Crores

**B. REMUNERATION TO OTHER DIRECTORS:**

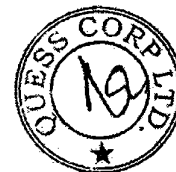
Sl. No.	Name of the Director	Amount of Remuneration paid during Financial year 2015-16		Total amount paid (in Rs.)
		Sitting fee for attending Board Meeting & Committee Meeting	Commission paid	
1.	Mahendra Kumar Sharma	30,000	-	30,000
2.	Marcel Raymond Parker	1,10,000	-	1,10,000
3.	Revalthy Ashok	1,60,000	-	1,60,000
4.	Pratip Chaudhuri	1,40,000	-	1,40,000
5.	Pravir Kumar Vohra	1,10,000	-	1,20,000
6.	Harsha Raghavan	-	-	-
7.	Madhavan Karunakaran Menon	-	-	-
8.	Sanjay Anandaram	60,000	-	60,000
9.	Chandran Ratnaswami	-	-	-
Total				

**C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN D/MANAGER/WTD**

Sl. no.	Particulars of Remuneration	Key Managerial Personnel			Total Amount (in Rs.)
		CEO	CS	CFO	
1	Gross salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 (c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	Already furnished under the head "MD" Rs.1.45 Crores	Rs.0.27 Crores	Already furnished under the head "WHTD" Rs.0.90Crores	Rs.0.27 Crores
2	Stock Option	Not applicable as MD is a promoter.	Nil	Nil.	
3	Sweat Equity	Nil	Nil	Nil	Nil
4	Commission - as % of profit - others, specify...	Nil	Nil	Nil	Nil
5	Others, please specify	Nil	Nil	Nil	Nil
Total		Rs.1.45 Crores	Rs.0.27 Crores	Rs.0.90 Crores	Rs.0.27 Crores
Ceiling as per the Act		Within the ceilings	Not Applicable	Within the ceilings	Within the ceilings

**VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES: Nil**

Type	Section of the Companies Act	Brief Description Details of Penalty / Punishment/ Compounding fees imposed	Authority [RD / NCLT/ COURT]	Appeal made, if any (give Details)	Brief Description Details of Penalty / Punishment/ Compounding fees imposed
Penalty	Nil	Nil	Nil	Nil	Nil
Punishment	Nil	Nil	Nil	Nil	Nil
Compounding	Nil	Nil	Nil	Nil	Nil
Penalty	Nil	Nil	Nil	Nil	Nil
Punishment	Nil	Nil	Nil	Nil	Nil
Compounding	Nil	Nil	Nil	Nil	Nil





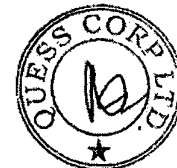
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**FORM AOC-1**  
**(PURSUANT TO FIRST PROVISIO TO SUB-SECTION (3) OF SECTION 129 READ WITH**  
**RULE 5 OF COMPANIES (ACCOUNTS) RULES, 2014)**  
**STATEMENT CONTAINING SALIENT FEATURES OF THE FINANCIAL STATEMENT OF**  
**SUBSIDIARIES/ASSOCIATE COMPANIES/JOINT VENTURES**  
**Part "A": Subsidiaries**

(Information in respect of each subsidiary to be presented with amounts in Rs.)

(Rs. in Crores)

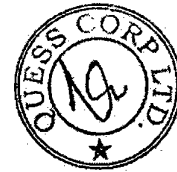
S. No.	Particulars	1	2	3	4	5	6	7	8
1.	Name of the subsidiary	Coachieve Solutions Private Limited	MFx Infotech Private Limited	Aravon Services Private Limited	Quess Corp(USA) Inc. (earlier known as Magna Infotech Inc., USA)	IKYA Business Services Private Limited, Sri Lanka	Quess (Philippines) Corp	Brainhunter Systems Limited, Canada	Mindwire Systems Limited, Ottawa
2.	Reporting period for the subsidiary concerned	01.04.2015 to 31.03.2016	01.04.2015 to 31.03.2016	01.04.2015 to 31.03.2016	01.04.2015 to 31.03.2016	01.04.2015 to 31.03.2016	01.04.2015 to 31.03.2016	01.04.2015 to 31.03.2016	01.04.2015 to 31.03.2016
3.	Reporting currency	INR	INR	INR	USD	LKR	PHP	CAD	CAD
4.	Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries	NA	NA	NA	65.48	0.43	1.42	50.27	50.27
5.	Share capital	3.11	1.00	39.41	0.63	-	1.23	24.57	12.57
6.	Reserves & surplus	(6.90)	0.59	(34.60)	0.33	-	0.97	(63.69)	(26.94)
7.	Total assets	1.20	22.87	23.36	5.03	-	4.48	71.87	32.48
8.	Total Liabilities	1.20	22.87	23.36	5.03	-	4.48	71.87	32.48
9.	Investments	-	-	-	-	-	-	-	-
10.	Turnover	1.16	20.66	54.21	-	-	2.83	93.13	181.91
11.	Profit before taxation	(3.70)	0.04	(4.85)	-	-	0.62	2.93	6.83
12.	Provision for taxation	-	0.01	-	-	-	0.17	0.00	-
13.	Profit after taxation	(3.70)	0.03	(4.85)	(0.12)	-	0.44	2.93	6.83
14.	Proposed Dividend	-	-	-	-	-	-	-	-
15.	% of shareholding	100	100	100	100	-	100	100	100

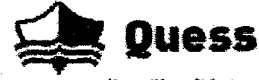




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S. No.	Particulars	9	10	11	12	13	14	15
1.	Name of the subsidiary	Brainhunter Companies LLC, USA	Brainhunter Companies Canada, Inc.	Quessglobal (Malaysia) Sdn. Bhd.,	Quesscorp Holdings Pte. Ltd., Singapore	MFExchange Holdings Inc. Canada	MFExchange (USA) Inc.	MFExchange (Ireland) Limited(In liquidation)
2.	Reporting period for the subsidiary concerned	01.04.2015 to 31.03.2016	01.04.2015 to 31.03.2016	01.04.2015 to 31.03.2016	16.06.2015 to 31.03.2016	01.01.2015 to 31.12.2016	01.01.2015 to 31.12.2016	01.01.2015 to 31.12.2016
3.	Reporting currency	CAD	CAD	MYR	SGD	USD	USD	USD
4.	Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries	50.27	50.27	16.60	48.40	65.48	65.48	65.48
5.	Share capital	-	0.00	0.83	11.00	230.85	90.72	25.21
6.	Reserves & surplus	-7.51	-	(0.06)	0.18	(66.34)	91.59	50.97
7.	Total assets	1.99	0.00	0.77	11.18	179.25	87.77	76.18
8.	Total Liabilities	1.99	0.00	0.77	11.18	179.25	87.77	76.18
9.	Investments	-	-	-	2.83	173.20	12.38	75.06
10.	Turnover	9.38	-	2.96	-	9.62	165.30	-
11.	Profit before taxation	(3.88)	-	(0.02)	(0.05)	(1.42)	(0.59)	(0.11)
12.	Provision for taxation	-	-	-	-	-	-	-
13.	Profit after taxation	(3.88)	-	(0.02)	(0.05)	(1.42)	(0.59)	(0.11)
14.	Proposed Dividend	-	-	-	-	-	-	-
15.	% of shareholding	100	100	100	100	100	100	100





**ANNEXURE-III**

**CSR REPORT**

**CORPORATE SOCIAL RESPONSIBILITY (CSR)**

[Pursuant to clause (o) of sub-section (3) of section 134 of the Act and Rule 9 of the Companies (Corporate Social Responsibility) Rules, 2014]

1. A brief outline of the Company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs.

Quess believes in creating significant and sustainable societal value, inspired by a vision to actively contribute to the community by creating a positive impact on the lives of people, especially in the areas of health and education. Our CSR initiatives are carried out through the Careworks Foundation (CWF), a nonprofit initiative established in January, 2014.

**CSR VISION STATEMENT & OBJECTIVE:**

"To actively contribute to the community in which we operate creating a positive impact on the lives of people especially in the areas of health and education. In so doing build a healthy and educated workforce and provide sustainable livelihood for the weaker sections of society."

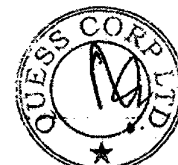
**The objective of the Quess CSR:**

- Ensure an increased commitment at all levels in the organization, to operate its business in an economically, socially & environmentally sustainable manner, while recognizing the interests of all its stakeholders.
- To directly or indirectly take up programmes that benefit the communities in & around its work centers and results, over a period of time, in enhancing the quality of life, & healthy & educated workforce.
- To generate, through its CSR initiatives, a community goodwill for Quess Group and help reinforce a positive & socially responsible image for Quess Group as a corporate entity.

**Focus Area : Health & Education**

CWF has till date made a difference to 5,700 lives. Find below the CSR projects implemented through CWF in the financial year 2015 – 16

Activities 2015-16	Project Cost(Rs.)	Plan for 2016-17
Education Kit: Given to children from 1st std to 7 <sup>th</sup> Std. Education kit includes School bag, Note books & Stationeries. Benefitted 2526 children.	12.00 Lakhs	To reach 1800 children providing Education Kits for their education.
Scholarship: Scholarship helps economically backwards students who have potential, but lack financial support, by giving them new opportunities for education through scholarship	8 Lakhs	Support 150 Meritorious children by providing scholarships to the need.



Activities 2015-16	Project Cost(Rs.)	Plan for 2016-17
program. To help poor students excel in their chosen disciplines. Benefitted : 124 students		
School Enhancement Program: School enhancement program is a flagship initiative of Quess. The focus is to work with government schools to enhance quality of education, activities that support proper learning environment by providing habitable surroundings.  Benefitted : 1300 children	88.40 Lakhs	Proposed to adopt 10 schools & support 1500 children through School enhancement program.
Grant in Aid to economically challenged students for skill development and higher education	1.5 Lakhs	Considered as continuous activity for every financial year.
Chennai Flood Relief: Rescue, Rehabilitation and health programs organized for Flood victims. Also supported by giving food & basic necessities : Supported 13225 people	6.3 Lakhs	Quess through CWF is always committed to such supportive rehabilitation at times as and when takes place.

In conclusion, we have had a good year with several initiatives and acquisitions that are likely to bear fruit over the next few years. Even as we continue to grow at industry leading levels, we continue to focus on the bottom line and on maintaining a healthy balance sheet. Our focus in all this is to secure just rewards for all of our stakeholders (our clients, our shareholders, our employees and our bankers) who have stood by us through out.

Material changes occurred subsequent to the close of the financial year of the Company to which the balance sheet relates and the date of the report like settlement of tax liabilities, operation of patent rights, depression in market value of investments, institution of cases by or against the company, sale or purchase of capital assets or destruction of any assets etc.

There is a dedicated link for the CSR activity on the Quess portal detailing the CSR activities of the company.

<http://quesscorp.com/care-works/www.careworksglobal.org>

## 2. The Composition of the CSR Committee.

CSR Committee(Re-constituted 18.01.2016)	Ms. Revathy Ashok (Chairperson of the Committee) Mr. Ajit Abraham Isaac Mr. Pravir Kumar Vohra	<ol style="list-style-type: none"> <li>The committee to formulate and recommend to the board, a CSR policy, which shall indicate : <ul style="list-style-type: none"> <li>The activities to be undertaken by the company as specified in Schedule VII of the Companies Act, 2013;</li> <li>Recommend the amount of expenditure to be incurred on the aforesaid activities</li> <li>Monitor the Corporate Social Responsibility Policy of the company from time to time.</li> </ul> </li> <li>The committee to prepare a transparent monitoring mechanism for ensuring implementation of the projects / program / activities proposed to be undertaken by the company.</li> </ol>
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3. Average net profit of the company for last three financial years: (Quess on standalone basis): Rs. 37.31 Crore and estimated CSR liability of 2% on above: Rs. 74.62 Lakhs.(Incurred CSR Expenditure of Rs.116.2 Lakhs).

4. Prescribed CSR Expenditure (two per cent of the amount as in item 3 above)





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Activities 2015-16	Project Cost(Rs.)
Education Kit	12 Lakhs
Scholarship Program	8 Lakhs
School Enhancement Program	88.40 Lakhs
Chennai Flood Relief	6.3 Lakhs
Provided Grant in Aid to differently abled and economically challenged students for skill development and higher education	1.5 Lakhs

5. Details of CSR spent during the financial year.

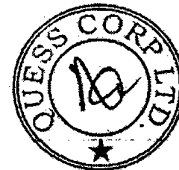
(a) Total amount to be spent for the financial year; Rs.116.2 Lakhs spent during the financial year 2015 -16.

And an amount of Rs. 75.64 Lakhs was part of CSR contribution in the financials for the year ended on 31.03.2016 under Note No.27 to the financials.

(b) Amount unspent, if any; N.A.

(c) Manner in which the amount spent during the financial year is detailed below.

S. No	CSR project or activity identified	Sector in which project covered	in the Projects or programs(1) Local area or other(2) Specify the State and district where projects or programs was undertaken	Amount outlay (budget) project or programs wise Rs.	Amount spent on the projects or programs Sub - heads:(1) Direct expenditure on projects or programs(2) Overheads Rs.	Cumulative expenditure up to the reporting period Rs.	Amount spent : Direct or through implementing agency*
1	Education Kit	Education	Program was undertaken at Karnataka, Tamil Nadu (Salem, Chennai, Madurai) New Delhi(Delhi) Haryana (Gurgaon). Kolkata (Kolkata) &Telengana.	12,00,000.00	12,00,000.00	12,00,000.00	Spent through Careworks Foundation
2	Scholarship	Education	1.Karnataka :Bangalore,Ballary Kolar,Mandya  Chitradurga,ShimogaDistrict  2.Chattisgarh : Raigarh  3.Haryana : Gurgaon 4.Kerala : Ernakulam&Trivandrum  5.Tamil Nadu :Salem, Thoothukudi  Coimbatore,Chennai ,Kanchipuram, Madurai	8,00,000.00	8,00,000.00	8,00,000.00	Spent through Careworks Foundation
3	School Enhancement Program	Education	Bengaluru Rural and Thirthahalli, Shimoga district	88,40,000	88,40,000	88,40,000	Spent through Careworks Foundation & direct spending
4	Chennai Flood relief	Natural calamity / Health	Tamil Nadu : Chennai	6,30,000	6,30,000	6,30,000	Spent through Careworks Foundation







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5	Provided Grant in Aid to economically challenged students for skill development and higher education	Education	Tamil Nadu	1.50,000	1.50,000	1.50,000	Spent through Careworks Foundation
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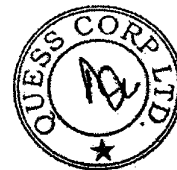
\*Give details of implementing agency.

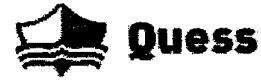
6. In case the Company has failed to spend the two per cent of the average net profit of the last three financial years or any part thereof, the company shall provide the reasons for not spending the amount in its Board report: Not Applicable.

7. A responsibility statement of the CSR Committee that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the Company

Date: 17 .05.2016

Chairperson of the CSR Committee



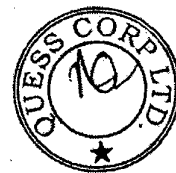


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**ANNEXURE-IV**  
**NOMINATION AND REMUNERATION POLICY**

- I. **CONTEXT** The purpose of this Policy is to set over principles, parameters and Governance framework of the remuneration for Directors, KMPs and Senior Management Personnel.
- II. This policy will assist the Board to fulfill its responsibility towards attracting, retaining and motivating the Directors, KMPs, and Senior Management Personnel and reasonable remuneration in line with the corporate and individual performance.
- III. This document outlines following policies/guidelines:
  - A. Performance Evaluation of Directors
  - B. Remuneration principles
- IV. **Evaluation Of Directors& KMP's and Senior Managerial Personnel :**

For the purpose of determining remuneration the Nomination and Remuneration Committee shall evaluate depending on the company's profitability in line with the thresholds prescribed under the Companies Act 2013. The remuneration shall be a mix of fixed and variable pay/long-term pay reflecting short and long-term performance objectives appropriate to the working of the company and its strategic goals.





### **ANNEXURE-V**

**Particulars of Loans, guarantees, or investments under section 186 of the Companies Act, 2013 during the year 15-16:**

**Loans:**

**Loans to subsidiaries:**

1. Coachieve Solutions Private Limited: Rs. 58080000/-
2. MFX Infotech Private Limited: Rs. 147500000/-
3. Aravon Services Private Limited: Rs. 40000000/-

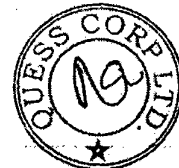
**Guarantees/secureties:**

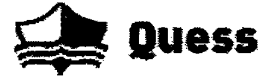
1. Corporate Guarantee provided to the lender (banks) on behalf of MFX Infotech Private Limited, the wholly owned subsidiary of the Company: Rs. 6 Crores.
2. Corporate Guarantee provided to the lender (banks) on behalf of Aravon Services Private Limited the wholly owned subsidiary of the Company: Rs. 7 Crores.
3. Corporate Guarantee provided to the lender (banks) on behalf of Brainhunter Systems Ltd, Canada the wholly owned subsidiary of the Company: Rs. 61.99 Crores

**Investments:**

Investment made in Quesscorp Holdings Pte. Ltd. : Rs. 110,000,000  
Aravon Services Private Limited: Rs. 100/-

Note: the Board and shareholders of the company had approved necessary investments in terms of section 186 of the Companies act 2013 and as on date of the audited financials the Company had the aforesaid limits within the maximum permissible under the Act.





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**ANNEXURE-VI**  
**RELATED PARTY TRANSACTIONS APPROVED DURING THE YEAR**  
**FORM NO. AOC-2**

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

Form for disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto.

**1. Details of contracts or arrangements or transactions not at arm's length basis: Nil**

- (a) Name(s) of the related party and nature of relationship
- (b) Nature of contracts/arrangements/transactions
- (c) Duration of the contracts / arrangements/transactions
- (d) Salient terms of the contracts or arrangements or transactions including the value, if any
- (e) Justification for entering into such contracts or arrangements or transactions
- (f) date(s) of approval by the Board
- (g) Amount paid as advances, if any:
- (h) Date on which the special resolution was passed in general meeting as required under first proviso to Section 188

**2. Details of material contracts or arrangement or transactions at arm's length basis(with in the ceiling prescribed under rules)**

- (a) Name(s) of the related party and nature of relationship
  - i. Thomas Cook (India) Limited(Holding Company)
  - ii. MFX Infotech Private Limited(Subsidiary Company)
  - iii. Net Resource Investments Private Limited(Enterprise owned by Key Managerial Personnel)
  - iv. National Collateral Management Services Limited(Group Company of Fairfax Financial Holdings Limited)
  - v. Aravon Services Private Limited(Subsidiary Company)
  - vi. Brainhunter Systems Limited, Canada(Overseas Subsidiary Company)

(b) Nature of contracts/arrangements/transactions

Sl.No.	Name of the subsidiary	Transaction	Amount (in Rs.)
1	Thomas Cook (India) Limited(Holding Company)	Rendering Services to Holding Company	Rs.170,412,394/-



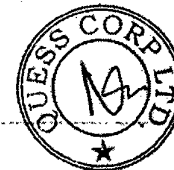


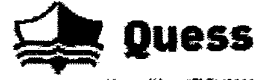
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		Availing of Ticketing& Misc. services from Holding Company	Rs.28,216,010/-
ii	MFX Infotech Private Limited(Subsidiary Company)	Rendering Services to Subsidiary Company (Manpower Services)	Rs.7,473,011/-
iii	Net Resource Investments Private Limited(Enterprise owned by Key Managerial Personnel)	Availing of Services(Lease of property)	Rs..31,420,692/-
iv	National Collateral Management Services Limited	Rendering Services to Group Company	Rs.101,673,561/-
v	Aravon Services Private Limited(Subsidiary Company)	Rendering Services to Subsidiary Company(Lease of Kitchen Premises)	Rs. 1,253,331/-
vi.	Brainhunter Systems Limited, Canada (Overseas Subsidiary Company)	Rendering Services to Subsidiary Company(Manpower Services)	Rs.12,767,698/-

(c) Duration of the contracts / arrangements/transactions

Sl.No.	Name of the subsidiary	Transaction	Duration/Term of contract
i	Thomas Cook (India) Limited(Holding Company)	Rendering Services to Holding Company	Contract entered for manpower services for a period of one year renewable on yearly basis for a fees depending on the level and CTC of professional man power services. commenced from 01.02.2014 and renewed in April 2016.
		Availing of Ticketing& Misc. services from Holding Company	On actual basis
ii	MFX Infotech Private Limited(Subsidiary Company)	Rendering Services to Subsidiary Company (Manpower Services)	Master Services Agreement to provide Manpower Services for a period of one year renewable on yearly basis for a fees depending on the level and CTC of professional man power services commenced from June 1, 2105.
iii	Net Resource Investments Private Limited(Enterprise owned by Key Managerial Personnel)	Availing of Services(Lease of kitchen premises)	To take on Lease of premises for 9 years for corporate purposes commencing 01.08.2014 till 31.07.2023 for a monthly rental of rs.23.05 lakhs on a incremental basis of 5% at the end of every year.
iv	National Collateral Management Services Limited	Rendering Services to Group Company	Contract entered for manpower services on August 1, 2015 for an infinite period and can be terminated by serving a written notice of one month by either party.
v	Aravon Services Private Limited(Subsidiary Company)	Rendering Services to Subsidiary Company(Lease of Property)	To sub-lease for twelve (12) months with an irrevocable lock-in-period of six(6) months commencing August 1 <sup>st</sup> , 2015 and can be renewed by serving three (3) months notice by either





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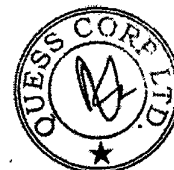
			party.
vi.	Brainhunter Systems Limited, Canada (Overseas Subsidiary Company)	Rendering Services to Subsidiary Company (Manpower Services)	Contract entered for manpower services

(d) Salient terms of the contracts or arrangements or transactions including the value, if any:

Sl.No.	Name of the subsidiary	Transaction	Salient features of the contract
i	Thomas Cook (India) Limited (Holding Company)	Rendering Services to Holding Company	Contract entered for manpower services for a period of one year renewable on yearly basis for a fees depending on the level and CTC of professional man power services commenced from 01.02.2014 and renewed in April 2016.
		Availing of Ticketing & Misc. services from Holding Company	On actual basis
ii	MFX Infotech Private Limited (Subsidiary Company)	Rendering Services to Subsidiary Company (Manpower Services)	Master Services Agreement to provide Manpower Services for a period of one year renewable on yearly basis for fees depending on the level and CTC of professional man power services commenced from June 1, 2105.
iii	Net Resource Investments Private Limited (Enterprise owned by Key Managerial Personnel)	Availing of Services (Lease of property)	To take on Lease of premises for 9 years for corporate purposes commencing 01.08.2014 till 31.07.2023 for a monthly rental of rs.23.05 lakhs on a incremental basis of 5% at the end of every year.
iv	National Collateral Management Services Limited	Rendering Services to Fellow Subsidiary	Contract entered for manpower services on August 1, 2015 for an infinite period and can be terminated by serving a written notice of one month by either party.
v	Aravon Services Private Limited (Subsidiary Company)	Rendering Services to Subsidiary Company (Lease of Kitchen Premises)	To sub-lease for twelve (12) months with an irrevocable lock-in-period of six(6) months commencing August 1 <sup>st</sup> , 2015 and can be renewed by serving three (3) months notice by either party.
vi.	Brainhunter Systems Limited, Canada (Overseas Subsidiary Company)	Rendering Services to Subsidiary Company (Manpower Services)	Contract entered for manpower services

(e) Date(s) of approval by the Board, if any:

- i. Thomas Cook (India) Limited: being made on arm's length basis no such approval is required being within the thresholds prescribed under Rules made to Section 188 of the Act.
- ii. Net Resources Investments Private Limited: Obtained the approval of the Board and shareholders on 19.07.2014.
- iii. MFX Infotech Private Limited: Obtained the approval of the Board and shareholders on 14.10.2014.
- iv. National Collateral Management Services Limited: Obtained the approval of the Board on 15.10.2015

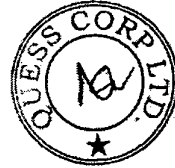




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- v. Aravon Services Private Limited: being made on arm's length basis no such approval is required being within the thresholds prescribed under Rules made to Section 188 of the Act and obtained omnibus approval at the Board meeting held on 22.12.2015.
- vi. Brainhunter Systems Limited: being made on arm's length basis no such approval is required being within the thresholds prescribed under Rules made to Section 188 of the Act and obtained omnibus approval at the Board meeting held on 22.12.2015.

(f) Amount paid as advances, Nil



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S.N.Mishra

SNM & Associates,  
Company Secretaries,  
No.486, 8<sup>th</sup> Cross, 10<sup>th</sup> Main,  
HAL III Stage, Jeevanbhimanagar,  
Bangalore - 560 075

To,  
The Members,  
Qess Corp Limited

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Qess Corp Limited (hereinafter called 'the company'). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the company's books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the company has, during the audit period covering the financial year ended on March 31, 2016 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by "Qess Corp Limited" for the financial year ended on March 31, 2016 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder towards the investments made during the year;
- (iii) Tax Laws as applicable and the rules and regulations made thereunder;
- (iv) Labour Laws as applicable and the rules and regulations made thereunder.

I have also examined compliance with the applicable clauses of the following:

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

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e-mail: surjya.mishra@gmail.com/mishra@snmassociates.in  
Website: www.snmassociates.in



**I report that:**

1. The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. During the period under review the Company appointed four Additional Directors (Independent) including one Woman Director in accordance with Section(s) 149, 152, 161 and Schedule IV of the Companies Act 2013 who were regularized at the EGM held on December 23, 2015. There was no appointment of alternate directors and directors to fill casual vacancy during the financial year. With respect to Directors retirement by rotation, the company complies with the requirements by retiring the Director(s) whose period of office is liable to retire.

During the period under review three directors have resigned and the Company has filed the necessary Forms with the department.

The Board met 7 (Seven) times during the year on 22.05.2015, 24.07.2015, 15.10.2015, 06.11.2015, 22.12.2015, 05.01.2016 and 18.01.2016. The intervening gap between the Meetings was within the period prescribed under the Companies Act, 2013. No Circular resolutions were passed during the period under review.

The requisite quorum was present in all the seven Board Meetings and the participation of Directors in the meetings in person or through audio dial or through video conferencing.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance with certain exceptions. The company has a system for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

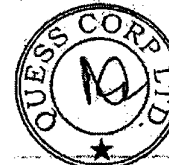
Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes.

2. The annual general meeting for the financial year ended on 31<sup>st</sup> March 2015 was held on 26<sup>th</sup> June 2015 after giving due notice to the members of the company and the resolutions passed thereat were duly recorded in Minutes Book maintained for the purpose.

Two extraordinary general meetings were held during the period under review on 10.08.2015 and 23.12.2015 at short notices and the consent to shorter notice were duly

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e-mail: surjya.mishra@gmail.com / mishra@snmassociates.in  
Website: www.snmassociates.in



6. The company has intimated the SIA, DIPP and FIPB on the date mentioned below towards downstream investment made during the period under review under the Foreign Exchange Management Act, 1999.

Sl. No.	Downstream Investee Company	Date of Acquisition of Shares	Date of Application
1.	Aramark India Private Limited	April 01, 2015	April 13, 2015

7. The Company has outsourced compliances under Tax Laws and Labour Laws applicable to them and as per the information and explanation provided to us the company has complied with all applicable provisions, registrations, filing of returns, maintenance of records as required and applicable under the various applicable laws, rules, regulations and guidelines.
8. As per the documents provided to us the Company has registered trademarks and has applied for registration of various trademarks before the Registrar of Trademarks under the Trademarks Act, 1999 and its corresponding rules.
9. The Company has litigations pending before various judiciary/quasi judiciary and other regulatory authorities and the company's legal department is in place to handle the same. The Board is updated from time to time of all pending matters.
10. There are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.
11. I further report that during the audit period the Company has:
- Altered the provisions of the Memorandum of Association with respect to share capital of the company during the year under scrutiny and complied with the provisions of the Act.
  - Altered its articles of association after obtaining approval of members in the general meeting held on December 23, 2015 and the amendments to the articles of association have been duly registered with the Registrar of Companies.
  - The Scheme of Amalgamation of the Company with its subsidiaries Magna Infotech Limited, Avon Facility Management Services Private Limited, Hofincons Infotech & Industrial Services Private Limited was sanctioned by High Court on 22.04.2015.

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 e-mail: surjya.mishra@gmail.com / mishra@snmassociates.in  
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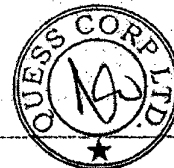
obtained from the members and the resolutions passed thereat were duly recorded in Minutes Book maintained for the purpose.

3. The Company has duly filed all forms and returns with the Registrar of Companies, Regional Director, Central Government, Company Law Board or other authorities within the time prescribed under the Act and the rules made there under with certain exceptions and with additional fees wherever there is a delay.
4. The Company has the following committees in place who meet at regular intervals to discuss and execute the relevant functions/operations:
  - Administration Committee
  - Audit Committee
  - Nomination and Remuneration Committee
  - Corporate Social Responsibility Committee
  - Stakeholders Relationship Committee – Constituted on December 22, 2015
  - IPO Committee - Constituted on December 22, 2015
  - Complaint Redressal Committee
5. The company has transferred funds to the following overseas subsidiaries during the year and made necessary applications to Reserve Bank of India within the time prescribed:

Sl. No.	Name of the Company	Nature of Transaction	Date of Transaction
1.	Quesscorp Holdings Pte. Ltd, Singapore	Investment	16/06/2015

The Company filed the Annual Return on Foreign Assets and Liabilities for the financial year 2014-15 to the Reserve Bank of India within the stipulated time frame in compliance with RBI/ 2013-14/646 A.P. (DIR Series) Circular No. 145.


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 e-mail: surjya.mishra@gmail.com / mishra@snmassociates.in  
 Website: www.snmassociates.in



and Form INC-28 was filed with the office of ROC by the Company and effective date is 06.05.2015.

- (iv) The Company has created a "Quess Corp Limited Employee Stock Option Scheme 2015" for issue of options to the employees of the Company and its subsidiary companies and varied the terms of the Employees Stock Option Scheme 2009 after obtaining necessary approval from its members at an Extra-Ordinary General Meeting held on December 23, 2015.
- (v) Issued 25,60,000 equity shares of Rs. 10/- each under Rights basis in the ratio of 0.099 for every one equity share to the existing shareholders and made Bonus issue of 8,50,01,292 equity shares of Rs. 10/- each in the proportion of 3:1 to existing share holders.
- (vi) Increased its Borrowing Limits from Rs. 50 crores to Rs. 100 crores over and above the aggregate of the paid up capital and free reserves of the Company in accordance with the provisions as laid down under Section 180(1)(a) & (c) of the Companies Act, 2013.
- (vii) Has made direct investment into Quesscorp Holdings Pte. Ltd., Singapore, and purchased 100% shareholding of Aravon Services Private Limited, Mumbai-Maharashtra, after complying with the provisions as laid down under Section 186(3) of the Companies Act, 2013.
- (viii) Provided Corporate Guarantees and loans towards working capital requirements to its subsidiary companies after complying with the provisions as laid down under Section 186(3) of the Companies Act, 2013.
- (ix) Entered into contracts with related party in accordance with Section 188(1) of the Companies Act, 2013.

Place: Bangalore  
Date: May 17, 2016

Signature:   
Name: S.N. Mishra  
Company Secretary  
C.P.No. : 4684  
FCS No. : 6143



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Phone: 080-25296825, Telefax: 25283637, Mobile - 9845641548,  
e-mail: suriya.mishra@gmail.com / mishra@snmassociates.in  
Website: www.snmassociates.in




Annexure 'A'

To,  
The Members  
Quess Corp Limited  
3/3/2, Bellandur Gate,  
Sarjapur Main Road,  
Bangalore, Karnataka-560103

My report of even date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the company. My responsibility is to express an opinion on these secretarial records based on my audit.
2. I have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. I believe that processes and practices I followed provide a reasonable basis for my opinion.
3. I have not verified the correctness and appropriateness of financial records and Books of Accounts of the company.
4. Where ever required, I have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules regulations, standards is the responsibility of management. My examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

Signature:   
Date: May 17, 2016  
Place: Bangalore



S.N. Mishra  
Practising Company Secretary  
Membership No: 6143  
C.P. No. 4684

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Phone: 080- 25296825, Telefax: 25283637, Mobile-- 9845641548,  
e-mail: surjya.mishra@gmail.com / mishra@snmassociates.in  
Website: www.snmassociates.in



## **ANNEXURE-VIII**

### **RISK MANAGEMENT POLICY**

#### **Legal Framework**

Risk Management is a key aspect of the Corporate Governance Principles which aims to improve the governance practices across activities of Quess Corp Limited. Risk management policy and processes will enable to proactively manage uncertainty and changes in the internal and external environment to limit any negative impact and also capitalize on opportunities. For the purposes of this policy, references to Quess Corp Limited mean Quess Corp Limited and all of its subsidiaries.

#### **Objective and Purpose of the policy**

The main objective of this policy is to ensure sustainable business growth with stability and to promote a pro-active approach in reporting, evaluating and resolving risks associated with the business. In order to achieve the key objective, the policy establishes a structured and disciplined approach to Risk Management, in order to guide decisions on risk related issues.

The specific objectives of the Risk Management Policy are:

1. To ensure that all the current and future material risk exposures of the company are identified, assessed, quantified, appropriately mitigated, minimized and managed (which means- to ensure adequate systems for risk management).
2. To establish a framework for the company's risk management process and to ensure its implementation.
3. To enable compliance with appropriate regulations, wherever applicable, through the adoption of best practices.
4. To assure business growth with financial stability.

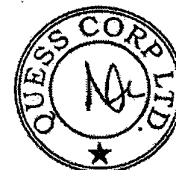
#### **Disclosure in the Director's Responsibility Statement**

The company's Board of Directors shall include a statement indicating development and implementation of a risk management policy for the company including identification therein of elements of risk, if any, which in the opinion of the Board may threaten the existence of the company.

#### **Background and Implementation**

Any company is prone to inherent business risks. This document is intended to formalize a risk management policy, the objective of which shall be identification, evaluation, monitoring and minimization of the identifiable risks.

The Board of Directors of the Company and the Audit Committee shall periodically review and evaluate the risk management system of the Company, so that the management controls the risks through a properly defined network.





The respective 'Head of Department' shall be responsible for the implementation of the risk management system as may be applicable to their respective areas of functioning and report to the Board of Directors and the Audit Committee.

#### **Risk Management Committee**

A risk management committee shall be constituted by the company consisting of such number of directors, as the Board of Directors thinks fit. The Board shall also define the roles & responsibilities of the Risk Management Committee and may delegate monitoring and reviewing of the risk management plan to the Committee and such other functions as it may deem fit.

#### **Application of the policy**

This policy applies to all areas of the company's operations.

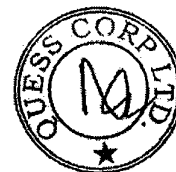
#### **Role of the Board of Directors**

The Board will undertake the following actions to ensure risk is managed appropriately:

- a) The Board shall be responsible for framing, implementing and monitoring the risk management plan for the company.
- b) The Board shall define the roles and responsibilities of the Risk Management Committee and may delegate monitoring and reviewing of the risk management plan to the Committee and such other functions as it may deem fit.
- c) Ensure that the appropriate systems for risk management are in place.
- d) The independent directors shall help in bringing an independent judgment to bear on the Board's deliberations on issues of risk management and satisfy themselves that the systems of risk management are robust and defensible;
- e) Participate in major decisions affecting the organization's risk profile;
- f) Have an awareness of and continually monitor the management of strategic risks;
- g) Be satisfied that processes and controls are in place for managing less significant risks;
- h) Be satisfied that an appropriate accountability framework is working whereby any delegation of risk is documented and performance can be monitored accordingly;
- i) Ensure risk management is integrated into board reporting and annual reporting mechanisms;
- j) Convene any board-committees that are deemed necessary to ensure risk is adequately managed and resolved where possible.

#### **Review of the policy**

This policy shall be reviewed at least every year to ensure it meets the requirements of the applicable laws and regulations and the needs of company.





# B S R & Associates LLP

Chartered Accountants

Maruthi Info-Tech Centre  
11-12/1 Inner Ring Road  
Koramangala  
Bangalore 560 071 India

Telephone: + 91 80 3980 6000  
Fax: + 91 80 3980 6999

## Independent Auditors' Report To the Members of Qness Corp Limited

(formerly known as IKYA HUMAN CAPITAL SOLUTIONS LIMITED)

### Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of Qness Corp Limited (formerly known as IKYA HUMAN CAPITAL SOLUTIONS LIMITED) ('the Company'), which comprise the balance sheet as at 31 March 2016, the statement of profit and loss and the cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

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

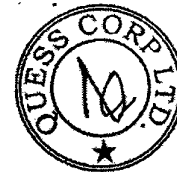
The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ('the Act') with respect to preparation and presentation of these standalone financial statements that give a true and fair view of the financial position, financial performance and the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

### Auditors' Responsibility

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

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

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



B S R & Associates is partnership firm with  
Registration No. BA892281 converted into  
B S R & Associates LLP in Limited Liability  
Partnership with LLP Registration No. AAB-8182  
with effect from October 14, 2013

Registered Office:  
1st Floor, Lohas Ecosub  
Apollo Mills Compound  
N.M. Joshi Marg, Mahalekshmi  
Mumbai - 400 011

**BSR & Associates LLP**

**Independent Auditors' Report (continued)**

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. 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. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the standalone financial statements.

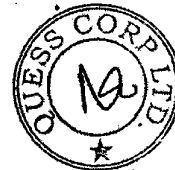
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

**Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2016 and its profits and its cash flows for the year ended on that date.

**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 sub-section (11) of Section 143 of the Act, we give in the "Annexure A", a statement on the matters specified in the paragraph 3 and 4 of the Order.
2. As required by Section 143 (3) of the Act, we report that
  - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - (b) In our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
  - (c) The balance sheet, the statement of profit and loss and the cash flow statement dealt with by this Report are in agreement with the books of account;
  - (d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
  - (e) On the basis of the written representations received from the directors as on 31 March 2016 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2016 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 over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B"; and



**B S R & Associates LLP**

**Independent Auditors' Report (continued)**

- (g) 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 has disclosed the impact of pending litigations on its financial position in its standalone financial statements – Refer Note 7 and Note 29 to the standalone financial statements;
  - ii. the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
  - iii. there were no amounts during the year which were required to be transferred to the Investor Education and Protection Fund by the Company.

for **B S R & Associates LLP**  
Chartered Accountants  
Firm's Registration No.: 116231 W/W-100024

*Vineet Dhawan*

Vineet Dhawan  
Partner  
Membership No.: 092084

Place: Bengaluru  
Date: 17 May 2016



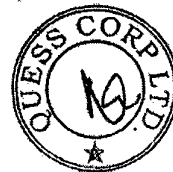
**B S R & Associates LLP**

**Independent Auditors' Report (continued)**

**Annexure - A to the Independent Auditors' Report**

The Annexure referred to in Independent Auditors' Report to the members of Qness Corp Limited (formerly known as *IKYA HUMAN CAPITAL SOLUTIONS LIMITED*) ('the Company') on the standalone financial statements for the year ended 31 March 2016, we report that:

- (i) (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) The Company has a regular programme of physical verification of its fixed assets by which fixed assets are verified in a phased manner over a period of three years. In accordance with this programme, certain fixed assets were verified during the year and no material discrepancies were noticed on such verification. In our opinion, the periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets.
- (c) The Company does not have any immovable properties. Thus, paragraph 3(i)(c) of the Order is not applicable to the Company.
- (ii) The inventories have been physically verified by the Management during the year. In our opinion, the frequency of such verification is reasonable and no material discrepancies were noticed on such verification.
- (iii) The Company has granted loans to companies covered in the register maintained under Section 189 of the Companies Act, 2013 ('the Act').
  - (a) In our opinion, the terms and conditions on which the loans had been granted to the companies covered in the register maintained under Section 189 of the Act were not, prima facie, prejudicial to the interest of the Company.
  - (b) In case of loans granted to the companies covered in the register maintained under Section 189 of the Act, the terms of arrangements do not stipulate any repayment schedule and the loans are repayable on demand, therefore paragraph 4(iii)(b) and 4(iii)(c) of the Order is not applicable.
- (iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of section 185 and 186 of the Act, with respect to the loans, guarantees and investments made.
- (v) The Company has not accepted any deposits from the public.
- (vi) The Central Government of India has not prescribed the maintenance of cost records under Section 148(1) of the Act, for any of the services rendered by the Company.
- (vii) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/ accrued in the books of account in respect of undisputed statutory dues including Provident fund, Income tax, Professional tax, Employee's State Insurance, Service tax, Value added tax, Sales tax, Cess and other material statutory dues have been generally regularly deposited during the year by the Company with the appropriate authorities though there has been certain delays in few cases. As explained to us, the Company did not have any dues on account of Employee State Insurance, Investor Education and Protection Fund, Wealth tax, Customs duty and Excise duty.



**B S R & Associates LLP**

**Independent Auditors' Report (continued)**

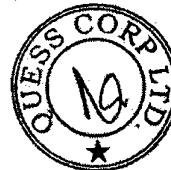
According to the information and explanations given to us, no undisputed amounts payable in respect of Provident fund, Income tax, Professional tax, Employee's State Insurance, Service tax, Value added tax, Sales tax, Cess and other material statutory dues were in arrears as at 31 March 2016 for a period of more than six months from the date they became payable.

- (b) According to the information and explanations given to us, there are no material dues of duty of customs, sales tax, duty of excise, value added tax and other statutory dues which have not been deposited with the appropriate authorities on account of any dispute. However, according to information and explanations given to us, the following dues of Income tax, Service tax and Provident fund and have not been deposited by the Company on account of disputes:

Name of the Statute	Nature of Dues	Amount (in Rs)	Period to which amount relates	Forum where dispute is pending
Provident Fund and Miscellaneous Provisions Act, 1952	Provident fund	42,887,523 (10,721,881)*	April 2008 to February 2012	Employees' Provident Fund Appellate Tribunal, New Delhi
Income-tax Act, 1961	Interest	3,929,705	2004-05	Commissioner of IT (appeals), Chennai
Finance Act, 1994	Interest	4,659,970 (4,649,301)*	April 2009 to September 2011	Commissioner of Central Excise (Appeals)
Chapter V, The Finance Act 1994	Interest	6,058,798	April 2008 to June 2009	Commissioner of Central Excise, Customs and Service Tax

\* represents payment made under protest.

- (viii) In our opinion and according to the information and explanation given to us, the Company has not defaulted in repayment of dues to financial institutions, banks and debenture holders.
- (ix) The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) and term loans during the year. Thus, paragraph 3 (ix) of the Order is not applicable.
- (x) According to the information and explanations given to us, no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.
- (xi) According to the information and explanations give to us and based on our examination of the records of the Company, the Company has paid/provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.
- (xii) In our opinion and according to the information and explanations given to us, the Company is not a nidhi company. Thus, paragraph 3(xii) of the Order is not applicable.

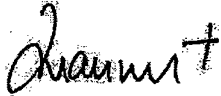


**B S R & Associates LLP**

**Independent Auditors' Report (continued)**

- (xiii) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with Section 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.
- (xvi) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.
- (xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him.
- (xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934. Thus, paragraph 3(xvi) of the Order is not applicable.

for B S R & Associates LLP  
Chartered Accountants  
Firm's Registration No.: 116231 W/W-100024



Vineet Dhawan  
Partner  
Membership No.: 092084

Place: Bengaluru  
Date: 17 May 2016



B S R & Associates LLP

Independent Auditors' Report *(continued)*

**Annexure - B to the Independent Auditors' Report**

**Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

We have audited the internal financial controls over financial reporting of Ques Corp Limited *(formerly known as IKYA HUMAN CAPITAL SOLUTIONS LIMITED)* ("the Company") as of 31 March 2016 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

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

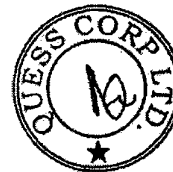
The Company's Management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting 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 over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. 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 over financial reporting 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 system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control 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.

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 system over financial reporting.



**B S R & Associates LLP**

**Independent Auditors' Report (continued)**

**Meaning of Internal Financial Controls over Financial Reporting**

A company's internal financial control over financial reporting 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 over financial reporting 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 Over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, 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 over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

**Opinion**

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2016, based on the internal control over financial reporting 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 issued by the Institute of Chartered Accountants of India.

*for* **B S R & Associates LLP**

*Chartered Accountants*

Firm's Registration No.: 116231 W/W-100024

*Dhawan*

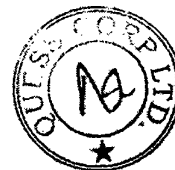
**Vineet Dhawan**

*Partner*

Membership No.: 092084

Place: Bengaluru

Date: 17 May 2016





**Qness Corp Limited**  
(formerly known as IKYA HUMAN CAPITAL SOLUTIONS LIMITED)  
Balance sheet

		(Amount in Rs)	
		As at	As at
		31 March 2016	31 March 2015
<b>Equity and Liabilities</b>			
<b>Shareholders' funds</b>			
Share capital	3	1,133,350,560	257,737,640
Reserves and surplus	4	<u>2,343,016,537</u>	<u>2,337,129,583</u>
		<u>3,476,367,097</u>	<u>2,594,867,223</u>
<b>Non-current liabilities</b>			
Long-term borrowings	5	1,564,609	-
Other long-term liabilities	6	-	6,666,667
Long-term provisions	7	<u>83,613,726</u>	<u>85,113,793</u>
		<u>85,178,335</u>	<u>91,780,460</u>
<b>Current liabilities</b>			
Short-term borrowings	8	2,627,448,176	1,650,617,154
Trade payables	9	161,033,211	124,693,712
Other current liabilities	10	3,223,492,267	1,753,881,566
Short-term provisions	11	<u>173,634,438</u>	<u>61,967,175</u>
		<u>6,185,608,092</u>	<u>3,591,159,607</u>
		<u>9,747,153,624</u>	<u>6,277,807,290</u>
<b>Assets</b>			
<b>Non-current assets</b>			
<b>Fixed assets</b>			
Tangible assets	12(a)	162,395,354	131,896,937
Intangible assets	12(b)	869,691,293	937,546,341
Intangible assets under development	12(b)	8,555,311	-
		<u>1,040,641,958</u>	<u>1,069,443,278</u>
Non-current investments	13	156,030,177	46,030,077
Deferred tax asset (net)	14	215,928,585	27,866,769
Long-term loans and advances	15	779,578,244	527,203,819
Other non-current assets	16	<u>22,800,646</u>	<u>8,776,182</u>
		<u>1,174,337,652</u>	<u>609,876,847</u>
<b>Current assets</b>			
Inventories	17	13,222,157	5,282,371
Trade receivables	18	3,462,321,218	2,156,665,643
Cash and bank balances	19	369,051,030	706,914,320
Short-term loans and advances	20	333,912,120	397,169,883
Other current assets	21	<u>2,853,667,389</u>	<u>1,332,454,948</u>
		<u>7,532,173,914</u>	<u>4,598,487,165</u>
		<u>9,747,153,574</u>	<u>6,277,807,290</u>

**Significant accounting policies**

The notes referred to above form an integral part of the standalone financial statements

As per our report of even date attached  
for BSR & Associates LLP  
Chartered Accountants  
Firm Registration No.: 116231 W/W-100024

*(Signature)*  
Vineet Dharwan  
Partner  
Membership No: 092084

for and on behalf of Board of Directors of  
Qness Corp Limited  
(formerly known as IKYA HUMAN CAPITAL SOLUTIONS LIMITED)

*(Signature)*  
A. Isaac  
Chairman & Managing Director &  
CFO  
DIN: 00087168

*(Signature)*  
Sudhakar Nig  
Wholetime Director &  
CFO  
DIN: 02234000

**N.V.S. Pavan Kumar**

N.V.S.Pavan Kumar  
Company Secretary  
Membership No.: A17010

Place: Bengaluru  
Date: 17 May 2016



Quest Corp Limited  
(formerly known as IKYA HUMAN CAPITAL SOLUTIONS LIMITED)  
Statement of profit and loss

	Note	(Amount in Rs)	
		For the year ended 31 March 2016	For the period from 1 January 2014 to 31 March 2015
<b>Revenue</b>			
Revenue from operations			
Sale of services	22	29,181,769,252	23,732,826,261
		<u>29,181,769,252</u>	<u>23,732,826,261</u>
<b>Other Income</b>	23	83,602,328	65,821,666
<b>Total Revenue</b>		<u>29,265,376,580</u>	<u>23,798,647,927</u>
<b>Expenses</b>			
Cost of material and stores and spare parts consumed	24	417,135,180	522,649,279
Employee benefits expenses	25	25,884,201,015	20,875,400,950
Finance costs	26	270,862,577	209,270,038
Depreciation and amortisation expense	12	164,531,838	170,225,530
Other expenses	27	1,311,872,016	1,023,753,959
<b>Total Expenses</b>		<u>28,048,602,626</u>	<u>22,801,299,756</u>
<b>Profit before tax</b>		1,216,773,954	997,348,191
<b>Tax expense:</b>			
- Current tax		(613,500,000)	(290,732,484)
- Income tax credit for earlier years	41	64,564,104	-
- Deferred tax credit/(charge) for the year/period		188,061,816	(69,262,628)
<b>Profit after tax</b>		<u>855,899,874</u>	<u>637,353,079</u>
<b>Earnings per equity share (face value of Rs 10 each)</b>	30		
- Basic		7.56	6.91
- Diluted		7.42	5.51

Significant accounting policies 1

The notes referred to above form an integral part of the standalone financial statements

As per our report of even date attached  
for BSR & Associates LLP  
Chartered Accountants  
Firm's Registration No.: 1148231 W/W-100024

*Vineet Dhaswa*  
Vineet Dhaswa  
Partner  
Membership No.: 092084

for and on behalf of Board of Directors of  
Quest Corp Limited  
(formerly known as IKYA HUMAN CAPITAL SOLUTIONS LIMITED)

*A.J. Isaac*  
A.J. Isaac  
Chairman & Managing Director &  
CEO  
DIN : 00087168

*Subrata Nag*  
Subrata Nag  
Wholetime Director &  
CFO  
DIN : 02234000

*N.V.S. Pavan Kumar*

N.V.S. Pavan Kumar  
Company Secretary  
Membership No.: A17010

Place: Bengaluru  
Date: 17 May 2016



Qness Corp Limited  
(formerly known as IKYA HUMAN CAPITAL SOLUTIONS LIMITED)  
Cash flow statement

	(Amount in Rs)	
	For the year ended 31 March 2016	For the period from 1 January 2014 to 31 March 2015
<b>Cash flows from operating activities</b>		
Profit before tax	1,216,773,954	997,348,191
<b>Adjustments for:</b>		
Depreciation and amortisation	164,531,838	170,225,530
Profit on sale of fixed assets, net	-	(395,852)
Deposits written off	13,698,198	1,000,000
Bad debts written off	-	4,816,175
Provision for bad and doubtful debts, net	25,665,231	21,391,860
Provision no longer required written back	(12,000,000)	(25,030,608)
Liabilities no longer required written back	(1,579,200)	(8,417,954)
Interest income on term deposits	(6,499,457)	(8,418,650)
Finance costs	270,862,577	209,270,038
<b>Operating cash flows before working capital changes</b>	<b>1,671,453,141</b>	<b>1,361,788,730</b>
<b>Changes in</b>		
Trade receivables	(1,331,320,806)	192,786,556
Inventories	(7,939,786)	35,175
Long-term loans and advances	(16,167,119)	(90,566,232)
Short-term loans and advances	(65,689,624)	(52,628,875)
Other non-current assets	2,744,124	(5,921,524)
Other current assets	(1,520,530,120)	(927,815,290)
Trade payables	36,339,499	120,691,678
Long term liabilities and long term provisions	(8,166,734)	(9,876,682)
Current liabilities and short-term provision	1,624,353,931	(27,728,096)
<b>Cash generated from operations</b>	<b>385,076,506</b>	<b>560,765,440</b>
Direct taxes paid, net of refund	(522,423,601)	(341,094,530)
<b>Net cash (used in) / provided by operating activities (A)</b>	<b>(137,347,095)</b>	<b>219,670,910</b>
<b>Cash flows from investing activities</b>		
Purchase of fixed assets	(140,235,827)	(142,250,887)
Proceeds from sale of fixed assets	-	1,413,379
Loans given to subsidiaries	(246,231,079)	(6,575,976)
Loans repaid by subsidiaries	103,265,976	-
Acquisition of subsidiaries	(110,000,000)	(524,756,577)
Bank deposits (having original maturity of more than three months)	14,229,487	(51,856,279)
Interest income on term deposits	5,817,136	8,431,822
<b>Net cash used in investing activities (B)</b>	<b>(373,154,407)</b>	<b>(715,594,518)</b>
<b>Cash flows from financing activities</b>		
Proceeds from borrowings	1,557,725,775	888,266,151
Repayment of borrowings	(610,000,000)	(30,000,000)
Proceeds from issue of equity shares	25,600,000	-
Interest paid	(269,689,488)	(209,270,038)
<b>Net cash provided by financing activities (C)</b>	<b>703,636,287</b>	<b>648,996,113</b>
<b>Net increase in cash and cash equivalents (A+B+C)</b>	<b>193,134,785</b>	<b>153,072,505</b>
Cash and cash equivalents at the beginning of the year/period	648,942,391	206,492,177
Cash and cash equivalents acquired on amalgamation	-	289,377,709
<b>Cash and cash equivalents at the end of the year/period (refer note 19)</b>	<b>842,077,176</b>	<b>648,942,391</b>

The notes referred to above form an integral part of the standalone financial statements

As per our report of even date attached  
for BSR & Associates LLP  
Chartered Accountants  
Firm Registration No.: 116231 W/W-100024

*(Signature)*  
Vincent Dhanwan  
Partner  
Membership No.: 092084

for and on behalf of Board of Directors of  
Qness Corp Limited  
(formerly known as IKYA HUMAN CAPITAL SOLUTIONS LIMITED)

*(Signature)*  
N. V. S. Pavan Kumar  
Chairman & Managing Director &  
CFO  
DIN : 00087168

*(Signature)*  
N. V. S. Pavan Kumar  
Wholetime Director &  
CFO  
DIN : 02234000

**N. V. S. Pavan Kumar**

N. V. S. Pavan Kumar  
Company Secretary  
Membership No.: A17010

Place: Bengaluru  
Date: 17 May 2016



**Ques Corp Limited**  
(formerly known as IKYA HUMAN CAPITAL SOLUTIONS LIMITED)  
Notes to the financial Statements for the year ended 31 March 2016

#### Company Overview

Ques Corp Limited (formerly known as IKYA HUMAN CAPITAL SOLUTIONS LIMITED) ('the Company') is a Company incorporated under the provisions of the Companies Act, 1956 on 19 September 2007 originally as a 'Private Limited Company' and subsequently converted into a 'Limited Company' on 2 July 2013.

The Company has its registered office in Bengaluru, India. The Company is engaged in the business of temporary staffing services, executive search, recruitment services, housekeeping and facility management services including engineering services, food services, skill development, information technology / information technology enabled services and training services. The Company changed its name to Ques Corp Limited effective from 2 January 2015. With effect from 14 May 2013, Thomas Cook (India) Limited ('TCIL') has become the parent company and Fairfax Financial Holdings Limited has become the ultimate holding company of the Company.

The Company is proposing an initial public offering of its equity shares of face value of Rs 10 each ("the Issue") under the SEBI ICDR Regulations and the relevant provisions of the Companies Act, 2013 ("the Act") and the Companies (Prospectus and Allotment of Securities) Rules, 2014. Pursuant to this, the Company has filed its Draft Red Herring Prospectus dated 1 February 2016.

#### 1 Significant accounting policies

The accounting policies set out below have been applied consistently to the period presented in the financial statements.

##### 1.1 Basis of preparation of financial Statements

The financial statements have been prepared and presented under the historical cost convention on the accrual basis of accounting and comply with the mandatory Accounting Standards prescribed under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014, other pronouncements of the Institute of Chartered Accountants of India ('ICAI'), and the provisions of the Act to the extent notified and applicable.

The financial statements are presented in Indian rupees and rounded off to nearest rupee.

##### 1.2 Use of estimates

The preparation of financial statements in accordance with Generally Accepted Accounting Principles in India requires Management to make judgement, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses and the disclosure of contingent liabilities as at the date of the financial statements. The estimates and assumption used in the accompanying financial statements are based upon Management's evaluation of the relevant facts and circumstances as on the date of the financial statements. Actual results could differ from those estimates and underlying assumptions are reviewed on an ongoing basis. Any revision to accounting estimates is recognised prospectively in current and future periods.

##### 1.3 Revenue recognition

###### People and services

Revenue related to staffing services i.e. salary and incidental expenses of temporary associates along with service charge are recognised in accordance with the agreed terms and recognised as the related services are performed.

Revenue related to recruitment services are recognised at the time the candidate begins full time employment.

Revenue related to executive search and trainings are recognised upon rendering of the service.

Revenue from training services is recognised prorated over the period of training.

###### Global technology solutions

Revenue related to staffing services i.e. salary and incidental expenses of employees of Information Technology / Information Technology Enabled Services along with service charge are recognised in accordance with the agreed terms and recognized as the related services are performed.

###### Integrated facility management

Revenue for facility management and food services are primarily earned on fixed fee basis and are recognised as per the terms of the arrangement with the customers.

###### Industrial asset management

Revenue from operation and maintenance services are primarily earned on a fixed fee basis and are recognized ratably over the period of the contract with the customer. Certain arrangements are on time and material basis and are recognized as the services are performed as per the terms of the arrangement with the customer.

Deferred revenue included in other current liabilities represents amounts billed in excess of revenue earned. Unbilled revenue included in other current assets represents revenue earned in excess of amounts billed.

###### Interest income

Interest income is recognised using the time-proportion method, based on the underlying interest rates.



**1.4 Fixed assets, depreciation and amortisation**

**Tangible fixed assets**

Tangible fixed assets are stated at the cost of acquisition or construction less accumulated depreciation up to the date of the balance sheet. The cost of an item of tangible asset comprises its purchase price, including import duties and other non-refundable taxes or levies and any directly attributable cost of bringing the asset to its working condition for its intended use; any trade discounts and rebates are deducted in arriving at the purchase price. Cost of the fixed assets not ready for their intended use before such date, are disclosed as capital work-in-progress.

**Intangible fixed assets**

Acquired intangible assets are measured initially at cost. After initial recognition, an intangible asset is carried at its cost less any accumulated amortisation and any accumulated impairment loss. Subsequent expenditure is capitalised only when it increases the future economic benefits from the specific asset to which it relates;

Intangible assets are amortised in the statement of profit or loss over their estimated useful lives, from the date they are available for use based on the expected pattern of consumption of economic benefits of the asset.

Brand acquired as part of acquisitions of businesses are capitalized as intangible assets if their value can be measured reliably on initial recognition and it is probable that the expected future economic benefits that are attributable to the asset will flow to the Company.

The carrying value of these intangible assets is reviewed annually for impairment and adjusted to the recoverable amount, if required.

**Depreciation**

Depreciation on fixed assets is provided using the straightline method over the estimated useful life of the assets. The Company believes that the existing useful life as given below represents the best useful estimated lives of these assets. Accordingly, the Company has carried out an internal assessment and obtained technical advice where necessary which is different from the useful lives as prescribed under Part C of Schedule II of the Companies Act 2013. Depreciation on additions and disposals is provided pro rata for the period in use. The estimated useful lives of assets are as follows:

Asset description	Useful life
Plant and machinery	3 years
Computer equipment	3 years
Furniture and fixtures	5 years
Vehicles	3 years
Office equipment	5 years

Depreciation is provided on a proportionate basis for all assets purchased and sold during the period. Individual assets costing Rs 5,000 or less are depreciated at the rate of 100%. Leasehold improvements are amortised over the lease term or estimated useful life of 3 years, whichever is lower.

**Amortisation**

Amortisation is provided at rates calculated to write off the cost less estimated residual value of each asset on a straight-line basis over its estimated useful life.

The amortisation rate are as follows:

Asset description	Useful life
Goodwill	5 years or estimated useful life whichever is lower.
Brand	15 years
Software	3 years



#### 1.5 Impairment of assets

The Company assesses at each balance sheet date whether there is any indication that an asset (including goodwill) or a group of assets comprising a cash generating unit may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. For an asset or group of assets that does not generate largely independent cash inflows, the recoverable amount is determined for the cash generating unit to which the asset belongs. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognised in the statement of profit and loss. If at the balance sheet date there is an indication that if a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to maximum of depreciable historical cost. An impairment loss is reversed only to the extent that the carrying amount of asset does not exceed the net book value that would have been determined, if no impairment loss had been recognised.

#### 1.6 Inventories

Inventories (Raw materials and stores and spares) which comprise of food consumables, operating supplies and cleaning consumables are valued at the lower of cost and net realisable value. Cost of inventories comprises purchase price, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. In determining the cost weighted average cost method is used. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs to sell. The comparison of cost and net realisable value is made on an item-by-item basis.

Inventories are stated net of write down or allowances on account of obsolete, damaged or slow moving items.

#### 1.7 Foreign exchange transactions and translations

Foreign exchange transactions are recorded using the exchange rates prevailing on the dates of the respective transactions. Exchange differences arising on foreign exchange transactions settled during the year are recognised in the statement of profit and loss for the year.

Monetary assets and liabilities denominated in foreign currencies as at the balance sheet date are translated at the closing exchange rates; the resultant exchange differences are recognised in the statement of profit and loss.

Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction.

#### 1.8 Investments

Long-term investments are valued at cost less any other than temporary diminution in value, determined on a specific identification basis.

#### 1.9 Employee benefits

##### Past employment benefits

##### Defined contribution plan

A defined contribution plan is a post-employment benefit plan under which an entity pays specified contributions to a separate entity and has no obligation to pay any further amounts. The Company makes specified monthly contributions towards employee Provident Fund to Government administered provident fund scheme which is a defined contribution plan. The Company's contribution is recognised as an expense in the statement of profit and loss during the period in which the employee renders the related service.

##### Defined benefit plan

##### Gratuity

The Company's gratuity benefit scheme are defined benefit plans. The Company's net obligation in respect of a defined benefit plan is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value. Any unrecognised past service costs and the fair value of any plan assets are deducted. The calculation of the Company's obligation is performed annually by an independent actuary using the projected unit credit method as at the reporting date.

The Company recognises all actuarial gains and losses arising from defined benefit plans immediately in the Statement of profit and loss. All expenses related to defined benefit plans are recognised in employee benefits expense in the Statement of profit and loss. The Company recognises gains and losses on the curtailment or settlement of a defined benefit plan when the curtailment or settlement occurs.

##### Compensated absences

The employees can carry forward a portion of the unutilised accrued compensated absences and utilise it in future service periods. The Company records an obligation for such compensated absences in the period in which the employee renders the services that increase this entitlement. The obligation is measured on the basis of an independent actuarial valuation using the projected unit credit method as at the reporting date.



**1.10 Employee stock options**

The Company has issued stock options to its employees. The Company measures and discloses such cost using intrinsic value-based method as prescribed in the Guidance Note on Accounting for Employee Sharebased Payments issued by the Institute of Chartered Accountants of India. Under this method, compensation expense measured on the date of grant is recognised over the vesting term on a straightline basis.

**1.11 Leases**

Leases under which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Lease payments are charged to the statement of profit and loss on a straight line basis over the lease term.

**1.12 Earnings per share**

In determining the earning per share, the net profit after tax is divided by the weighted average number of shares outstanding during the year. The number of shares used in computing diluted earnings per share comprises the weighted average number of shares considered for deriving basic earnings per share and also the weighted average number of equity shares that could have been issued on the conversion of all dilutive potential equity shares. Dilutive potential equity shares are deemed converted as of the beginning of the period unless issued at a later date. In computing dilutive earning per share, only potential equity shares that are dilutive i.e. which reduces earnings per share or increases loss per share are included.

**1.13 Taxation**

Income tax expense comprises current tax (i.e. amount of tax for the year determined in accordance with the income tax law) and deferred tax charge or credit (reflecting the tax effects of timing differences between accounting income and taxable income for the year).

Deferred tax charge or credit are recognised for the future tax consequences attributable to timing difference that result between the profit offered for income taxes and the profit as per the financial statements. The deferred tax charge or credit and the corresponding deferred tax liabilities or assets are recognised using the tax rates that have been enacted or substantively enacted by the balance sheet date. Deferred tax assets are recognised only to the extent there is reasonable certainty that the assets can be realised in future; however, when there is a brought forward loss or unabsorbed depreciation under taxation laws, deferred tax assets are recognised only if there is virtual certainty of realisation of such assets. Deferred tax assets are reviewed as at each balance sheet date and written down or written-up to reflect the amount that is reasonably / virtually certain as the case may be to be realised.

The Company offset, on a year on year basis, the current tax assets and liabilities, where it has a legally enforceable right and where it intends to settle such assets and liabilities on a net basis.

**1.14 Provisions and contingent liabilities**

A provision is recognised if, as a result of a past event, the Company has a present obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are recognised at the best estimate of the expenditure required to settle the present obligation at the reporting date. The provisions are measured on an undiscounted basis.

A contingent liability exists when there is a possible but not probable obligation, or a present obligation that may, but probably will not, require an outflow of resources, or a present obligation whose amount cannot be estimated reliably. Contingent liabilities do not warrant provisions, but are disclosed unless the possibility of outflow of resources is remote. Contingent assets are neither recognised nor disclosed in the interim financial statements. However, contingent assets are assessed continually and if it is virtually certain that an inflow of economic benefits will arise, the asset and related income are recognised in the period in which the change occurs.

**Warranties**

Warranty costs are estimated on the basis of a technical evaluation and past experience. Provision is made for estimated liability in respect of warranty costs in the year of rendering of services.

**Onerous contracts**

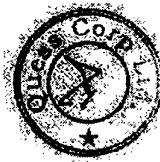
A contract is considered as onerous when the expected economic benefits to be derived by the company from the contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision for an onerous contract is measured at the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract.

**1.15 Cash flow statement**

Cash flow statement is reported using indirect method, whereby net profits before tax is adjusted for the effects of transactions of a non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows arising from operating, investing and financing activities of the Company are segregated.

**1.16 Cash and cash equivalents**

Cash and cash equivalents in the cash flow statement comprise cash and balances with banks. The Company considers all highly liquid investments with a remaining maturity at the date of purchase of 3 months or less and that is readily convertible to known amounts of cash or cash equivalents.



Qness Corp Limited  
(formerly known as IKYA HUMAN CAPITAL SOLUTIONS LIMITED)  
Notes to financial statements for the year ended 31 March 2016

## 2 Scheme of Amalgamation

**Amalgamation of Magna Infotech Limited ('Magna'), Avon Facility Management Services Limited ('Avon') and Hofincons Infotech & Industrial Services Private Limited ('Hofincons') with Qness Corp Limited (formerly known as Ikya Human Capital Solutions Limited) ('Qness')**

### 2.1 Background

A Scheme of Amalgamation pursuant to Section 391 to 394 of the Companies Act, 1956 (the Act) and other applicable provisions of the Act and Rules was approved by the Honorable High Court of Karnataka for the amalgamation of Avon, Magna and Hofincons (collectively referred as the Transferor Companies) with the Company.

The Scheme of Amalgamation was approved by the Board of the Transferor Companies on 3 November 2014. The Honorable High Court of Karnataka sanctioned the Scheme vide its Order dated 29 April 2015.

Avon was incorporated on 2 July 2008 originally as a 'Private limited company' and subsequently converted into a 'Limited Company' on 3 July 2013. Avon is primarily engaged in the business of providing facility management and catering services.

Magna was incorporated on 30 April 1997 originally as a 'Private limited company' and subsequently converted into a 'Limited Company' on 10 July 2013. Magna is primarily engaged in the business of providing staffing services to IT/ITES companies.

Hofincons was incorporated on 20 February 1978 as a 'Private limited company'. On 27 June 2014 Hofincons was acquired by the Company from Transfield Services (India) PTY Limited. Hofincons is primarily engaged in the business of rendering operation, maintenance, facility and asset management consultancy services to various industries.

### 2.2 Salient features of the Scheme of Amalgamation

The salient features of the Scheme are as follows:

- a. The Appointed Date of the Scheme is 1 January 2014 for Avon and Magna and, 1 July 2014 for Hofincons or such other date as may be approved by the Honorable High Court of Karnataka.
- b. All assets of the Transferor Companies as on the Appointed Date shall, without any further act, instrument or deed and pursuant to Section 391 to 394 of the Companies Act, 1956 be transferred to and vested in or be deemed to have been transferred to and vested in the Company on a going concern basis, but subject to all charges, liens, mortgages, if any, then affecting the same or part thereof.
- c. All liabilities of the Transferor Companies as on the Appointed Date shall also stand transferred to and vested in or be deemed to have been transferred to and vested in the Company on a going concern basis, without any further act or deed so as to become the liabilities, debts, duties and obligations, dues, loans and responsibilities of the Company on the same terms and conditions as was applicable to the Transferor Companies.
- d. The assets of the Transferor Company, which are movable in nature or otherwise capable of transfer by manual delivery or by endorsement and delivery, shall be so transferred by the Transferor Company and shall become the property of the Company without requiring any further deed or instrument or act.
- e. Any statutory and other licenses, registrations, permissions, approvals or consents to carry on the operations, whether in India or any other authorities in India, including quality certifications of the Transferor Companies shall stand vested in or transferred to the Company without any further act or deed and shall be appropriately mutated by the statutory and other authorities concerned in favor of the Company upon the Scheme becoming effective.
- f. All liabilities and obligations arising out of guarantees executed by the Transferor Companies relating to its assets in favour of third party shall become liability/obligation of the Company which it undertakes to meet, discharge and satisfy.
- g. Subject to the provisions of the Scheme, all contracts, license, deeds, bonds, agreements, arrangements, insurance policies and other instruments of the Transferor Companies are party, or to the benefit of which the Transferor Companies may be eligible shall be in full force and effect in favour of or against the Company.
- h. Subject to the provisions of the Scheme, all agreements entered into by the Transferor Companies with their bankers, distributors, stockiest, agents, etc. if any, unless terminated shall continue to be in full force and effect and may be enforced by or against the Transferee Company.
- i. Subject to the provisions of this Scheme, all subsisting agreements/arrangements of the Transferor Companies relating to the use of patents, patent applications, trademarks (including logos), brands, copyrights and/or technology and all other intellectual and/or industrial properties and rights, shall accrue to and ensure for the benefit of the Company.





**Ques Corp Limited**  
*(formerly known as IKYA HUMAN CAPITAL SOLUTIONS LIMITED)*  
 Notes to financial statements for the year ended 31 March 2016

**2.3 Accounting treatment**

On the Scheme becoming effective, the Company shall account for the amalgamation under the Purchase Method in accordance with Accounting Standard 14 – "Accounting for Amalgamations" and other applicable Accounting Standards issued by the Institute of Chartered Accountants of India. The Company shall account for the amalgamation of Transferor Companies in its books as given below:

- All the assets and liabilities of the Transferor Companies shall become, after amalgamation, the assets and liabilities of the Company;
- The assets and liabilities of the Transferor Companies shall be incorporated in the books of the Company at their fair values;
- The assets of the Transferor Companies recorded in the books of the Company shall include intangible assets (including brands, business & commercial rights, etc.) which were not recognized previously in the books of Transferor Companies;
- The amount of investments in the Transferor Companies appearing in the books of accounts of the Company shall stand cancelled;
- Any excess of the book value of the investment cancelled over the fair value of the net assets of the Transferor Companies acquired (including intangible assets) shall be treated as goodwill arising on amalgamation. If the amount of the consideration is lower than the fair value of the net assets acquired, the difference should be treated as Capital Reserve.

**Details of fair values of Net Assets acquired as part of the Scheme of Amalgamation with Ques Corp Limited in previous periods:**

Particulars	Average			Total
	1 January 2014	1 January 2014	1 July 2014	
<b>Effective Date of Amalgamation</b>	1 January 2014	1 January 2014	1 July 2014	
<b>Surplus(deficit) on amalgamation</b>				
<b>Assets:</b>				
<b>Non current assets</b>				
Tangible fixed assets (including capital work-in-progress)	40,098,990	22,388,501	7,965,921	70,453,412
Intangible fixed assets	33,250,361	1,991,608	-	35,241,969
Brand recognised on Amalgamation (refer note 2.4)	220,200,000	535,200,000	212,800,000	968,200,000
Non-current investments	-	12,273,500	-	12,273,500
Deferred tax asset (net)	13,382,791	17,714,914	57,372,039	88,469,744
Long term loans and advances	11,833,629	135,920,362	78,707,139	226,461,150
Other non-current assets	13,778,937	-	-	13,778,937
	<b>332,444,708</b>	<b>726,488,285</b>	<b>356,846,119</b>	<b>1,415,779,312</b>
<b>Current assets</b>				
Inventories	4,425,263	-	-	4,425,263
Trade receivables	328,028,782	456,394,723	217,393,258	1,001,816,763
Cash and bank balances	58,604,328	1,464,092	229,309,288	289,377,708
Short-term loans and advances	192,519,430	274,202,206	14,444,993	481,166,629
Other current assets	116,813,521	121,000,000	136,018,931	273,832,452
	<b>600,391,324</b>	<b>852,061,021</b>	<b>497,166,470</b>	<b>1,949,618,815</b>
<b>Total assets (A)</b>	<b>932,836,032</b>	<b>1,578,549,306</b>	<b>854,012,589</b>	<b>3,365,398,127</b>
<b>Non current liabilities</b>				
Long-term borrowings	30,000,000	-	-	30,000,000
Other long term liabilities	23,133,333	-	-	23,133,333
Long term provisions	1,957,777	1,281,045	60,968,315	64,107,137
	<b>35,091,110</b>	<b>1,281,045</b>	<b>60,968,315</b>	<b>97,340,472</b>
<b>Current liabilities</b>				
Short-term borrowings	285,520,775	201,710,058	-	487,230,833
Trade payables	33,028,086	10,732,558	47,423,771	91,184,415
Other current liabilities	167,347,108	428,914,885	141,537,188	737,799,181
Short-term provisions	9,500,700	9,480,240	60,558,844	79,549,784
	<b>501,396,669</b>	<b>650,837,741</b>	<b>209,520,803</b>	<b>1,361,755,213</b>
<b>Total liabilities (B)</b>	<b>386,487,779</b>	<b>652,118,794</b>	<b>270,489,118</b>	<b>1,309,105,691</b>
<b>Net assets required (C=A-B)</b>	<b>546,348,253</b>	<b>926,430,512</b>	<b>583,523,471</b>	<b>2,056,292,436</b>
Cost of investment	(165,217,500)	(581,200,000)	(503,200,000)	(1,249,617,500)
Capital reserve	124,000,000	44,230,512	111,723,471	280,000,000

**2.4** The Company, pursuant to the Scheme of Amalgamation, has identified Brand amounting to Rs 968,200,000.

**Background:**

The management of Ques Corp Limited appointed external valuer to provide a valuation of the Magna brand, Avon brand and Hofincors brand ("Brand") as on 31 December 2013 (applicable for Magna and Avon) and 30 June 2014 ( applicable for Hofincors) ("Valuation Date") in connection with restructuring exercise.



Quesc Corp Limited  
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**Assumptions:**

Following are the brief assumptions used in the valuation of Brand:

**Method: Relief from Royalty Method**

Under this method, the valuer has discounted the royalty that could potentially be derived from the sales forecasted for the brand. The method assumes that a company gives a right to use the brand to a third party and receives only the royalty for assigning the brand related rights. The royalty is expressed as a percentage of the brand's sales. The Net Present Value of cash flows from the royalty income is then determined by discounting these future expected royalty streams, after providing for taxes. Valuer's have estimated the cash flows and used this method for the valuation of the Brand.

**Discount Rate of the Entity**

Discount rate reflects the risks of the cash flows, risks associated with the overall business and the industry. The risks associated with the specific assets analysed vary with the asset being valued. Discount rates used to estimate the value of an intangible asset are normally higher because of a larger variance in cash flows related to the intangible asset than either current assets or fixed tangible assets. The discount rate for a specific intangible asset is estimated through its relationship with other assets and the weighted average cost of capital of the business enterprise as a whole.

**Discount rate for the Brand**

The valuers have considered the following Weighted Average Cost of Capital for valuing the Brand:

Particulars	WACC
Magna	18.70%
Avon	19.70%
Hofincos	19.00%

**Projections**

The valuers have considered financial projections of Avon, Magna for the Financial Year 2015 (15 months) to FY 2019 and Hofincos for the period 1 July 2014 to FY 2019.

**Valuation of Brand – Relief from Royalty Method**

**Profit Split Method**

The method often employed to estimate fair royalty rates is commonly known as the profit split method, which uses the projected pre-tax profitability (EBIT) rate relevant to the licensed income stream as the profit that would be shared by a licensor and licensee and, as a starting point, assigns 25.0% to 33.3% to the licensor, with the remaining profit going to the licensee. The profit split method represents a means of estimation by which an element of realism is introduced into royalty rate deliberations.

**Royalty Rates**

The valuers have considered the following Royalty rates to be applied on the revenues to arrive at royalty cash flows of Magna, Avon and Hofincos:

Particulars	Rates
Magna	1.00%
Avon	1.00%
Hofincos	2.20%

**Present valuation of projected post-tax cash flows and terminal cash flows**

Apart from the Royalty Rates, the valuers have also considered Brand Maintenance Expenses of 5%, required for the support, upkeep and maintenance of the brand. Projected tax expense has been computed based on full corporate tax rate of 32.45%. Brand shall enjoy tax amortization benefits over a 15 years period. The present values of post-tax cash flows and terminal values from the Brand as on the Valuation Date is estimated as under:

Particulars	The present values of post-tax cash flows and terminal values (Rs millions)
Magna	535.20
Avon	720.20
Hofincos	212.80
Total	1468.20



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3 Share capital

Particulars	(Amount in Rs)	
	As at 31 March 2016	As at 31 March 2015
<b>Authorised</b>		
200,000,000 (31 March 2015 : 113,104,631) equity shares of par value of Rs 10 each*	2,000,000,000	1,131,046,310
	2,000,000,000	1,131,046,310
<b>Issued, subscribed and paid-up</b>		
113,335,056 (31 March 2015 : 25,773,764) equity shares of par value of Rs 10 each, fully paid up	1,133,350,560	257,737,640
	1,133,350,560	257,737,640

\* During the year, the Company vide its Extra ordinary general meeting dated 10 August 2015 has increased its authorised Share capital from Rs. 1,131,046,310 divided into 113,104,631 equity shares of Rs.10 each to Rs 2,000,000,000 divided into 200,000,000 equity shares of Rs 10 each.

3(a) Reconciliation of number of shares outstanding at the beginning and at the end of the year/period

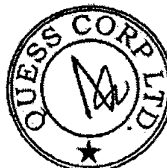
Particulars	As at 31 March 2016		As at 31 March 2015	
	Number of shares	Amount in Rs	Number of shares	Amount in Rs
<b>Equity shares</b>				
At the commencement of the year/period	25,773,764	257,737,640	18,996,807	189,968,070
Shares issued on conversion of compulsory convertible preference shares (refer note 3(a)(i))	-	-	6,776,957	67,769,570
Shares issued during the year:				
Right issue (refer note 3(a)(ii))	2,560,000	25,600,000	-	-
Bonus issue (refer note 3(a)(iii))	85,001,292	850,012,920	-	-
At the end of the year/period	113,335,056	1,133,350,560	25,773,764	257,737,640
<b>0.001% Compulsorily convertible preference shares of par value Rs 100 each</b>				
At the commencement of the year/period	-	-	7,717,912	771,791,200
Conversion to equity shares (refer note 3(a)(i))	-	-	(7,717,912)	(771,791,200)
At the end of the year/period	-	-	-	-

3(a)(i) The Company had issued 0.001% compulsorily convertible preference shares (CCPS) of Rs 100 each to Thomas Cook (India) Limited at a premium of Rs 24.38 vide Share Subscription Agreement (SSA) dated 5 February 2013. During the previous period, as per the terms and conditions of SSA, the Company vide its Board meeting dated 14 October 2014 has converted 7,717,912 CCPS into 6,776,957 equity shares at a premium of Rs 131.66 per share. Out of the total premium of Rs 892,230,430 arising on this arrangement, Rs 188,208,800 collected on the initial issue of CCPS as above, was adjusted against the share premium in the year of issue of preference shares, and Rs 704,021,630 was recognized as premium on conversion of CCPS in the previous period.

3(a)(ii) Right issue

During the year, the Company vide its Board meeting dated 6 November 2015, has offered 2,560,000 equity shares of Rs 10 each on right basis, in pursuance of the requirements of section 62 of the Companies Act, 2013 read with the Companies (Share capital and Debentures) Rules 2014 in the ratio of 0.099 equity shares for every equity share held in the Company as on date to the existing shareholders. Thomas Cook (India) Ltd. has resolved not to subscribe to the right issue and has obtained the shareholders approval on 12 December 2015 and accordingly a resolution of renunciation was approved by the Board of Directors of the Thomas Cook (India) Ltd vide circular resolution dated 18 December 2015 for renouncing 1,957,302 equity shares in favour of Net Resources Investments Private Limited. On 21 December 2015, Mr. Ajit Isaac renounced his rights of 461,516 shares in favour of Net Resources Investments Private Limited. Accordingly, the Company in its Board meeting dated 22 December 2015 has approved the allotment of equity shares on right basis as follows:

Name of shareholder	Number of shares prior to right issue	Number of right shares issued	Number of shares post right issue
Thomas Cook (India) Ltd.	19,705,874	-	19,705,874
Mr. Ajit Isaac	4,646,490	-	4,646,490
Net Resources Investments Private Limited	1,298,700	2,547,356	3,846,056
Mr. Arunika Mathan	38,525	3,827	42,352
Mr. Gumpasad Srinivasan	28,475	2,828	31,303
Mr. Venkatesan Jayaraman	20,100	1,997	22,097
Mr. Vijay Srinivasan	20,100	1,996	22,096
Mr. Prashant J	13,400	1,331	14,731
Mr. Jason Jose	6,200	625	6,825
<b>Total</b>	<b>25,773,764</b>	<b>2,560,000</b>	<b>28,333,764</b>



**Quest Corp Limited**  
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**3(a)(iii) Bonus issue**

During the year, the Company in pursuant of the requirements of Section 63(1) of the Companies Act, 2013 and after obtaining the consent of shareholders at the Extra ordinary general meeting held on 23 December 2015 and vide its Board meeting held on 5 January 2016 has passed a resolution to issue 3 fully paid up equity shares of Rs 10 each for every 1 fully paid up equity share of Rs 10 each to the existing shareholder whose name appears in the register of members as on 23 December 2015 by utilizing securities premium account. The bonus shares shall rank pari passu in all respects including dividend with the existing equity shares of the Company. The Company accordingly has issued the bonus shares as follows:

Name of shareholder	Number of shares*	Number of bonus shares issued	Number of shares after bonus issue
Thomas Cook (India) Ltd	19,705,874	59,117,632	78,823,496
Net Resources Investments Private Limited	3,841,456	11,524,368	15,365,824
Mr. Ajit Isaac	4,646,490	13,939,470	18,585,960
Mr. Anurita Nathani	42,352	127,056	169,408
Mr. Gururajasad Srinivasan	31,303	93,909	125,212
Mr. Venkatesan Javaraman	22,097	66,291	88,388
Mr. Vijay Sivaram	22,096	66,288	88,384
Ms. Prathiba J.	14,711	44,193	58,924
Mr. Jason Jose	7,355	22,095	29,460
<b>Total</b>	<b>28,333,764</b>	<b>85,001,292</b>	<b>113,335,056</b>

\*Shareholding post right issue

**3(b) Rights, preferences and restrictions attached to equity shares**

The Company has a single class of equity shares. Accordingly, all equity shares rank equally with regard to dividends and share in the Company's residual assets. The equity shares are entitled to receive dividend as declared from time to time. The voting rights of an equity shareholder on a poll (not on show of hands) are in proportion to its share of the paid-up equity capital of the Company. On winding up of the Company, the holders of the equity shares will be entitled to receive the residual assets of the Company, after distribution of all preferential amounts (if any) in proportion to the number of equity shares held.

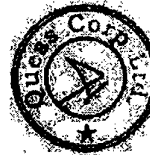
**3(c) Shares held by holding company**

Particulars	As at 31 March 2016		As at 31 March 2015	
	Number of shares	Amount in Rs	Number of shares	Amount in Rs
(i) Equity shares of par value Rs 10 each				
Thomas Cook (India) Limited	78,823,496	788,234,960	19,705,874	197,058,740

**3(d) Details of shareholders holding more than 5% shares in the Company**

Particulars	As at 31 March 2016		As at 31 March 2015	
	Number of shares	% held	Number of shares	% held
(i) Equity shares of par value Rs 10 each				
Thomas Cook (India) Limited	78,823,496	69.55%	19,705,874	76.46%
Ajit Isaac	18,585,960	16.40%	4,646,490	18.03%
Net Resource Investments Private Limited	15,365,824	13.56%	1,294,100	5.02%

**3(e)** The Company has not made any buy back of shares or issued any shares for consideration other than cash, during the period of five years immediately preceding the balance sheet date. However, the Company has issued bonus shares in the current financial year.



**Qess Corp Limited**  
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 Notes to financial statements for the year ended 31 March 2016

**4 Reserves and surplus**

Particulars	Amount in Rs.	
	As at 31 March 2016	As at 31 March 2015
Securities premium account at the beginning of the year/period	1,258,328,919	554,307,789
Add: premium on conversion of preference shares to equity shares (refer note 3)	-	704,021,630
Less: amount utilized for issuing bonus shares (refer note 3)	(850,012,920)	-
Securities premium account at the end of the year/period	408,315,999	1,258,328,919
Share options outstanding account at the beginning of the year/period	56,137,381	56,137,381
Less: transfer to general reserve on forfeiture of stock options (refer note 4.1 and 4.2)	(12,655,982)	-
Stock options outstanding account at the end of the year/period	43,481,399	56,137,381
<b>Capital reserve</b>		
Balance at the beginning of the year/period	380,474,415	-
Add: arising on account of amalgamation (refer note 2)	-	380,474,415
Balance at the end of the year/period	380,474,415	380,474,415
<b>General reserve</b>		
Balance at the beginning of the year/period	-	-
Add: transfer from stock options outstanding account (refer note 4.1 and 4.2)	12,655,982	-
Balance at the end of the year/period	12,655,982	-
<b>Surplus (in the statement of profit and loss balance)</b>		
At the commencement of the year/period	642,188,868	4,835,789
Add: Net profit for the year/period	855,899,874	637,353,079
Balance in statement of profit and loss at the end of the year/period	1,498,088,742	642,188,868
	<b>2,343,016,537</b>	<b>2,337,129,583</b>

4.1 During the year, the Company has forfeited the unexercised employee stock options pertaining to employees resigned during the current and earlier years/periods.

**5 Long-term borrowings**

Particulars	Amount in Rs.	
	As at 31 March 2016	As at 31 March 2015
Vehicle loan	1,564,609	-
	<b>1,564,609</b>	-

Vehicle loan is taken from Mahindra and Mahindra Financial Services Limited which carries interest rate of 14.50% p.a. and is repayable in thirty six equal monthly instalments. Principal payments which are due after twelve months from the reporting date aggregating to Rs 1,564,609 has been classified as long-term borrowings. Principal payments which are due within twelve months from the reporting date aggregating to Rs 795,661 has been classified as current maturities of long-term borrowings under other current liabilities.



Qness Corp Limited  
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 Notes to financial statements for the year ended 31 March 2016

6 Other long-term liabilities

Particulars	(Amount in Rs)	
	As at 31 March 2016	As at 31 March 2015
Payable to erstwhile minority shareholders (refer note 6.1)	6,666,667	6,666,667

- 6.1 The Company vide its agreement dated 14 May 2013 acquired 100% shareholding of Avon Facility Management Services Limited at a total consideration of Rs 142,627,500. Out of the total consideration, in accordance with Share Purchase Agreement, the Company has paid Rs 120,094,167 in May 2013 and has agreed to pay Rs 29,200,000 to certain shareholders over a period of 3 years. Till previous period, the Company has already paid an amount aggregating Rs 22,533,333 and the remaining amount of Rs 6,666,667 (payable in 2016) is disclosed in other current liabilities.

7 Long-term provisions

Particulars	(Amount in Rs)	
	As at 31 March 2016	As at 31 March 2015
<b>Provision for employee benefit</b>		
Provision for gratuity (refer note 38)	57,584,268	61,395,081
Others	57,584,268	61,395,081
Provision for disputed claims (refer note 39)	22,626,824	22,626,824
Provision for rent escalation	3,402,634	1,091,888
	<u>83,613,726</u>	<u>85,113,793</u>

8 Short-term borrowings

Particulars	(Amount in Rs)	
	As at 31 March 2016	As at 31 March 2015
<b>Loans from bank repayable on demand</b>		
Secured		
Cash credit and overdraft facilities (refer note 8.1 below)	1,477,683,203	915,769,274
Bill discounting facility from bank (refer note 8.2 below)	309,764,973	204,847,880
Working capital loan (refer note 8.3 below)	840,000,000	530,000,000
	<u>2,627,448,176</u>	<u>1,650,617,154</u>

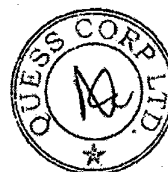
- 8.1 Cash credit from banks are secured primarily by way of exclusive charge on the current assets and on the movable assets of the Company.  
 8.2 Credit availed on bills discounted from banks are secured primarily by way of pari passu first charge on the entire current assets of the Company on both past and future and additionally by way of pari passu first charge on the entire movable assets of the Company.  
 8.3 Working capital loan from banks are secured primarily by way of pari passu first charge on the entire current assets of the Company on both past and future and additionally by way of pari passu first charge on the entire movable assets of the Company.

9 Trade payables

Particulars	(Amount in Rs)	
	As at 31 March 2016	As at 31 March 2015
Dues to other than micro, small and medium enterprises*	161,033,211	124,693,712
Dues to micro, small and medium enterprises (refer note 40)	161,033,211	124,693,712

\* includes payable to related parties (refer note 36(ii))

2,620,119 2,194,187



**Qeess Corp Limited**  
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**Notes to financial statements for the year ended 31 March 2016**

**10 Other current liabilities**

Particulars	(Amount in Rs)	
	As at 31 March 2016	As at 31 March 2015
Current maturities of long-term borrowings (refer note 5, 10.1 & 10.2)	923,842	31,593,698
Interest accrued and not due	2,752,055	1,578,966
Income received in advance	47,335,754	295,985,411
<b>Other payables</b>		
Advance received from customers	145,739,339	117,954,022
Balances payable to government authorities	712,993,377	336,563,853
Bank overdraft	38,565,823	55,296,579
Payable to the erstwhile minority shareholders (refer note 6)	6,666,666	6,666,667
Accrued salaries and benefits (refer note 10.3)	2,209,214,754	832,432,329
Provision for expenses*	55,504,079	63,154,044
Uniform deposits	2,362,264	1,837,670
Provision for rent escalation	1,394,314	891,691
Other liabilities		9,928,736
	<b>3,321,692,262</b>	<b>1,753,881,846</b>

\* includes payable to related parties (refer note 36(iii))

2,516,035

- 10.1 This includes term loan from National Skill Development Centre (NSDC) of Rs Nil (31 March 2015 : Rs 30,000,000) which is secured against hypothecation of project assets and has been repaid during the year.
- 10.2 Current maturities of long term includes loan outstanding of Rs 128,181 (31 March 2015 : Rs 1,593,698) towards vehicle loan taken from HDFC Bank and is repayable in 36 equal monthly instalments.
- 10.3 Includes provision for bonus for the financial year 2015-16 aggregating Rs 444,046,244 computed based on the circular issued by Ministry of law and justice dated 31 December 2015 which requires Company to pay bonus at the specified revised threshold. (refer note 29).

**11 Short-term provisions**

Particulars	(Amount in Rs)	
	As at 31 March 2016	As at 31 March 2015
<b>Provision for employee benefits</b>		
Provision for gratuity (refer note 38)	150,758,728	821,799
Provision for compensated absences	22,875,710	48,067,571
	<b>173,634,438</b>	<b>48,889,369</b>
<b>Others</b>		
Provision for warranty (refer note 39)		12,000,000
Provision for loss on onerous contracts (refer note 39)		1,077,806
	<b>173,634,438</b>	<b>61,967,175</b>

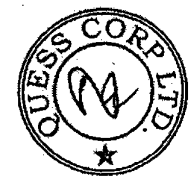


Qness Corp Limited  
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 Notes to financial statements for the year ended 31 March 2016

12(a) Tangible assets

Particulars	Leasehold improvements	Furniture and fixtures	Vehicles	Office equipment	Plant and machinery	Computer equipment	Total
As at 1 January 2014	4,372,338	2,070,656	5,574,610	6,524,187	-	22,860,686	41,567,677
Additions on Amalgamation*	63,694,572	30,304,688	3,256,492	14,331,215	75,610,511	43,178,336	230,176,314
Disposals during the period	7,278,717	21,807,430	-	39,185,651	17,171,293	79,703,189	115,126,282
Disposals for the period	7,859,944	904,170	-	-	1,363,786	1,036,070	11,163,900
As at 31 March 2015	67,668,883	83,178,604	8,834,102	59,921,053	91,418,020	94,706,711	378,726,373
Additions during the year	5,916,095	13,102,794	2,342,326	35,495,234	2,307,468	41,457,903	100,821,823
Disposals during the year	-	-	304,433	-	2,997,200	12,750	3,314,383
As at 31 March 2016	73,584,978	64,281,398	11,073,995	95,416,287	90,728,388	136,151,664	473,235,811
Accumulated Depreciation							
As at 1 January 2014	4,705,063	873,502	1,248,281	3,139,695	-	14,505,478	24,013,017
Additions on Amalgamation*	42,408,198	26,075,939	3,094,615	13,014,114	42,464,905	37,172,008	168,082,779
Charges for the period	16,338,736	4,321,545	3,930,591	4,726,146	20,327,987	13,809,008	65,860,013
Disposals during the period	7,839,944	904,170	-	-	1,335,904	46,355	10,126,373
As at 31 March 2015	57,813,053	30,970,816	6,988,487	20,819,955	61,656,988	68,980,137	243,829,436
Charges for the year	8,074,197	6,701,218	1,991,728	13,320,420	16,003,810	21,111,230	69,402,603
Disposals during the year	-	-	304,433	-	2,076,399	12,750	2,383,582
As at 31 March 2016	65,887,250	37,672,034	8,675,782	34,140,375	75,584,999	87,078,617	310,838,687
New Block							
As at 31 March 2016	8,194,738	28,609,544	2,998,213	58,975,012	151,433,889	43,063,247	162,385,254
As at 31 March 2015	10,357,450	22,307,788	1,887,615	39,001,898	29,761,022	28,726,974	131,394,637

\* Refer note 2



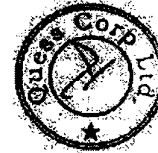


Quesca Corp Limited  
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12(b) Intangible Assets and Intangible assets under development

Particulars	Goodwill	Brand value of business acquired (refer note 2)	Computer software	Total	Intangible assets under development
<b>Gross block</b>					
Cost on Valuation					
As at 1 January 2014			17,156,832	17,156,832	
Additions on Amalgamation*	66,348,308	968,200,000	18,057,044	1,052,805,352	
Additions during the period			31,484,375	31,484,375	
Disposals during the period					
As at 31 March 2015	66,348,308	968,200,000	66,708,451	1,101,456,759	
Additions during the year			27,274,187	27,274,187	8,555,311
Disposals during the year					
As at 31 March 2016	66,348,308	968,200,000	93,982,638	1,128,730,946	8,555,311
<b>Accumulated Depreciation</b>					
As at 1 January 2014			10,181,518	10,181,518	
Additions on Amalgamation*	33,698,406		15,664,977	49,363,383	
Charge for the period	18,280,801	73,590,000	12,494,716	104,365,517	
Disposals during the period					
As at 31 March 2015	51,979,207	73,590,000	38,341,211	163,910,418	
Charge for the year	12,162,803	64,459,200	18,505,532	95,129,235	
Disposals during the year					
As at 31 March 2016	64,143,010	138,049,200	56,846,743	259,039,653	
<b>Net Block</b>					
As at 31 March 2016	2,405,298	830,150,800	37,135,895	869,691,293	8,555,311
As at 31 March 2015	14,569,101	894,610,000	28,367,240	937,546,341	

\* Refer note 2



Qess Corp Limited  
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Notes to financial statements for the year ended 31 March 2016

13 Non-current investments

Particulars	(Amount in Rs)	
	As at 31 March 2016	As at 31 March 2015
<i>(at cost, unless otherwise specified)</i>		
<b>Investment in equity instruments (refer note 43)</b>		
In subsidiaries - unquoted, Trade Investments		
3,110,000 (31 March 2015 : 3,110,000) fully paid up equity shares of par value of Rs 10 each of Coschieve Solutions Private Limited	12,000,000	12,000,000
1,000,000 (31 March 2015 : 1,000,000) fully paid up equity shares of par value of Rs 10 each of MFX Infotech Private Limited	10,000,000	10,000,000
7,000,100 Common Shares (31 March 2015 : 7,000,100) of Brainhunter Systems Limited, [formerly known as Zylag Systems (Canada) Limited] fully paid up (refer note 13.3 and 44)	5,503,000	5,503,000
1 (31 March 2015 : 1) Common Stock of Qess Corp (USA) Inc. (formerly known as Magna Infotech Inc.) of US \$ 1,00,000 each, fully paid-up	6,253,577	6,253,577
39,411,557 (31 March 2015 : Nil) fully paid up equity shares of par value of Rs 10 each of Aravon Services Private Limited (refer note 13.1)	100	-
2,307,499 (31 March 2015 : Nil) Ordinary Shares of Qesscorp Holdings Pte. Ltd of SGD 1.00 each, fully paid up (refer note 13.2)	110,000,000	-
86,000 (31 March 2015 : 86,000) fully paid up equity shares of par value of 100 pesos each of Qess (Philippines) Corp	12,273,500	12,273,500
	<u>156,030,177</u>	<u>46,030,077</u>
Aggregate amount of unquoted investments	156,030,177	46,030,077

- 13.1 The Company acquired 100% stake in Aravon Services Private Limited (formerly known as ARAMARK India Private Limited) on 1 April 2015 for a consideration of Rs 100 from Aramark Senior Notes Company and Aramark India Holdings LLC.
- 13.2 The Company incorporated an entity in Singapore by name Qesscorp Holdings Pte Ltd as a wholly owned subsidiary on 16 June 2015 by subscribing to 1,000 equity shares of SGD 1 each. A further investment was made during the year by subscribing to 2,307,499 equity shares of SGD 1 each thereby making the total investment as Rs 110 million.
- 13.3 The Company acquired 100% stake in Brainhunter Systems Limited [formerly known as Zylag Systems (Canada) Limited] on 23 October 2014 based on the Share Purchase Agreement entered with ICICI Bank Limited for a consideration of Rs 3.5 million (Canadian Dollar 0.1 million converted at 1 CAD = 55.03 INR).

14 Deferred tax assets (net)

Particulars	(Amount in Rs)	
	As at 31 March 2016	As at 31 March 2015
<b>Deferred tax liabilities</b>		
Fixed assets	(86,919,166)	(23,607,945)
	<u>(86,919,166)</u>	<u>(23,607,945)</u>
<b>Deferred tax assets</b>		
Gratuity	72,103,344	21,147,517
Compensated absences	7,916,826	16,338,167
Provision for doubtful debts	36,038,011	6,644,135
Provision for bonus and incentives	163,203,854	-
Provision for disputed claims	7,830,691	7,690,857
Provision for interest on service tax	12,668,990	-
Provision for rent escalation	1,660,128	674,219
Others	(423,307)	979,819
	<u>302,847,751</u>	<u>53,474,714</u>
	<u>215,928,585</u>	<u>29,866,769</u>



Quest Corp Limited  
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Notes to financial statements for the year ended 31 March 2016

15 Long-term loans and advances

Particulars	(Amount in Rs)	
	As at 31 March 2016	As at 31 March 2015
<i>(Unsecured and considered good)</i>		
Capital advances	7,569,807	3,064,498
Security deposits	77,585,780	60,823,154
<i>To parties other than related parties</i>		
Advance income tax (net of provision for tax)	679,051,475	447,349,478
Payment made under protest	15,371,182	15,371,182
Advances to employees	348,307	348,307
	<u>779,578,344</u>	<u>527,283,819</u>

16 Other non-current assets

Particulars	(Amount in Rs)	
	As at 31 March 2016	As at 31 March 2015
Prepaid expenses	2,285,117	5,029,241
Bank deposits (due to mature after 12 months from the reporting date) (refer note 19.1)	20,515,529	3,746,941
	<u>22,800,646</u>	<u>8,776,182</u>

17 Inventories

Particulars	(Amount in Rs)	
	As at 31 March 2016	As at 31 March 2015
<i>(Valued at lower of cost and net realizable value)</i>		
Raw material	5,654,325	4,390,088
Stores and spares	7,567,832	892,283
	<u>13,222,157</u>	<u>5,282,371</u>

18 Trade receivables

Particulars	(Amount in Rs)	
	As at 31 March 2016	As at 31 March 2015
Receivables outstanding for a period exceeding six months from the date they become due for payment		
<i>Unsecured</i>		
Considered good*	337,342,234	18,981,900
Considered doubtful	104,132,026	78,466,795
Less: Provision for doubtful debts	<u>(104,132,026)</u>	<u>(78,466,795)</u>
	337,342,234	18,981,900
Other receivables		
Considered good*	3,124,978,984	2,137,683,743
	<u>3,462,321,218</u>	<u>2,156,665,643</u>
* includes receivables from related parties (refer note 36(iii))	30,003,042	14,286,254

19 Cash and bank balances

Particulars	(Amount in Rs)	
	As at 31 March 2016	As at 31 March 2015
<i>Cash and cash equivalents</i>		
Cash in hand	746,652	828,190
Balances with banks		
In current accounts	841,330,524	631,258,391
In deposit accounts (refer note 19.1)		16,855,900
	<u>842,077,176</u>	<u>648,942,391</u>
<i>Other bank balances</i>		
In deposit accounts (refer note 19.1)	26,973,864	57,971,929
	<u>869,051,030</u>	<u>706,914,320</u>
19.1 Bank deposits with original maturity of 3 months or less included under 'Cash and Cash equivalents'		16,855,900
Bank deposits due to mature within 12 months of reporting date included under 'Other bank balances'	26,973,864	57,971,929
Bank deposits due to mature after 12 months of reporting date included under 'Other non-current assets'	20,515,529	3,746,941
	<u>47,489,383</u>	<u>78,574,770</u>



Quesc Corp Limited  
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 Notes to financial statements for the year ended 31 March 2016

20 Short-term loans and advances

Particulars	(Amount in Rs.)	
	As at 31 March 2016	As at 31 March 2015
<i>(Unsecured, considered good)</i>		
Advance income tax (net of provision for tax)	13,936,660	272,150,952
Security deposits	52,692,318	52,174,215
Balances with government authorities	-	610,859
Advances to suppliers	41,598,112	3,299,661
Loans and advances to related parties (refer note 36(iii))	149,541,079	9,042,096
Interest receivable from related parties (refer note 36(iii))	4,328,064	-
<i>Other loans and advances</i>		
- Employee advances	60,336,089	41,373,391
- Travel advances	9,488,962	2,609,707
- Other advances	1,990,836	15,909,002
	<u>333,912,120</u>	<u>397,169,883</u>

21 Other current assets

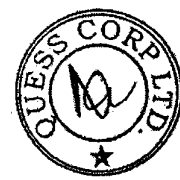
Particulars	(Amount in Rs.)	
	As at 31 March 2016	As at 31 March 2015
Unbilled revenue*	2,747,899,616	1,295,466,806
Prepaid expenses	84,456,824	35,314,864
Interest accrued but not due	2,355,599	1,673,278
Due from subsidiaries**	18,955,350	-
	<u>2,853,667,389</u>	<u>1,332,454,948</u>

\* includes unbilled revenue from related parties (refer note 36(iii))

13,270,298

\*\* includes receivables from related parties (refer note 36(iii))

18,955,350



Quest Corp Limited  
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Notes to financial statements for the year ended 31 March 2016

22 Sale of services

Particulars	(Amount in Rs.)	
	For the year ended 31 March 2016	For the period from 1 January 2014 to 31 March 2015
Staffing and recruitment services	24,194,611,135	19,648,142,087
Training services	700,968,424	201,195,750
Facility management and food services	3,176,572,757	3,008,573,891
Operation and maintenance	1,109,616,936	874,914,533
	<u>29,181,769,252</u>	<u>23,733,826,261</u>

23 Other income

Particulars	(Amount in Rs.)	
	For the year ended 31 March 2016	For the period from 1 January 2014 to 31 March 2015
Interest on term deposits	6,499,457	8,418,630
Liabilities no longer required written back	1,579,200	8,417,954
Provision no longer required written back (refer note 29)	12,000,000	25,030,608
Profit on sale of fixed assets, net		395,852
Interest income on income tax refund*	56,672,802	16,044,378
Interest income on unsecured loans given to subsidiaries	4,957,900	
Foreign exchange gain, net		6,021,676
Miscellaneous income	1,897,969	1,492,548
	<u>83,607,328</u>	<u>65,821,666</u>

\* Interest income on income tax refund is based on the refund order received from Income tax department during the year. This includes an amount of Rs 8,160,064 (for the period from 1 January 2014 to 31 March 2015 : Nil) pertaining to previous periods.

24 Cost of material and stores and spare parts consumed

Particulars	(Amount in Rs.)	
	For the year ended 31 March 2016	For the period from 1 January 2014 to 31 March 2015
Inventory at the beginning of the year/period	5,282,371	4,425,262
Add: purchases during the year/period	425,074,966	523,506,388
Less: Inventory at the end of the year/period	13,222,157	5,282,371
Cost of materials and stores and spare parts consumed	<u>417,135,180</u>	<u>522,649,279</u>

25 Employee benefits expense

Particulars	(Amount in Rs.)	
	For the year ended 31 March 2016	For the period from 1 January 2014 to 31 March 2015
Salaries and wages	23,847,899,640	19,280,027,764
Contribution to provident and other funds	1,951,300,180	1,517,889,763
Staff welfare expenses	85,001,195	77,483,403
	<u>25,884,201,015</u>	<u>20,875,400,930</u>

26 Finance costs

Particulars	(Amount in Rs.)	
	For the year ended 31 March 2016	For the period from 1 January 2014 to 31 March 2015
Interest expense	254,139,423	197,081,538
Other borrowing costs	16,723,154	12,188,500
	<u>270,862,577</u>	<u>209,270,038</u>



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 Notes to financial statements for the year ended 31 March 2016

27 Other expenses

Particulars	For the period from	
	For the year ended 31 March 2016	1 January 2014 to 31 March 2015
Sub-contractor charges	223,813,707	229,404,117
Recruitment and training expenses	221,008,799	53,335,637
Rent (refer note 37)	167,454,181	160,240,106
Power and fuel	39,024,998	28,413,581
Repairs and maintenance		
- buildings	33,304,186	15,831,794
- plant and machinery	7,722,344	1,660,805
- others	25,221,994	21,482,394
Legal and professional charges	59,235,733	76,554,174
Rates and taxes	22,454,594	7,318,379
Printing and stationery	52,044,381	37,152,383
Consumables	48,542,362	41,926,054
Travelling and conveyance	189,386,171	181,390,352
Communication expenses	57,125,535	51,142,228
Provision for doubtful debts, net	25,665,291	21,391,860
Deposits written off	13,698,198	1,000,000
Equipment hire charges	66,068,377	30,984,651
Insurance	6,654,101	9,682,182
Database access charges	18,354,156	16,030,311
Bank charges	3,658,070	8,031,852
Bad debts written off		4,816,175
Business promotion and advertisement expenses	14,717,457	4,755,392
Foreign exchange loss, net	1,947,929	
CSR contributions	7,564,565	5,440,286
Miscellaneous expenses	7,199,947	15,769,246
	<b>1,311,372,016</b>	<b>1,023,753,559</b>



Quest Corp Limited  
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Notes to financial statements for the year ended 31 March 2016

28 Capital commitments

Particulars	(Amount in Rs)	
	As at 31 March 2016	As at 31 March 2015
Estimated amount of contracts remaining to be executed on capital account and not provided for	3,063,845	3,063,845

29 Contingent liabilities and commitment

Particulars	(Amount in Rs)	
	As at 31 March 2016	As at 31 March 2015
Corporate guarantees given as security for loan availed by subsidiaries (refer note 29.1)	749,883,000	30,000,000
Bonus (refer note 29.2)	325,876,995	-
Arrears of Cumulative Preference Dividend	-	6,640
Provident fund	25,732,513	25,732,513
Direct and Indirect tax matters	6,058,798	7,977,846
	1,107,551,306	63,716,999

29.1 Movement of Corporate Guarantees given to subsidiaries during the year

Subsidiaries	As at 1 April 2015	Provided during the financial year	Settled/expired during the financial year	As at March 2016
Brainhunter Systems Limited, Canada	619,883,000	-	-	619,883,000
MFEX Infotech Private Limited	30,000,000	60,000,000	30,000,000	60,000,000
Avon Services Private Limited	-	70,000,000	-	70,000,000
Total	30,000,000	749,883,000	30,000,000	749,883,000

Movement of Corporate Guarantees given to subsidiaries during the previous year

Subsidiaries	As at 1 January 2014	Provided during the financial year	Settled/expired during the financial year	As at March 2015
Avon Facility Management Services Limited**	110,000,000	-	110,000,000	-
Magna Infotech Limited**	350,000,000	-	350,000,000	-
MFEX Infotech Private Limited	-	30,000,000	-	30,000,000
Total	460,000,000	30,000,000	460,000,000	30,000,000

\*\*Avon Facility Management Services Limited and Magna Infotech Limited got merged with the Company.

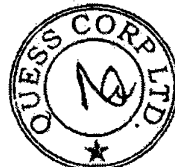
29.2 The Payment of Bonus (Amendment) Act, 2015 (hereinafter referred to as the Amendment Act 2015) has been enacted on December 31, 2015 according to which the eligibility criteria of salary or wages has been increased from Rs 10,000 per month to Rs 21,000 per month (section 2(13)) and the ceiling for computation of such salary or wages has been increased from Rs 3,500 per month to Rs 7,000 per month or the minimum wage for the scheduled employment, as fixed by the appropriate government, whichever is higher. The reference to scheduled employment has been linked to the provisions of the Minimum Wages Act, 1948. The Amendment Act 2015 is effective retrospectively from 1 April 2014. Based on the same, the Company has computed the bonus for the year ended 31 March 2015 and 31 March 2016 aggregating Rs 325,876,995 and Rs 444,046,244 respectively.

For the year ended 31 March 2016, the Company has accrued a provision for Rs 444,046,244 in the books with a corresponding recognition of revenue based on the contractual terms and conditions of the agreement with the customers.

For the period ended 31 March 2015, the Company has obtained a legal opinion from an external lawyer and advised to take a position that the stay granted by the two High Courts of India on the retrospective application of the amendment would have a persuasive effect even outside the boundaries of the relevant states and accordingly no provision is currently required. The same if incurred by the Company will be billed back to customers including service charges.

30 Earnings per share

Particulars	(Amount in Rs)	
	For the year ended 31 March 2016	For the period from 1 January 2014 to 31 March 2015
Nominal value of equity shares (Rs per share)	10	10
Net profit after tax for the purpose of earnings per share (Rs)	855,899,874	637,353,079
Weighted average number of shares used in computing basic earnings per share	113,215,610	92,294,525
Basic earnings per share (Rs)	7.56	6.91
Weighted average number of shares used in computing diluted earnings per share	115,421,839	115,701,641
Diluted earnings per share (Rs)	7.42	5.51



**Computation of weighted average number of shares**

Particulars	For the year ended	For the period from
	31 March 2016	1 January 2014 to 31 March 2015
Number of equity shares outstanding at beginning of the year/period	25,773,764	18,996,807
Number of equity shares outstanding at beginning of the previous year after right issue and bonus issue	-	20,762,088
- Adjustment of opening number of shares prior to right issue from 1 April 2015 to 22 December 2015 (25,773,764*1.09*263/366)	20,395,438	-
- Adjustment of opening number of shares post right issue from 22 December 2015 to 31 March 2016 (25,773,764*101/366)	7,112,432	-
Add: Weighted average number of equity shares issued during the year		
- 6,776,957 number of equity shares issued on conversion of compulsorily convertible preference shares on 10 November 2014 for 142 days after right issue	-	2,311,544
- Impact of bonus shares issued during the current year on conversion of compulsorily convertible preference shares on 10 November 2014 for 142 days	-	6,934,631
- Right issue of 2,560,000 number of equity shares issued on 22 December 2015 for 101 days	706,448	-
- Bonus issue of 85,001,292 number of equity shares issued on 5 January 2016	85,001,292	62,286,263
Add: Impact of potentially dilutive equity shares	113,215,610	92,294,325
- 6,776,957 number of compulsorily convertible preference share till the date of conversion i.e. 314 days from 1 January 2014 to 10 November 2014	-	5,111,441
- Impact of bonus shares issued during the current year on 6,776,957 number of compulsorily convertible preference share till the date of conversion i.e. 314 days from 1 January 2014 to 10 November 2014	-	15,334,324
- 871,000 number of ESOP to be issued after adjustment of bonus	-	2,961,351
- 2,729,428 number of ESOP including bonus at fair value	2,729,428	-
Weighted average number of shares outstanding at the end of year	115,421,839	115,701,641

**31 Payment to auditors (net of service tax; included in legal and professional fees)**

Particulars	(Amount in Rs)	
	For the year ended 31 March 2016	For the period from 1 January 2014 to 31 March 2015
Statutory audit fees	5,700,000	5,000,000
Tax audit fees	200,000	600,000
Others	1,200,000	1,000,000
Out of pocket expenses	375,312	325,312
	7,475,312	6,925,312

**32 Earnings in foreign currency**

Particulars	(Amount in Rs)	
	For the year ended 31 March 2016	For the period from 1 January 2014 to 31 March 2015
Staffing and recruitment services	151,842,968	402,158,360
Operation and maintenance	127,074,618	126,426,212
	278,917,586	528,584,572

**33 Unhedged foreign currency exposure**

Foreign currency exposures on account of trade receivables/ trade payables not hedged by derivative instruments are as follows:

Particulars	Currency	31 March 2016		31 March 2015	
		Foreign currency	Amount in Rs	Foreign currency	Amount in Rs
Trade receivables	USD	1,030,743	68,291,877	553,201	33,651,528
	EURO	22,819	1,720,439	-	-
	CAD	5,900	302,257	-	-
Other liabilities	USD	33,413	2,213,778	-	-





34 Expenditure in foreign currency

Particulars	(Amount in ₹)	
	For the year ended 31 March 2016	For the period from 1 January 2014 to 31 March 2015
Legal and professional fees	3,458,303	11,384,941
Travelling and conveyance	17,512,369	4,804,799
Rent	5,784,867	4,821,157
Communication expenses	156,138	893,901
Miscellaneous expenses	2,484,238	6,032,190
	<b>29,395,915</b>	<b>27,936,988</b>

35 Segment reporting

Business Segment

The Company's business is concentrated in various service offerings like temporary staffing services, executive search, contingency recruitment, housekeeping and facility management services, food services, skill development and training services and accordingly primary segment information is presented on the following service offerings:

- People and services
- Global technology solutions
- Integrated facility management
- Industrial asset management

Segment information is prepared in conformity with the accounting policies adopted for preparing and presenting the financial statements of the Company as a whole.

The Company has a corporate center, which provides various accounting and administrative support function. Segment information for this activity has been aggregated under "Unallocated".

Revenue identifiable to business segments have been disclosed under the respective business segment. Segment costs include employee benefit expense, cost of material consumed, recruitment and training expenses, stores and tools consumed, sub-contractor charges and operating expenses that can be allocated on a reasonable basis to respective segments.

Assets and liabilities in relation to segments are categorized based on items that are individually identifiable to that segment. Certain assets and liabilities are not specifically allocable to individual segments as these are used interchangeably. The Company therefore believes that it is not practicable to provide segment disclosures relating to such assets and liabilities and accordingly these are separately disclosed as 'unallocated'. All fixed assets of the Company are located in India.

Business segment information for the period from 1 April 2015 to 31 March 2016 is as follows:

	People and services	Global technology solutions	Integrated facility management	Industrial asset management	Unallocated	Total
Segment revenue	19,486,076,952	4,597,401,760	3,176,572,757	1,921,717,783	-	29,181,769,252
Segment cost	(18,789,249,321)	(4,003,094,469)	(2,396,287,778)	(1,715,267,149)	(134,393,714)	(27,938,798,331)
Segment result	716,827,631	594,307,291	780,284,979	206,450,634	(134,393,714)	1,563,561,041
Other income	107,641	199,669	2,846,665	12,323,195	68,130,158	83,607,328
Finance charges	-	-	-	-	(270,862,577)	(270,862,577)
Depreciation	(48,929,044)	(43,577,968)	(46,160,535)	(25,864,291)	-	(164,531,838)
Profit before taxation	667,570,428	548,929,012	143,991,109	195,409,538	(338,126,133)	1,216,773,954
Taxation	-	-	-	-	(56,879,000)	(56,879,000)
Profit after taxation	667,570,428	548,929,012	143,991,109	195,409,538	(395,005,133)	1,159,895,954
Segment asset	3,381,475,892	2,881,084,119	1,380,603,376	805,564,420	2,178,425,717	9,747,153,524
Segment liabilities	2,171,520,627	321,122,158	249,549,907	144,345,853	3,384,247,882	6,270,786,427
Capital expenditure	98,180,376	6,280,321	14,594,931	9,040,381	8,555,311	136,651,320



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**Business segment information for the period from 1 January 2014 to 31 March 2015 is as follows:**

	People and services	Global technology solutions	Integrated facility management	Industrial asset management	Unallocated	Total
Segment revenue	14,018,712,079	5,434,949,506	3,008,573,891	1,270,390,785	-	23,732,626,261
Segment cost	(13,618,564,897)	(4,819,604,972)	(2,818,335,367)	(1,114,027,348)	(51,271,674)	(22,421,804,168)
Segment result	400,147,182	615,344,534	190,238,524	156,363,437	(51,271,674)	1,311,072,093
Other income	591,665	13,415,079	18,075,326	26,285,115	7,454,481	65,821,666
Finance charges	-	-	-	-	(209,270,038)	(209,270,038)
Depreciation	(27,649,052)	(65,556,863)	(63,427,148)	(13,592,467)	-	(170,225,530)
Profit before taxation	373,089,795	563,202,750	144,886,702	169,256,175	(253,087,231)	997,348,191
Taxation	-	-	-	-	359,995,112	359,995,112
Profit after taxation	373,089,795	563,202,750	144,886,702	169,256,175	(613,082,343)	637,353,079
Segment asset	2,110,984,457	1,818,941,037	736,561,408	864,159,347	747,341,041	6,277,807,290
Segment liabilities	953,007,966	501,373,397	264,048,698	280,728,189	1,683,789,817	3,682,940,067
Capital expenditure	103,066,446	7,764,155	22,257,990	13,522,266	-	146,610,857

**Geographic Segment**

The following geographic segments individually contribute 10 percent or more of the Company's revenue or segment assets:

Geographic segments	Revenue		Segment assets	
	For the period from 1 April 2015 to 31 March 2016	1 January 2014 to 31 March 2014	31 March 2016	31 March 2015
- in India (domestic)	28,902,851,666	23,204,241,689	9,677,141,208	6,244,155,762
- outside India (export)	278,917,586	528,584,572	70,012,316	33,651,528
Total	29,181,769,252	23,732,826,261	9,747,153,524	6,277,807,290

**36 Related party disclosures**

**(i) Name of related parties and description of relationship:**

- Ultimate Holding Company	Fairfax Financial Holdings Limited
- Holding Company	Thomas Cook (India) Limited
- Subsidiaries	Coschive Solutions Private Limited MFX Infotech Private Limited Brainhunter Systems Ltd., Canada Mindwire Systems Ltd., Canada (formerly known as ZYLOG SYSTEMS (OTTAWA) LTD.) Brainhunter Companies Canada Inc., Canada Brainhunter Companies LLC, USA Quest (Philippines) Corp. (formerly known as Magna Ikyu Infotech, Inc., Philippines) Quest Corp (USA) Inc. (formerly known as Magna Infotech Inc.) Questcorp Holdings Pte. Ltd, Singapore Questglobal (Malaysia) Sdn. Bhd. (formerly known as Brainhunter SDN. BHD., Malaysia) Aravon Services Private Limited (formerly known as ARAMARK India Private Limited) Ikyu Business Services (Private) Limited MFXchange Holdings Inc, Canada MFXchange (Ireland) Limited MFXchange US, Inc. MFX Roanoke Inc, USA (merged with MFXchange US, Inc; effective 31 December 2015)
- Fellow subsidiary	National Collateral Management Services Limited (w.e.f. 19 August 2015)
- Entity having common directors	Net Resources Investments Private Limited
- Entities in which key managerial personnel has significant influence	Styracorp Management Services IME Consultancy

**Key executive management personnel**

Ajit Isaac  
Sabrita Neg  
Rashmi Gupta  
N.V.S.Pavan Kumar

Chairman & Managing Director & CEO  
Wholetime Director & CFO  
Company Secretary (from 24 March 2014 to 24 March 2015)  
Company Secretary (from 24 March 2015)



Ques Corp Limited  
 (formerly known as IKYA HUMAN CAPITAL SOLUTIONS LIMITED)  
 Notes to financial statements for the year ended 31 March 2016

(B) Related party transactions during the year/period

Particulars	Amount in Rs.	
	For the year ended 31 March 2016	For the period from 1 January 2014 to 31 March 2016
<b>Revenue from operations</b>		
- Staffing and recruitment services		
Thomas Cook (India) Limited	170,412,394	138,315,889
MFX Infotech Private Limited	3,605,239	2,466,120
National Collateral Management Services Limited	101,673,561	
Brainhunter Systems Ltd., Canada	12,767,698	
<b>Expenses incurred by related parties on behalf of the Company</b>		
Thomas Cook (India) Limited	28,216,010	30,858,570
Net Resources Investments Private Limited	31,420,692	20,332,392
Aravon Services Private Limited	1,096,120	
MFX Infotech Private Limited	3,867,772	
<b>Expenses incurred by the Company on behalf of related parties</b>		
Coachive Solutions Private Limited	1,698,382	
MFX Infotech Private Limited	12,008,950	
Brainhunter Systems Ltd., Canada	290,088	
Ques Corp (USA) Inc.	2,254,168	
<b>Unsecured loans given to subsidiaries</b>		
Coachive Solutions Private Limited	58,080,000	
MFX Infotech Private Limited	147,500,000	
Ques (Philippines) Corp.		6,575,976
Aravon Services Private Limited	40,000,000	
Quesglobal (Malaysia) Sdn. Bhd.	651,079	
<b>Repayment of loans received from subsidiaries</b>		
Coachive Solutions Private Limited	16,690,000	
MFX Infotech Private Limited	40,000,000	
Aravon Services Private Limited	40,000,000	
Ques (Philippines) Corp.	6,575,976	
<b>Interest on unsecured loans charged to subsidiaries</b>		
Coachive Solutions Private Limited	1,127,763	
MFX Infotech Private Limited	2,685,717	
Aravon Services Private Limited	629,836	
Ques (Philippines) Corp.	514,584	
<b>Guarantees provided to banks on behalf of subsidiaries</b>		
Aravon Services Private Limited	70,000,000	
Brainhunter Systems Ltd., Canada	619,883,000	
MFX Infotech Private Limited	60,000,000	30,000,000
<b>Right renunciation</b>		
Thomas Cook (India) Limited	**	
Ajit Isaac	**	

\*\*Renunciation of right issues

During the year, the Company vide its Board meeting dated 6 November 2015, has offered 2,560,000 equity shares of Rs. 10 each on right basis, in pursuance of the requirement of section 62 of the Companies Act, 2013 read with the Companies (Share capital and Debentures) Rules 2014 in the ratio of 0.099 equity shares for every equity share held in the Company as on date to the existing shareholders. Thomas Cook (India) Limited has resolved not to subscribe to the right issue and has obtained the shareholders approval on 12 December 2015 and accordingly a resolution of renunciation was approved by the Board of Directors of the Thomas Cook (India) Limited vide circular resolution dated 18 December 2015 for renouncing 1,957,302 equity shares in favour Net Resources Investments Private Limited. On 21 December 2015, Mr. Ajit Isaac renounced his rights of 461,516 shares in favour of Net Resources Investments Private Limited.



Quesc Corp Limited  
(formerly known as IKYA HUMAN CAPITAL SOLUTIONS LIMITED)  
Notes to financial statements for the year ended 31 March 2016

(iii) Balance receivable from and payable to related parties as at the balance sheet date:

Particulars	(Amount in Rs)	
	As at 31 March 2016	As at 31 March 2015
<b>Trade receivables</b>		
Thomas Cook (India) Limited	28,405,600	14,071,331
Net Resources Investments Private Limited		214,923
MFX Infotech Private Limited	1,597,442	-
<b>Trade payables</b>		
Thomas Cook (India) Limited	1,523,999	2,194,187
Aravon Services Private Limited	1,096,120	-
<b>Other current assets</b>		
MFX Infotech Private Limited	17,256,968	-
Brainhunter Systems Ltd., Canada	13,270,298	-
Coachieve Solutions Private Limited	1,698,382	-
<b>Short term loans and advances*</b>		
Coachieve Solutions Private Limited	42,517,763	-
MFX Infotech Private Limited	110,185,717	2,466,120
Quesc (Philippines) Corp.	514,584	6,575,976
Quescglobal (Malaysia) Sdn. Bhd.	651,079	-
<b>Other current liabilities</b>		
Brainhunter Systems Ltd., Canada	302,257	-
Quesc Corp (USA) Inc.	2,213,778	-

\*includes interest

(iv) Remuneration paid to key managerial personnel\*

Particulars	(Amount in Rs)	
	For the year ended 31 March 2016	For the period from 1 January 2014 to 31 March 2015
Ajit Isaac	14,520,000	14,898,351
Subrata Nag	9,075,000	8,898,287
N.Y.S.Pavan Kumar (from 26 March 2015)	2,740,000	-
Rashmi Gupta (from 28 April 2014 to 24 March 2015)	-	1,090,000
	<u>76,335,000</u>	<u>24,886,638</u>

\*Managerial remuneration does not include cost of employee benefits such as gratuity and compensated absences since provision for these are based on an actuarial valuation carried out for the Company as a whole

37 Leases

**Operating Leases**

The Company is obligated under cancellable and non-cancellable lease for office and residential premises, which are renewable at the option of lessor and lessee. Total rental expense under cancellable and non-cancellable operating leases for the year ended 31 March 2016 amounted to Rs 108,292,621 (for the period ended 31 March 2015 : Rs 137,742,942) and Rs 59,161,560 (for the period ended 31 March 2015 : Rs 22,497,164 ) respectively.

Non-cancellable operating lease rentals payable (minimum lease payments) under these leases are as follows:

Particulars	(Amount in Rs)	
	As at 31 March 2016	As at 31 March 2015
Payable within 1 year	59,823,755	52,072,295
Payable between 1-3 years	82,700,991	98,976,362
Payable later than 3 years	21,376,710	50,070,193



Ques Corp Limited  
(formerly known as IKYA HUMAN CAPITAL SOLUTIONS LIMITED)  
Notes to financial statements for the year ended 31 March 2016

38 Gratuity plan

The following table sets out the status of the gratuity plan as required under Accounting standard (AS) 15 "Employee Benefits" prescribed by Companies Act 2013:

Reconciliation of the projected benefit obligations

Particulars	(Amount in Rs)	
	As at 31 March 2016	As at 31 March 2015
<b>Change in defined benefit obligation</b>		
Obligation at the beginning of the year/period	106,224,378	7,619,658
Balances on amalgamation	-	72,725,784
Current service cost	226,794,102	20,866,940
Interest cost	7,983,787	6,104,044
Benefit settled	-	(10,250,051)
Actuarial (gain) / loss	(83,272,042)	9,158,003
Obligation at end of the year/period	257,730,225	106,224,378
<b>Change in plan assets</b>		
Plan assets at beginning of the year/period, at fair value	44,007,499	-
Balances on amalgamation (refer note 2)	-	38,850,072
Expected return on plan assets	3,528,111	2,931,954
Contributions	19,746,133	10,873,173
Benefit settled	(14,668,867)	(8,982,450)
Actuarial (loss) / gain	(3,905,647)	334,750
Plans assets at end of year/period, at fair value	49,687,239	44,007,499

Reconciliation of present value of the obligation and the fair value of the plan assets

Particulars	(Amount in Rs)	
	As at 31 March 2016	As at 31 March 2015
Fair value of plan assets at the end of the year/period	(49,687,239)	(44,007,499)
Present value of the defined benefit obligations at the end of the year/period	257,730,225	106,224,378
Liability recognised in the balance sheet	208,042,986	62,216,879
Current	150,758,728	821,798
Non-current	57,284,258	61,395,081

Gratuity cost for the year/period

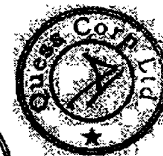
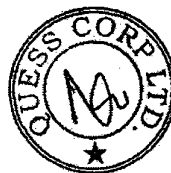
Particulars	(Amount in Rs)	
	For the year ended 31 March 2016	For the period from 1 January 2014 to 31 March 2015
Current service cost	226,794,102	20,866,940
Interest cost	7,983,787	6,104,044
Returns on plan assets	(3,528,111)	(2,931,954)
Actuarial (gain) / loss	(80,046,395)	8,223,253
Net gratuity cost	151,203,383	32,862,283

Gratuity cost for the year ended 31 March 2016 includes costs aggregating Rs 74,539,660 relating to previous years. The cost pertaining to billable employees is recognized as revenue in the current year.

Assumptions

Particulars	For the period from	
	For the year ended 31 March 2016	1 January 2014 to 31 March 2015
Interest rate	7.50%	7.80% - 9.25%
Discount rate	7.50%	7.80% - 9.25%
Estimated rate of return on plan assets	8.00%	8.75%
Salary increase	6.00% - 8.00%	6.00% - 10.00%
Attrition rate	30.00% - 70.00%	8.00% - 15.00%
Retirement age	58 years	58 years

The estimate of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors such as supply and demand factors in the employment market.



History of defined benefit obligations and experience (gains) and losses

Particulars	As at		As at		Amount in Rs.	
	31 March 2016	31 March 2015	31 December 2015	31 March 2015	31 March 2015	31 March 2015
Defined benefit obligation	257,730,275	106,724,478	7,619,658	6,448,131	-	3,503,640
Plan assets	49,337,779	44,007,499	-	-	-	-
Surplus / (Deficit)	(208,392,496)	(62,716,979)	(7,619,658)	(6,448,131)	-	(3,503,640)
Experience adjustments on plan liabilities	(51,736,360)	(6,662,910)	-	-	-	-
Experience adjustments on plan assets	3,225,647	(334,750)	790,329	(162,423)	-	-

39 Set out below is the movement in provision balances in accordance with paragraphs 66 and 67 of Accounting Standard 29, 'Provisions, Contingent Liabilities and Contingent Assets'

Particulars	Amount in Rs.		
	Disputed claims	Warranty*	Onerous contracts**
Balance as at 1 April 2015	22,626,824	12,000,000	1,077,806
Add: Additions during the year	-	12,000,000	-
Less: Utilisation/reversal during the year	-	12,000,000	1,077,806
Closing balance as at 31 March 2016	22,626,824	-	-

\*Warranty provision of Rs.12,000,000 was created for the projects to make good for any defects identified. During the year, the project on which warranty was provided was completed, hence reversed.

\*\*Onerous contract provision is created for project where the estimated cost of the project will be more than the economic benefits derived by the Company. In the current year provision was reversed on completion of project.

40 Dues to micro, small and medium enterprises

The Ministry of Micro, Small and Medium Enterprises has issued an Official Memorandum dated 26 August 2008 which recommends that the Micro and Small Enterprises should mention in their correspondence with its customers the Entrepreneurs Memorandum Number as allocated after filing of the Memorandum. However, the Company does not have any amounts payable to such enterprises as at 31 March 2016 based on the information received and available with the Company. Also the Company has not received any claim for interest from any supplier under the Micro, Small and Medium Enterprises Development Act, 2006.

41 During the year, the Company has performed the reconciliations of tax provision created as per books of accounts with the income tax provisions filed in its return of income for the completed assessment years and written back additional provision aggregating Rs 64,564,104.

42 Employee stock options

The Company has introduced the 'IKYA Employee Stock Option Scheme 2009' ('the Option Scheme 2009') and has issued stock options on its own shares to specified employees of the Company. The scheme was approved by the Board of Directors in its meeting held on 19 November 2009. The Option Scheme 2009 provides for the creation and issue of 5,200,000 (bonus adjusted) options that would eventually convert into equity shares of Rs 10 each in the hands of the employees. The options has a vesting schedule over a three year period and are exercisable only upon the occurrence of the liquidity event. The scheme defines 'liquidity event' as an initial public offering by the Company (or one of its subsidiaries) or dilution of voting right below majority of the existing shareholders. The exercise price of these stock options is Rs 10. All outstanding options were vested as 31 March 2015. As at 31 March 2016, the Company has 682,382 options outstanding. The cost stock options have been accounted under intrinsic value over vesting period.

The movement of stock options are as follows:

Particulars	As at	
	31 March 2016	31 March 2015
Number of options		
Options outstanding at beginning of the year/period	871,000	871,000
Add: Granted during the year/period	-	-
Less: Forfeited/Lapsed during the year	(188,618)	-
Options outstanding at end of the year/period	682,382	871,000
Options exercisable at the end of the year/period (including impact of bonus)	2,729,528	-

During the year, 188,618 options were forfeited and resultant an amount of INR 12,655,982 was transferred from Share option outstanding account to General Reserve. Further, as detailed in note 3, the Company has issued Bonus shares and accordingly has passed a resolution vide its board meeting dated 22 December 2015 that the bonus will be equally applicable to the option holders at the time of exercise. Resultantly, 682,382 options will be converted into 2,729,528 shares.

The Company, pursuant to resolutions passed by the Board and its Shareholders resolutions dated 22 December 2015 and 23 December 2015, respectively, adopted Qness Corp Limited Employee Stock Option Scheme 2015 ("ESOP 2015"). Pursuant to ESOP 2015, options to acquire Equity Shares may be granted to eligible employees (as defined in ESOP 2015). The aggregate number of Equity Shares, which may be issued under ESOP 2015, shall not exceed 1,900,000 (bonus adjusted) Equity Shares. The Company has not granted any options till 31 March 2016 under ESOP 2015 scheme.



43 Details of non-current investments purchased and sold during the year:

Investment in equity instrument						
Subsidiaries	No. of shares acquired	Face value per unit	As at April 2015	Purchased during the year	Sold during the year	As at 31 March 2016
Atayon Services Private Limited	39,41,357	RS 100		100		100
Ques Corp Holdings PTE Ltd.	2,308,499	SGD 11		110,000,000		110,000,000

Details of non-current investment purchased and sold during the previous period  
Investment in equity instrument

Subsidiaries	No. of shares acquired	Face value per unit	As at 1 January 2014	Purchased during the year	Sold/ Merged during the year	As at 31 March 2015
Avon Facility Management Services Limited*	3,256,296	Rs 10	162,627,500		162,627,500	
Magna Infotech Limited*	5,233,194	Rs 10	881,400,000		881,400,000	
MFX Infotech Private Limited	1,000,000	Rs 10		10,000,000		10,000,000
Brainhunter Systems Limited	7,000,100	ICAD		5,503,000		5,503,000
Coachjive Solutions Private Limited	3,110,000	Rs 10	12,000,000			12,000,000
Ques Corp (USA) Inc.	1	USD 1,00,000		6,253,577		6,253,577
Ques (Philippines) Corp	86,000	100 pesos		12,273,500		12,273,500

\*Avon Facility Management Services Limited and Magna Infotech Limited got merged with the Company [refer note 2].

- 44 During the previous period, the Company acquired 100% interest in Brainhunter Systems (Canada) Limited ("BSL") from ICICI Bank India. Prior to acquisition of BSL by the Company, equity shares of BSL were originally owned by Zylog Systems Limited ("ZSL") and were pledged in favour of ICICI Bank as security for loans availed by ZSL from ICICI Bank. ZSL defaulted on loan repayments and ICICI Bank invoked the pledge and sold the shares to the Company. During the previous period, the Company has received a notice from the official liquidator of Zylog, alleging that the acquisition of the equity shares of BSL by the Company was not in accordance with law and therefore void-ab-initio, as such sale and transfer of the equity shares of BSL had taken place subsequent to an order passed by the Honorable Madras High Court appointing the official liquidator for ZSL liquidation. Further, the Company has also received letter from the RBI stating its inability to take on record the transfer of the equity shares of BSL until the winding up proceedings of ZSL have been completed and resolved. The Company is of the view that they have a strong case and has taken a legal opinion. The legal opinion reiterates that the case does not have merit and the sale is bonafide on the basis of the following:
- There is adequate precedent that upholds the principle that a secured creditor can independently exercise his rights outside winding up proceedings.
  - ICICI Bank has enforced its security to realise its rights as a secured creditor and the sale is in compliance with Canadian law
  - That the sale of equity shares of Brainhunter is not prejudicial to the parties and that the same has been undertaken in accordance with the provisions of the law
- The Company has also obtained legal opinion from Canadian law firm which has confirmed that the acquisition is appropriate from a Canadian jurisdiction perspective. Based on the legal opinions the management believes that the acquisition of BSL is appropriate.

- 45 Corporate Social Responsibility  
During the year ended 31 March 2016, the amount required to be spent by the Company on corporate social responsibility activities amounts to Rs 7.46 million in accordance with Section 135 of the Companies Act, 2013. However, the Company had incurred expenditure amounting to Rs 7.56 million during the year.
- 46 Financial statements for the year ended 31 March 2016 is not strictly comparable as the previous financial statements was for fifteen months period ended 31 March 2015.

As per our report of even date attached for BSR & Associates LLP  
Chartered Accountants  
Firm's Registration No.: 116231 W/W-100024

*Charan T*  
Vincent Dhawan  
Partner  
Membership No.: 092084

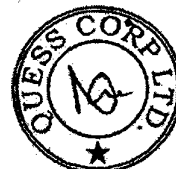
for and on behalf of Board of Directors of  
Ques Corp Limited  
(formerly known as IKYA HUMAN CAPITAL SOLUTIONS LIMITED)

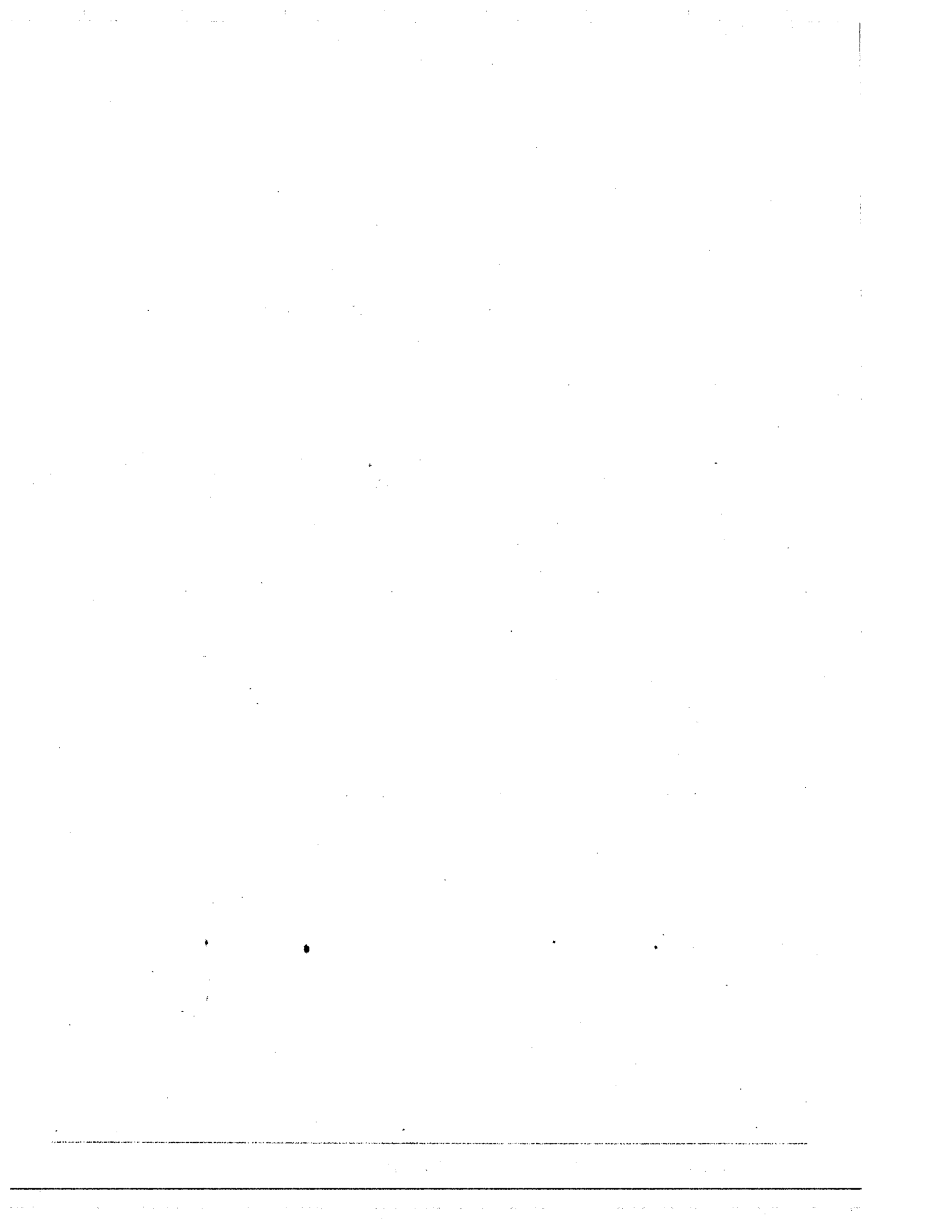
*N.V.S. Pavan Kumar*  
N.V.S. Pavan Kumar  
Chairman & Managing Director & CEO  
DIN : 00087168

*Subrata Nag*  
Subrata Nag  
Wholesale Director & CFO  
DIN : 02234000

N.V.S. Pavan Kumar  
N.V.S. Pavan Kumar  
Company Secretary  
Membership No.: A17010

Place: Bengaluru  
Date: 17 May 2016







# B S R & Associates LLP

Chartered Accountants

Maruthi Info-Tech Centre  
11-12/1 Inner Ring Road  
Koramangala  
Bangalore 560 071 India

Telephone: + 91 80 3980 8000  
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## Independent Auditors' Report on Consolidated Financial Statements

To the Members of Qness Corp Limited  
(formerly known as IKYA HUMAN CAPITAL SOLUTIONS LIMITED)

### Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Qness Corp Limited ("the Holding Company") and its subsidiaries (collectively referred to as "the Company" or "the Group"), comprising of the consolidated balance sheet as at 31 March 2016, the consolidated statement of profit and loss, the consolidated cash flow statement for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

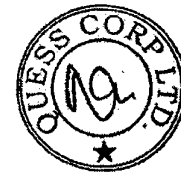
### Management's Responsibility for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation of the consolidated financial statements in terms of the requirements of the Companies Act, 2013 ("the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Companies Act, 2013 (hereinafter referred to as "the Act") read with Rule 7 of the Companies (Accounts) Rules, 2014. The Board of Directors of the Company are responsible for 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; the selection and application of appropriate accounting policies; making judgements and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

### Auditors' Responsibility

Our responsibility is to express an opinion on the consolidated financial statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the Audit Report under the provisions of the Act and the Rules made thereunder.

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



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with effect from October 14, 2013

Registered Office:  
1st Floor, Loha Excelus  
Apolo Mills Compound  
N.M. Joshi Marg, Mahalakshmi  
Mumbai - 400 011

**B S R & Associates LLP**

**Quess Corp Limited**  
*(formerly known as IKYA HUMAN CAPITAL SOLUTIONS LIMITED)*

**Independent Auditors' Report (continued)**

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

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

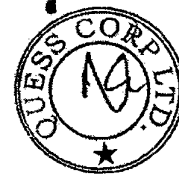
**Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Company, as at 31 March 2016, and their consolidated profits and their consolidated cash flows for the year ended on that date.

**Other matters**

We did not audit the financial statements and other financial information of certain subsidiaries which have been incorporated in the consolidated financial statements. These subsidiaries account for 12.22% of total assets as at 31 March 2016, 13.49% of the aggregate of total revenue and other income and Rs 39 million of net decrease in cash and cash equivalents for the year ended 31 March 2016, as shown in these consolidated financial statements. Of the above:

- a. The financial statements and other financial information of some of the subsidiaries incorporated outside India as drawn up in accordance with the generally accepted accounting principles of the respective countries (the local GAAP) have been audited by other auditors duly qualified to act as auditors in those countries. These subsidiaries account for 10.77% of total assets as at 31 March 2016, 12.55% of the aggregate of total income from total revenue and other income and Rs 34 million of net decrease in cash and cash equivalents for the year ended 31 March 2016, as shown in these consolidated financial statements. For the purposes of preparation of the consolidated financial statements, the aforesaid local GAAP financial statements have been restated by the Management of the said entities so that they conform to the generally accepted accounting principles in India. This has been done on the basis of a reporting package prepared by the Company which covers accounting and disclosure requirements applicable to consolidated financial statements under the generally accepted accounting principles in India. The reporting packages made for this purpose have been audited by the other auditors and reports for consolidation purposes of those other auditors have been furnished to us. Our opinion on the consolidated financial statements, insofar as it relates to these entities, is based solely on the aforesaid Audit Reports of these other auditors.



BSR & Associates LLP

**Ques Corp Limited**  
(formerly known as IKYA HUMAN CAPITAL SOLUTIONS LIMITED)

**Independent Auditors' Report (continued)**

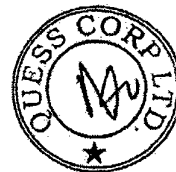
- b. The financial statements and other financial information of remaining subsidiaries (incorporated inside and outside India) account for 1.45% of total assets as at 31 March 2016, 0.94% of total revenue and other income and Rs 5 million net decrease in cash and cash equivalents for the year ended 31 March 2016 as shown in the consolidated financial statements. These financial statements have been audited by other auditors whose audit reports have been furnished to us. Our opinion on the consolidated financial statements, insofar as it relates to these entities, is based on the aforesaid audit reports of the other auditors.

**Report on Other Legal and Regulatory Requirements**

1. As required by sub-section 3 of Section 143 of the Act, we report, to the extent applicable, that:

- (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.
- (b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books.
- (c) The consolidated balance sheet, the consolidated statement of profit and loss, and the consolidated cash flow statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.
- (d) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- (e) On the basis of the written representations received from the directors of the Holding Company as on 31 March 2016 taken on record by the Board of Directors of the Holding Company and the report of the statutory auditors of its subsidiary companies incorporated in India, none of the directors of the Holding Company and the subsidiary companies incorporated in India is disqualified as on 31 March 2016 from being appointed as a director of that company in terms of sub-section 2 of Section 164 of the Act.
- (f) With respect to the adequacy of the internal financial controls over financial reporting of the Holding Company and the subsidiary companies incorporated in India and the operating effectiveness of such controls, refer to our separate report in "Annexure A"; and
- (g) with respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- i. the consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group. Refer Note 6 and Note 28 to the consolidated financial statements;
- ii. the Group did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses; and

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**B S R & Associates LLP**

**Quess Corp Limited**  
*(formerly known as IKYA HUMAN CAPITAL SOLUTIONS LIMITED)*

**Independent Auditors' Report (continued)**

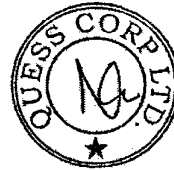
iii. There was Nil amount during the year which was required to be transferred to the Investor Education and Protection Fund by the Holding Company and subsidiaries incorporated in India.

for **B S R & Associates LLP**  
*Chartered Accountants*  
Firm's Registration No.: 116231W/W-100024

*Vineet*

**Vineet Dhawan**  
*Partner*  
Membership No.: 092084

Place: Bengaluru  
Date: 17 May 2016



B S R & Associates LLP

**Quess Corp Limited**  
*(formerly known as IKYA HUMAN CAPITAL SOLUTIONS LIMITED)*

**Independent Auditors' Report (continued)**

**Annexure - A to the Independent Auditors' Report**

**Report on the Internal Financial Controls under Clause (f) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended 31 March 2016, we have audited the internal financial controls over financial reporting of Quess Corp Limited ("the Holding Company") and the internal financial controls over financial reporting of its subsidiary companies incorporated in India, as of that date.

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

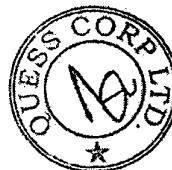
The Respective Board of Directors of the Holding Company and its subsidiary companies, incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting 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 over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") issued by ICAI and the Standards on Auditing, issued by ICAI and deemed to be prescribed under Section 143(10) of the Act to the extent applicable to an audit of internal financial controls, both issued by the Institute of Chartered Accountants of India. 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 over financial reporting 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 system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control 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 consolidated financial statements, whether due to fraud or error.

*de* 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 system over financial reporting.



**B S R & Associates LLP**

**Quess Corp Limited**  
*(formerly known as IKYA HUMAN CAPITAL SOLUTIONS LIMITED)*

**Independent Auditors' Report (continued)**

**Meaning of Internal Financial Controls over Financial Reporting**

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting 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 consolidated 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 consolidated financial statements.

**Inherent Limitations of Internal Financial Controls Over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, 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 over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

**Opinion**

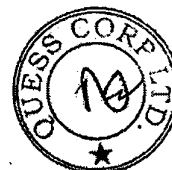
In our opinion, the Holding Company and based on the opinion of other auditors on internal financial controls over financial reporting of its subsidiary companies incorporated in India, have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2016, based on the internal control over financial reporting 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 issued by the ICAI.

for **B S R & Associates LLP**  
*Chartered Accountants*  
Firm's Registration No.: 116231W/W-100024

*Dhawani*

**Vineet Dhawan**  
*Partner*  
Membership No.: 092084

Place: Bengaluru  
Date: 17 May 2016



Qness Corp Limited and subsidiaries  
(formerly known as IKYA HUMAN CAPITAL SOLUTIONS LIMITED)  
Consolidated balance sheet

	Note	(Amount in Rs)	
		As at 31 March 2016	As at 31 March 2015
<b>Equity and Liabilities</b>			
<b>Shareholders' funds</b>			
Share capital	2	1,133,390,560	257,737,640
Reserves and surplus	3	2,322,482,979	2,249,597,655
		<u>3,455,833,539</u>	<u>2,507,335,295</u>
<b>Non-current liabilities</b>			
Long-term borrowings	4	354,813,879	-
Other long-term liabilities	5	-	6,666,667
Long-term provisions	6	464,745,904	85,113,793
		<u>819,559,783</u>	<u>91,780,460</u>
<b>Current liabilities</b>			
Short-term borrowings	7	3,390,011,322	2,204,266,599
Trade payables	8	675,518,164	417,275,456
Other current liabilities	9	3,840,847,249	1,891,352,622
Short-term provisions	10	196,908,558	66,962,590
		<u>8,103,285,293</u>	<u>4,579,857,267</u>
		<u>12,378,678,615</u>	<u>7,178,973,022</u>
<b>Assets</b>			
<b>Non-current assets</b>			
<b>Fixed assets</b>			
Tangible assets	11(a)	444,391,736	145,855,063
Intangible assets	11(b)	60,863,730	42,936,341
Intangible assets under development	11(b)	23,906,550	-
		<u>529,162,016</u>	<u>188,791,404</u>
Goodwill on consolidation	11(c)	2,045,547,531	1,104,219,485
Non-current investments	12	36,549,575	-
Deferred tax assets (net)	13	233,148,802	29,610,368
Long-term loans and advances	14	825,068,983	534,325,638
Other non-current assets	15	35,755,121	9,729,677
		<u>1,130,522,481</u>	<u>578,665,683</u>
<b>Current assets</b>			
Inventories	16	18,276,942	5,282,371
Trade receivables	17	4,282,000,479	2,548,364,095
Cash and bank balances	18	1,093,529,695	818,248,248
Short-term loans and advances	19	239,256,146	393,592,319
Other current assets	20	3,040,383,325	1,546,809,417
		<u>8,673,446,587</u>	<u>5,312,296,450</u>
		<u>12,378,678,615</u>	<u>7,178,973,022</u>

Significant accounting policies

The notes referred to above form an integral part of the consolidated financial statements.

As per our report of even date attached  
for B.S.R. & Associates LLP  
Chartered Accountants  
Firm's Registration No.: 116231 W/W-100024

*Shanmug*  
Vijay Dikshar  
Partner  
Membership No.: 092084

for and on behalf of Board of Directors of  
Qness Corp Limited  
(formerly known as IKYA HUMAN CAPITAL SOLUTIONS LIMITED,

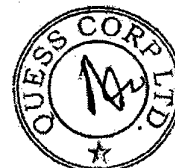
*N.V.S. Pavan Kumar*  
N.V.S. Pavan Kumar  
Chairman & Managing Director &  
CEO  
DIN: 00087168

*Subrata Nag*  
Subrata Nag  
Wholetime Director &  
CFD  
DIN: 02234000

**N.V.S. Pavan Kumar**

N.V.S. Pavan Kumar  
Company Secretary  
Membership No.: A17010

Place: Bengaluru  
Date: 17 May 2016



Quest Corp Limited and subsidiaries  
(formerly known as IKYA HUMAN CAPITAL SOLUTIONS LIMITED)  
Consolidated statement of profit and loss

	Note	(Amount in Rs)	
		For the year ended 31 March 2016	For the period from 1 January 2014 to 31 March 2015
<b>Revenue</b>			
Revenue from operations			
Sale of services	21	34,350,142,564	25,670,568,920
		<u>34,350,142,564</u>	<u>25,670,568,920</u>
Other income	22	84,261,822	74,384,474
<b>Total Revenue</b>		<u>34,434,404,386</u>	<u>25,744,953,394</u>
<b>Expenses</b>			
Cost of material and stores and spare parts consumed	23	481,403,715	522,649,279
Employee benefits expenses	24	30,372,204,878	22,742,354,329
Finance costs	25	307,898,513	218,296,777
Depreciation and amortisation expense	11(a) & 11(b)	160,189,286	101,411,334
Other expenses	26	1,859,070,144	1,112,495,159
<b>Total Expenses</b>		<u>33,180,766,536</u>	<u>24,697,206,898</u>
<b>Profit before tax</b>		<u>1,253,637,850</u>	<u>1,047,746,496</u>
<b>Tax expense:</b>			
- Current tax		(624,580,349)	(290,782,422)
- Income tax credit for earlier years	44	64,564,102	-
- Deferred tax credit/ (charge) for the year/ period		203,538,435	(68,039,362)
<b>Profit after tax</b>		<u>897,160,038</u>	<u>688,924,712</u>
<b>Earnings per equity share (face value of Rs 10 each)</b>			
- Basic	29	7.92	7.46
- Diluted		7.77	5.95

Significant accounting policies


The notes referred to above form an integral part of the consolidated financial statements

As per our report of even date attached  
for B.S.R. & Associates LLP  
Chartered Accountants  
Firm's Registration No.: 116231 W/W-100024

for and on behalf of Board of Directors of  
Quest Corp Limited  
(formerly known as IKYA HUMAN CAPITAL SOLUTIONS LIMITED)

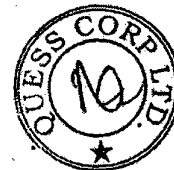
  
Vinod Daswan  
Partner  
Membership No.: 092084

  
Ajit Isaac  
Chairman & Managing Director &  
CEO  
DIN: 00087168

  
Subrata Nag  
Wholetime Director &  
CFO  
DIN: 02234000

**N.V.S. Pavan Kumar**  
N.V.S. Pavan Kumar  
Company Secretary  
Membership No.: A17010

Place: Bengaluru  
Date: 17 May 2016





Quest Corp Limited and subsidiaries  
(formerly known as IKYA HUMAN CAPITAL SOLUTIONS LIMITED)  
Consolidated cash flow statement

	(Amount in Rs)	
	For the year ended 31 March 2016	For the period from 1 January 2014 to 31 March 2015
<b>Cash flows from operating activities</b>		
Profit before tax	1,253,637,850	1,047,746,496
Adjustments for:		
Depreciation and amortisation expense	160,189,286	101,411,354
Profit on sale of fixed assets	(95,378)	(395,852)
Bad debts written off	-	3,794,073
Provision for doubtful debts, net	24,861,242	21,391,860
Deposits written off	13,698,198	1,000,000
Liabilities no longer required written back	(1,579,200)	(8,417,954)
Provision no longer required written back	(14,551,626)	(25,030,508)
Share of loss from an investment in associate	-	3,064
Interest income on term deposits	(7,045,725)	(8,595,584)
Finance costs	307,898,513	218,296,777
<b>Operating cash flows before working capital changes</b>	<b>1,737,013,160</b>	<b>1,351,203,626</b>
Changes in:		
Trade receivables	(1,590,068,256)	(701,344,906)
Inventories	(10,083,513)	35,175
Long-term loans and advances	(17,784,758)	(99,541,853)
Short-term loans and advances	(42,733,052)	387,504,701
Other current assets and non-current assets	(1,424,133,712)	(480,808,705)
Long-term liabilities and long-term provisions	(2,364,499)	(15,217,399)
Trade payables, other current liabilities and short-term provisions	1,447,311,605	47,560,838
<b>Cash generated from operations</b>	<b>97,156,973</b>	<b>489,391,477</b>
Income taxes paid, net of refund	(538,904,411)	(341,102,914)
<b>Net cash (used in) / provided by operating activities (A)</b>	<b>(441,747,438)</b>	<b>148,288,563</b>
<b>Cash flows from investing activities</b>		
Purchase of fixed assets	(231,980,629)	(150,288,503)
Proceeds from sale of fixed assets	1,701,980	1,413,379
Loans given to related parties	(15,059,079)	-
Acquisition of subsidiaries	(3,476)	(524,753,513)
Purchase of non-current investments	(20,000,000)	-
Bank deposits (having original maturity of more than three months)	15,040,826	(20,139,222)
Interest income on term deposits	6,341,617	8,843,623
<b>Net cash used in investing activities (B)</b>	<b>(243,958,761)</b>	<b>(684,924,236)</b>
<b>Cash flows from financing activities</b>		
Proceeds/repayment from/to borrowings, net	1,096,766,275	881,898,463
Proceeds/repayment under finance leases, net	40,108,516	-
Proceeds from issue of equity shares	25,600,000	-
Finance cost paid	(304,277,869)	(218,296,777)
<b>Net cash provided by financing activities (C)</b>	<b>858,196,922</b>	<b>663,601,686</b>
<b>Net increase in cash and cash equivalents (A+B+C)</b>	<b>172,496,723</b>	<b>126,966,813</b>
Cash and cash equivalents acquired from subsidiaries	134,407,192	388,959,510
Effect of exchange differences on foreign currency cash balances	(752,410)	(8,650,918)
Cash and cash equivalents at the beginning of the year/ period (refer note 18)	760,276,319	253,010,714
<b>Cash and cash equivalents at the end of the year/ period (refer note 18)</b>	<b>1,066,421,824</b>	<b>760,276,319</b>

The notes referred to above form an integral part of the consolidated financial statements

As per our report of even date attached  
for BSR & Associates LLP  
Chartered Accountants  
Firm's Registration No.: 116231 W/W-100024

*Shammit*  
Vijay Dhanwan  
Partner  
Membership No.: 092084

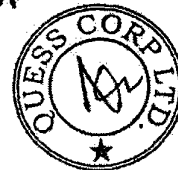
for and on behalf of Board of Directors of  
Quest Corp Limited  
(formerly known as IKYA HUMAN CAPITAL SOLUTIONS LIMITED)

*N.V.S. Pavan Kumar*  
N.V.S. Pavan Kumar  
Chairman & Managing Director &  
CEO  
DIN: 00087168

*Srinivas Nag*  
Srinivas Nag  
Wholesale Director &  
CFO  
DIN: 02234000

N.V.S. Pavan Kumar  
Company Secretary  
Membership No.: A17010

Place: Bengaluru  
Date: 17 May 2016



**Qness Corp Limited and subsidiaries**  
*(formerly known as IKYA HUMAN CAPITAL SOLUTIONS LIMITED)*  
**Notes to the consolidated financial statements for the year ended 31 March 2016**

**Company Overview**

Qness Corp Limited (formerly known as IKYA HUMAN CAPITAL SOLUTIONS LIMITED) ('the Company') is a Company incorporated under the provisions of the Companies Act, 1956 on 19 September 2007 originally as a 'Private Limited Company' and subsequently converted into a 'Limited Company' on 2 July 2013.

The Company has its registered office in Bengaluru, India. The Group is engaged in the business of temporary staffing services, executive search, recruitment services, housekeeping and facility management services including engineering services, food services, skill development, software and solutions services, information technology/ information technology enabled services and training services. The Company changed its name to Qness Corp Limited effective from 2 January 2015. With effect from 14 May 2013, Thomas Cook (India) Limited (TCIL) has become the parent company and Fairfax Financial Holdings Limited has become the ultimate holding company of the Company.

The Company is proposing an initial public offering of its equity shares of face value of Rs 10 each ('the Issue') under the SEBI ICDR Regulations and the relevant provisions of the Companies Act, 2013 ('the Act') and the Companies (Prospectus and Allotment of Securities) Rules, 2014. Pursuant to this, the Company has filed its Draft Red Herring Prospectus dated 1 February 2016.

**1 Significant accounting policies**

The accounting policies set out below have been applied consistently to the periods presented in these financial statements.

**1.1 Basis of accounting and preparation of Consolidated Financial Statements**

These consolidated financial statements of Qness Corp Limited and subsidiaries (collectively referred to as the 'Group') have been prepared and presented in accordance with Indian Generally Accepted Accounting Principles ('GAAP') under the historical cost convention on the accrual basis. GAAP comprises mandatory accounting standards prescribed under Section 133 of the Act read with Rule 7 of the Companies (Accounts) Rules, 2014. The consolidated financial statements are prepared by adopting uniform accounting policies between the group companies for like transactions and other events in similar circumstances and are presented to the extent possible, in the same manner as the Company's separate financial statements.

The Company has taken the view that the amalgamation within the Group (between the Company and its subsidiaries) does not have any economic substance and therefore amalgamation has to be ignored while preparing the consolidated financial statements.

The consolidated financial statements are presented in Indian Rupees, unless otherwise mentioned and rounded off to nearest rupee.

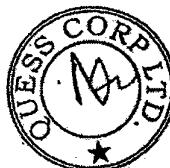
The consolidated financial statements include the results of entities which are as follows:

Sl. No.	Name of the entities	Subsidiary/ Step Subsidiary	Country of incorporation	Effective group shareholding %
1	Coachive Solutions Private Limited (CSPL)	Subsidiary	India	100
2	MFX Infotech Private Limited (MIFL)	Subsidiary	India	100
3	Aravon Services Private Limited (ASPL) #	Subsidiary	India	100
4	Qness (Philippines) Corp	Subsidiary	Philippines	100
5	Qness Corp (USA) Inc.	Subsidiary	United States of America	100
6	Qnesscorp Holdings Pte. Ltd (QHP) ###	Subsidiary	Singapore	100
7	Ikya Business Services (Private) Limited (IBSPL)	Subsidiary	Sri Lanka	100
8	Mindwire Systems Ltd., Canada (MSL)	Step Subsidiary	Canada	100
9	Brainhunter Companies Canada Inc., (BCC)	Step Subsidiary	Canada	100
10	Brainhunter Companies LLC (BCL)	Step Subsidiary	United States of America	100
11	Brainhunter Systems Ltd, Canada (BSL)	Step Subsidiary	Canada	100
12	MFXchange Holdings Inc. (MFXH) ##	Step Subsidiary	Canada	100
13	MFXchange (Ireland) Limited (MFXL) ##	Step Subsidiary	Ireland	100
14	MFXchange US Inc. (MFX) ##	Step Subsidiary	United States of America	100
15	Qnessglobal (Malaysia) SDN.BHD	Step Subsidiary	Malaysia	100

# Acquired during the year effective from 1 April 2015 (refer note 45)

## Became a 100% subsidiary effective from 1 January 2016. These entities were associates till 31 December 2015 (refer note 46)

### Incorporated during the year



**Quest Corp Limited and subsidiaries**  
*(formerly known as IKYA HUMAN CAPITAL SOLUTIONS LIMITED)*  
Notes to the consolidated financial statements for the year ended 31 March 2016

**1.1 Basis of accounting and preparation of Consolidated Financial Statements (continued)**

The consolidated financial statements are prepared in accordance with the principles and procedures required for the preparation and presentation of the consolidated financial statements as laid down under the Accounting Standard (AS) 21 - 'Consolidated financial statements', issued under Companies (Accounting Standards) Rules, 2014.

The consolidated financial statements of the Company and its subsidiaries have been combined on a line-by-line basis by adding together book values of like items of assets, liabilities, income and expenses after eliminating intra-group balances and transactions and resulting unrealised gain/loss.

The excess/ deficit of cost to the Group of its investment over its portion of net worth in the consolidated entities at the respective dates on which investment in such entities was made is recognized in the consolidated financial statements as goodwill/ capital reserve.

**1.2 Use of estimates**

The preparation of financial statements in accordance with Generally Accepted Accounting Principles in India requires Management to make judgement, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses and the disclosure of contingent liabilities as at the date of the financial statements. The estimates and assumption used in the accompanying financial statements are based upon Management's evaluation of the relevant facts and circumstances as on the date of the financial statements. Actual results could differ from those estimates and underlying assumptions are reviewed on an ongoing basis. Any revision to accounting estimates is recognised prospectively in current and future periods.

**1.3 Revenue recognition**

*People and services*

Revenue related to staffing services i.e. salary and incidental expenses of temporary associates along with service charge are recognised in accordance with the agreed terms and recognised as the related services are performed.

Revenue related to recruitment services are recognised at the time the candidate begins full time employment.

Revenue related to executive search and trainings are recognised upon rendering of the service.

Revenue from training services is recognised prorated over the period of training.

*Global technology solutions*

Revenue related to staffing services i.e. salary and incidental expenses of employees of Information Technology/ Information Technology Enabled Services along with service charge are recognised in accordance with the agreed terms and recognized as the related services are performed.

*Integrated facility management*

Revenue for facility management and food services are primarily earned on fixed fee basis and are recognised as per the terms of the arrangement with the customers.

*Industrial asset management*

Revenue from operation and maintenance services are primarily earned on a fixed fee basis and are recognized ratably over the period of the contract with the customer. Certain arrangements are on time and material basis and are recognized as the services are performed as per the terms of the arrangement with the customer.

*Software and solutions business*

Revenue from information technology primarily includes colocation, which includes the licensing of cabinet space and power, interconnection offerings, managed infrastructure services and application management services. Revenue is recognized ratably in accordance with the agreed terms of the contract with the customers.

Deferred revenue included in other current liabilities represents amounts billed in excess of revenue earned. Unbilled revenue included in other current assets represents revenue earned in excess of amounts billed.

*Interest income*

Interest income is recognised using the time-proportion method, based on the underlying interest rates.

**1.4 Fixed assets, depreciation and amortization**

**Tangible fixed assets**

Tangible fixed assets are stated at the cost of acquisition or construction less accumulated depreciation up to the date of the balance sheet. The cost of an item of tangible asset comprises its purchase price, including import duties and other non-refundable taxes or levies and any directly attributable cost of bringing the asset to its working condition for its intended use; any trade discounts and rebates are deducted in arriving at the purchase price. Cost of the fixed assets not ready for their intended use before such date are disclosed as capital work-in-progress.

Leases under which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. Such assets are capitalized at fair value of the asset or present value of the minimum lease payments at the inception of the lease, whichever is lower.



1.4 Fixed assets, depreciation and amortization (continued)

**Intangible fixed assets**

Acquired intangible assets are measured initially at cost. After initial recognition, an intangible asset is carried at its cost less any accumulated amortisation and any accumulated impairment loss. Subsequent expenditure is capitalised only when it increases the future economic benefits from the specific asset to which it relates.

Intangible assets are amortised in the statement of profit or loss over their estimated useful lives, from the date they are available for use based on the expected pattern of consumption of economic benefits of the asset.

The carrying value of these intangible assets is reviewed annually for impairment and adjusted to the recoverable amount, if required.

**Depreciation**

Depreciation on fixed assets is provided using the straightline method over the estimated useful life of the assets. The Group believes that the existing useful life as given below represents the best useful estimated lives of these assets. Accordingly, the Group has carried out an internal assessment and obtained technical advice where necessary which is different from the useful lives as prescribed under Part C of Schedule II of the Companies Act 2013. Depreciation on additions and disposals is provided pro rata for the period in use. The estimated useful lives of assets are as follows:

Asset description	Useful life
Computer equipment	3 years
Computer (data server)	7 years
Furniture and fixtures	4 - 7 years
Vehicles	3 years
Office equipment	4 - 5 years
Plant and machinery	3 years

Depreciation is provided on a proportionate basis for all assets purchased and sold during the year. Individual assets costing Rs 5,000 or less are depreciated at the rate of 100%. Leasehold improvements are amortized over the lease term or estimated useful life of 3 years, whichever is lower. Leasehold computer equipment are amortized over the lease term or estimated useful life of 3 years, whichever is lower.

**Amortization**

Amortization is provided at rates calculated to write off the cost less estimated residual value of each asset on a straight-line basis over its estimated useful life.

The amortization rates are as follows:

Asset description	Useful life
Goodwill	5 years or estimated useful life whichever is lower
Software (owned)	3 years

Leasehold software are amortized over the lease term or estimated useful life of 3 years, whichever is lower.

1.5 Impairment of assets

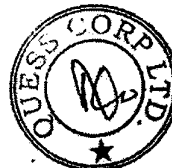
The Group assesses at each balance sheet date whether there is any indication that an asset (including goodwill arising on consolidation) or a group of assets comprising a cash generating unit may be impaired. If any such indication exists, the Group estimates the recoverable amount of the asset. For an asset or group of assets that does not generate largely independent cash inflows, the recoverable amount is determined for the cash generating unit to which asset belongs. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognised in the statement of profit and loss.

If at the balance sheet date there is an indication that if a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to maximum of depreciable historical cost. An impairment loss is reversed only to the extent that the carrying amount of asset does not exceed the net book value that would have been determined, if no impairment loss had been recognised. Impairment loss recognised for goodwill is not reversed in a subsequent period unless the impairment loss was caused by a specific external event of an exceptional nature that is not expected to recur, and subsequent external events have occurred that reverse the effect of that event.

1.6 Inventories

Inventories (Raw materials and stores and spares) which comprise of food consumables, operating supplies and cleaning consumables are valued at the lower of cost and net realisable value. Cost of inventories comprises purchase price, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. In determining cost, weighted average cost method is used. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs to sell. The comparison of cost and net realisable value is made on an item-by-item basis.

Inventories are stated net of write down or allowances for obsolete, damaged or slow moving items.



**1.7 Foreign exchange transactions and translations**

The reporting currency of the Group is Indian Rupee. The local currencies of the non-integral subsidiaries are different from the reporting currency of the Group.

Foreign exchange transactions are recorded using the exchange rates prevailing on the dates of the respective transactions. Exchange differences arising on foreign exchange transactions settled during the year are recognized in the statement of profit and loss for the year.

Monetary assets and liabilities denominated in foreign currencies as at the balance sheet date are translated at the closing exchange rates; the resultant exchange differences are recognized in the statement of profit and loss.

Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction.

**Non-integral operations**

The financial statements of the foreign non-integral subsidiaries/Step subsidiaries are translated into Indian Rupees as follows:-

- All assets and liabilities, both monetary and non-monetary are translated using the closing rates
- Share capital and opening reserves and surplus are carried at historical cost
- Revenue and expenses are translated at average rates
- The resulting net exchange difference is credited or debited to the "foreign currency translation reserve"
- Contingent liabilities are translated at the closing rates

Exchange differences which have been deferred in foreign currency translation reserve are not recognized as income or expenses until the disposal of that entity.

**1.8 Investments**

Non-current investments are valued at cost less any other than temporary diminution in value, determined on a specific identification basis.

**1.9 Employee benefits**

**Post employment benefits**

**Defined contribution plan**

**Provident Fund**

A defined contribution plan is a post-employment benefit plan under which an entity pays specified contributions to a separate entity and has no obligation to pay any further amounts. The Group makes specified monthly contributions towards employee Provident Fund to Government administered provident fund scheme which is a defined contribution plan. The Group's contribution is recognised as an expense in the statement of profit and loss during the period in which the employee renders the related service.

**Defined benefit plan**

**Gratuity**

The Group's gratuity benefit scheme are defined benefit plans. The Group's net obligation in respect of a defined benefit plan is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value. Any unrecognised past service costs and the fair value of any plan assets are deducted. The calculation of the Group's obligation is performed annually by an independent actuary using the projected unit credit method as at the reporting date.

The Group recognises all actuarial gains and losses arising from defined benefit plans immediately in the Statement of profit and loss. All expenses related to defined benefit plans are recognised in employee benefits expense in the Statement of profit and loss. The Group recognises gains and losses on the curtailment or settlement of a defined benefit plan when the curtailment or settlement occurs.

**Compensated absences**

The employees can carry forward a portion of the unutilised accrued compensated absences and utilise it in future service periods; The Group records an obligation for such compensated absences in the period in which the employee renders the services that increase this entitlement. The obligation is measured on the basis of an independent actuarial valuation using the projected unit credit method as at the reporting date.

**1.10 Employee stock options**

The Group has issued stock options to its employees. The Group measures and discloses such cost using intrinsic value-based method as prescribed in the Guidance Note on Accounting for Employee Share-based Payments issued by the Institute of Chartered Accountants of India. Under this method, compensation expense measured on the date of grant is recognised over the vesting term on a straight line basis.

**1.11 Leases**

Leases under which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Lease payments are charged to the statement of profit and loss on a straight line basis over the lease term.



**1.12 Earnings per share**

In determining the earning per share, the net profit after tax is divided by the weighted average number of shares outstanding during the year. The number of shares used in computing diluted earnings per share comprises the weighted average number of shares considered for deriving basic earnings per share and also the weighted average number of equity shares that could have been issued on the conversion of all dilutive potential equity shares. Dilutive potential equity shares are deemed converted as of the beginning of the period unless issued at a later date. In computing dilutive earning per share, only potential equity shares that are dilutive i.e. which reduces earnings per share or increases loss per share are included.

**1.13 Taxation**

The income tax expense comprises current tax (i.e. amount of tax for the year determined in accordance with the income tax law) and deferred tax charge or credit (reflecting the tax effects of timing differences between accounting income and taxable income for the year).

Deferred tax charge or credit are recognised for the future tax consequences attributable to timing difference that result between the profit offered for income taxes and the profit as per the financial statements. The deferred tax charge or credit and the corresponding deferred tax liabilities or assets are recognised using the tax rates that have been enacted or substantively enacted by the balance sheet date. Deferred tax assets are recognised only to the extent there is reasonable certainty that the assets can be realised in future, however, when there is a brought forward loss or unabsorbed depreciation under taxation laws, deferred tax assets are recognised only if there is virtual certainty of realisation or such assets. Deferred tax assets are reviewed as at each balance sheet date and written down or written-up to reflect the amount that is reasonably / virtually certain as the case may be to be realised.

The Group offset, on a year on year basis, the current tax assets and liabilities, where it has a legally enforceable right and where it intends to settle such assets and liabilities on a net basis.

**1.14 Provisions, contingent liabilities and contingent assets**

A provision is recognized if, as a result of a past event, the Group has a present obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are recognized at the best estimate of the expenditure required to settle the present obligation at the reporting date. The provisions are measured on an undiscounted basis.

A contingent liability exists when there is a possible but not probable obligation, or a present obligation that may, but probably will not, require an outflow of resources, or a present obligation whose amount cannot be estimated reliably. Contingent liabilities do not warrant provisions, but are disclosed unless the possibility of outflow of resources is remote. Contingent assets are neither recognised nor disclosed in the consolidated financial statements. However, contingent assets are assessed continually and if it is virtually certain that an inflow of economic benefits will arise, the asset and related income are recognised in the period in which the change occurs.

**Warranties**

Warranty costs are estimated on the basis of a technical evaluation and past experience. Provision is made for estimated liability in respect of warranty costs in the year of rendering of services.

**Onerous contracts**

A contract is considered as onerous when the expected economic benefits to be derived by the Group from the contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision for an onerous contract is measured at the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract.

**1.15 Cash flow statement**

Cash flow statement is reported using indirect method, whereby net profits before tax is adjusted for the effects of transactions of a non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows arising from operating, investing and financing activities of the Group are segregated.

**1.16 Cash and cash equivalents**

Cash and cash equivalents in the cash flow statement comprise cash and balances with banks. The Company considers all highly liquid investments with a remaining maturity at the date of purchase of 3 months or less and that is readily convertible to known amounts of cash or cash equivalents.

**1.17 Goodwill**

Any excess of the cost to the parent of its investment in a subsidiary over the parent's portion of equity of the subsidiary, at the date on which investment in the subsidiary is made, is recorded as goodwill arising on consolidation.

Goodwill arising on consolidation is not amortised. It is tested for impairment on a periodic basis and written off, if found impaired.



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2 Share capital

Particulars	(Amount in Rs)	
	As at 31 March 2016	As at 31 March 2015
<b>Authorised</b>		
200,000,000 (31 March 2015 : 113,104,631) equity shares of par value of Rs 10 each*	2,000,000,000	1,131,046,310
	<u>2,000,000,000</u>	<u>1,131,046,310</u>
<b>Issued, subscribed and paid-up</b>		
113,335,056 (31 March 2015 : 25,773,764) equity shares of par value of Rs 10 each, fully paid up	1,133,350,560	257,737,640
	<u>1,133,350,560</u>	<u>257,737,640</u>

\* During the year, the Company vide its Extra ordinary general meeting dated 10 August 2015 has increased its authorised share capital from Rs 1,131,046,310 divided into 113,104,631 equity shares of Rs 10 each to Rs 2,000,000,000 divided into 200,000,000 equity shares of Rs 10 each.

2(a) Reconciliation of number of shares outstanding at the beginning and at the end of the year/ period

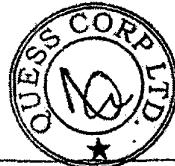
Particulars	As at 31 March 2016		As at 31 March 2015	
	Number of shares	Amount in Rs	Number of shares	Amount in Rs
<b>Equity shares</b>				
At the commencement of the year/ period	25,773,764	257,737,640	18,996,807	189,968,070
Shares issued on conversion of compulsory convertible preference shares [refer note 2(a)(i)]			6,776,957	67,769,570
Shares issued during the year/ period:				
Right issue [refer note 2(a)(ii)]	2,560,000	25,600,000		
Bonus issue [refer note 2(a)(iii)]	85,000,292	850,012,920		
At the end of the year/period	<u>113,335,056</u>	<u>1,133,350,560</u>	<u>25,773,764</u>	<u>257,737,640</u>
<b>0.001% Compulsorily convertible preference shares of par value Rs 100 each</b>				
At the commencement of the year/ period			7,717,912	771,791,200
Conversion to equity shares [refer note 2(a)(i)]			(7,717,912)	(771,791,200)
At the end of the year/period				

2(a)(i) The Company had issued 0.001% compulsory convertible preference shares (CCPS) of Rs 100 each to Thomas Cook (India) Limited at a premium of Rs 24.38 vide Share Subscription Agreement (SSA) dated 5 February 2013. During the previous period, as per the terms and condition of SSA, the Company vide its Board meeting dated 14 October 2014 has converted 7,717,912 CCPS into 6,776,957 equity shares at a premium of Rs 131.66 per share. Out of the total premium of Rs 892,230,430 arising on this arrangement, Rs 188,208,800 collected on the initial issue of CCPS as above, was adjusted against the share premium and Rs 704,021,630 was recognized as premium on conversion of CCPS in the previous period.

2(a)(ii) Right Issue

During the year, the Company vide its Board meeting dated 6 November 2015, has offered 2,560,000 equity shares of Rs 10 each on right basis, in pursuance to the requirements of Section 62 of the Companies Act, 2013 read with the Companies (Share capital and Debentures) Rules 2014 in the ratio of 0.099 equity shares for every equity share held in the Company as on date to the existing shareholders. Thomas Cook (India) Ltd in its Board meeting has resolved not to subscribe to the right issue and has obtained the shareholders approval on 12 December 2015 by way of postal ballot and accordingly a resolution of renunciation was approved by the Board of Directors of the Thomas Cook (India) Ltd vide circular resolution dated 18 December 2015 for renouncing 1,957,302 equity shares in favour of Net Resources Investments Private Limited. On 21 December 2015, Mr. Ajit Isaac renounced his rights of 461,516 shares in favour of Net Resources Investments Private Limited. Accordingly, the Company in its Board meeting dated 22 December 2015 has approved the allotment of equity shares on right basis as follows:

Name of shareholder	Number of shares before right issue	Number of right shares issued	Number of shares after right issue
Thomas Cook (India) Limited	19,705,874		19,705,874
Mr. Ajit Isaac	4,646,490		4,646,490
Net Resources Investments Private Limited	7,294,100	2,547,356	3,841,456
Mr. Albert Nathan	38,525	3,827	42,352
Mr. Gurusadas Srinivasan	28,475	2,828	31,303
Mr. Venkatesan Jayaraman	20,100	1,997	22,097
Mr. Vijay Sivaram	20,100	1,996	22,096
Ms. Pralibha J	13,400	1,331	14,731
Mr. Jaison Jose	6,700	665	7,365
<b>Total</b>	<b>25,773,764</b>	<b>2,560,000</b>	<b>28,333,764</b>



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**2(a)(iii) Bonus Issue**

During the year, the Company in pursuant to the requirements of Section 63(1) of the Companies Act, 2013 and after obtaining the consent of shareholders at the Extra ordinary general meeting held on 23 December 2015 and vide its Board meeting held on 5 January 2016 has passed a resolution to issue 3 fully paid up equity shares of Rs 10 each for every 1 fully paid up equity share of Rs 10 each to the existing shareholder whose name appears in the register of members as on 23 December 2015 by utilizing securities premium account. The bonus shares shall rank pari passu in all respects including dividend with the existing equity shares of the Company. The movement in shareholding with respect to bonus issue is as follows:

Name of shareholder	Number of shares*	Number of bonus shares issued	Number of shares after bonus issue
Thomas Cook (India) Limited	19,705,874	59,117,622	78,823,496
Net Resources Investments Private Limited	3,841,456	11,524,368	15,365,824
Mr. Ajit Isaac	4,646,490	13,939,470	18,585,960
Ms. Amrita Nathani	42,352	127,056	169,408
Mr. Guruprasad Srinivasan	31,303	93,909	125,212
Mr. Venkatesan Jayaraman	22,097	66,291	88,388
Mr. Vijay Sivaram	22,096	66,288	88,384
Ms. Prabhha J	14,731	44,193	58,924
Mr. Jaison Jose	7,365	22,095	29,460
<b>Total</b>	<b>28,333,764</b>	<b>85,081,292</b>	<b>113,335,056</b>

\*shareholding post right issue

**2(b) Rights, preferences and restrictions attached to equity shares**

The Company has a single class of equity shares. Accordingly, all equity shares rank equally with regard to dividends and share in the Company's residual assets. The equity shares are entitled to receive dividend as declared from time to time. The voting rights of an equity shareholder on a poll (not on show of hands) are in proportion to its share of the paid-up equity capital of the Company. On winding up of the Company, the holders of the equity shares will be entitled to receive the residual assets of the Company, after distribution of all preferential amounts, if any, in proportion to the number of equity shares held.

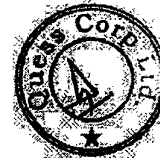
**2(c) Shares held by holding company**

Particulars	As at 31 March 2016		As at 31 March 2015	
	Number of shares	Amount in Rs	Number of shares	Amount in Rs
(i) Equity shares of par value Rs 10 each				
Thomas Cook (India) Limited	78,823,496	788,234,960	19,705,874	197,058,740

**2(d) Details of shareholders holding more than 5% shares in the Company**

Particulars	As at 31 March 2016		As at 31 March 2015	
	Number of shares	% held	Number of shares	% held
(i) Equity shares of par value Rs 10 each				
Thomas Cook (India) Limited	78,823,496	69.55%	19,705,874	76.46%
Ajit Isaac	18,585,960	16.40%	4,646,490	18.03%
Net Resources Investments Private Limited	15,365,824	13.56%	1,294,100	5.02%

**2(e) The Company has not made any buy back of shares or issued any shares for consideration other than cash, during the period of five years immediately preceding the balance sheet date. However, the Company has issued bonus shares in the current financial year.**





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3 Reserves and surplus

Particulars	(Amount in Rs)	
	As at 31 March 2016	As at 31 March 2015
Securities premium account at the beginning of the year/ period	1,258,328,919	554,307,289
Add: premium on conversion of preference shares to equity shares (refer note 2)	-	704,021,630
Less: amount utilized for issuing bonus shares (refer note 2)	(850,012,920)	-
Securities premium account at the end of the year/ period	408,315,999	1,258,328,919
Share options outstanding account at the beginning of the year/ period	56,137,381	56,137,381
Less: transfer to general reserve on forfeiture of stock options (refer note 3.1 and 40)	(12,655,982)	-
Stock options outstanding account at the end of the year/ period	43,481,399	56,137,381
Foreign currency translation reserve		
Balance at the beginning of the year/ period	1,386,580	(319,500)
Add: Additions during the year/ period	(3,317,587)	1,706,080
Balance at the end of the year/ period	(1,931,007)	1,386,580
Capital reserve		
Balance at the beginning of the year/ period	-	-
Add: arising on account of acquisition (refer note 45)	29,055,793	-
Balance at the end of the year/ period	29,055,793	-
General reserve		
Balance at the beginning of the year/ period	-	-
Add: transfer from stock options outstanding account (refer note 3.1 and 40)	12,655,982	-
Balance at the end of the year/ period	12,655,982	-
Surplus (in the statement of profit and loss balance)		
At the commencement of the year/ period	933,744,775	244,820,063
Add: Net profit for the year/ period	897,160,038	688,924,712
Balance in statement of profit and loss at the end of the year/ period	1,830,904,813	933,744,775
	<u>2,322,482,979</u>	<u>2,249,597,655</u>

3.1 During the year, the Company has forfeited the unexercised employee stock options pertaining to employees resigned during the current and earlier years/ periods.

4 Long-term borrowings

Particulars	(Amount in Rs)	
	As at 31 March 2016	As at 31 March 2015
<i>Secured</i>		
From Bank (refer note 4.1)	170,766,701	-
Finance lease obligations (refer note 4.2)	182,482,569	-
<i>Unsecured</i>		
Vehicle loan (refer note 4.3)	1,564,609	-
	<u>354,813,879</u>	

4.1 During the previous period, BSL had taken short-term borrowings from ICICI Bank aggregating Rs 494,957,486 (CAD 9,995,143). The maximum limit sanctioned towards this facility by the bank was CAD 10,700,000.

During the year, BSL has refinanced the aforesaid sanctioned facility into term loan aggregating Rs 204,920,000 (CAD 4,000,000) and short-term borrowings of Rs 343,241,000 (CAD 6,700,000). The term loan and the short-term borrowing are secured by way of pledge of 7,300,000 shares of BSL held by Qness Corp (USA) Inc and Corporate Guarantee given by Qness Corp Limited. Term loan and short-term borrowings are carrying an interest rate ranging from CDOR plus 2.75% to 3.25% per annum. The term loan of 204,920,000 (CAD 4,000,000) is repayable in twelve quarterly installments commencing 1 December 2016. Accordingly, the Group has disclosed an amount aggregating Rs 170,766,701 (CAD 3,333,334) as long-term borrowings and Rs 34,153,299 (CAD 666,666) is included in the current maturities of long-term borrowings as disclosed in note 9.



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- 4.2 MFXH buys computer equipment, computer software and leasehold improvements on finance lease. Principal payments which are due after twelve months from the reporting date has been classified as long-term maturities of finance lease obligations amounting to Rs 182,482,569 (31 March 2015: Nil). Principal payments which are due within twelve months from the reporting date has been classified as current maturities of long-term finance lease obligations aggregating to Rs 114,507,391 (31 March 2015: Nil) under other current liabilities. These are secured by hypothecation of assets taken on lease and carry interest rate of 5.00% to 6.30%. The lease agreement is for period of 2-5 years.
- 4.3 Vehicle loan is taken from Mahindra and Mahindra Financial Services Limited which carries interest rate of 14.50% p.a. and is repayable in thirty six equal monthly instalments. Principal payments which are due after twelve months from the reporting date aggregating Rs 1,564,609 has been classified as long-term borrowings. Principal payments which are due within twelve months from the reporting date aggregating to Rs 795,661 has been classified as current maturities of long-term borrowings under other current liabilities.

5 Other long-term liabilities

Particulars	(Amount in Rs)	
	As at 31 March 2016	As at 31 March 2015
Payable to erstwhile minority shareholders (refer note 5.1)		6,666,667
		<u>6,666,667</u>

- 5.1 The Company vide its agreement dated 14 May 2013 acquired 100% shareholding of Avon Facility Management Services Limited at a total consideration of Rs 142,627,500. Out of the total consideration, in accordance with Share Purchase Agreement, the Company has paid Rs 120,094,167 in May 2013 and has agreed to pay Rs 29,200,000 to certain shareholders over a period of 3 years. Till previous period, the Company has already paid an amount aggregating Rs 22,533,333 and the remaining amount of Rs 6,666,667 (payable in 2016) is disclosed in other current liabilities.

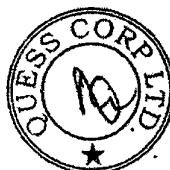
6 Long-term provisions

Particulars	(Amount in Rs)	
	As at 31 March 2016	As at 31 March 2015
Provision for employee benefit		
Provision for gratuity (refer note 37)	62,538,912	61,395,081
Others		
Provision for consideration payable on acquisition (refer note 38 and 46)	322,391,371	-
Provision for disputed claims (refer note 38)	75,841,379	22,626,824
Provision for rent escalation	3,974,242	1,091,888
	<u>464,745,904</u>	<u>85,113,793</u>

7 Short-term borrowings

Particulars	(Amount in Rs)	
	As at 31 March 2016	As at 31 March 2015
Loans from bank repayable on demand		
Secured		
Cash credit and overdraft facilities (refer note 7.1 below)	1,864,522,484	1,410,726,760
Bill discounting facility from bank (refer note 7.2 below)	369,238,838	228,875,979
Working capital loan (refer note 7.3 below)	840,000,000	530,000,000
Loan from related parties, unsecured		
From Fairfax (US), Inc. (refer note 7.4 below and refer note 35)	265,020,000	-
From Fairfax Financial Holdings Limited (refer note 7.5 below and refer note 35)	51,230,000	34,663,860
	<u>3,390,011,322</u>	<u>2,204,266,599</u>

- 7.1 Cash credit from banks are secured primarily by way of exclusive charge on the current assets and on the movable assets of the BSL. Cash credit includes the working capital facility of Rs 343,241,000 (CAD 6,700,000) [31 March 2015: Rs 494,957,486 (CAD 9,995,143)] availed by BSL from ICICI Bank Canada as detailed in note 4.1.
- 7.2 Credit availed on bills discounted from banks are secured primarily by way of pari passu first charge on the entire current assets of the Group on both past and future and additionally by way of pari passu first charge on the entire movable assets of the Group.
- 7.3 Working capital loan from banks are secured primarily by way of pari passu first charge on the entire current assets of the Group on both past and future and additionally by way of pari passu first charge on the entire movable assets of the Group.
- 7.4 During the previous period, MFXchange US, Inc. had entered into an arrangement with Fairfax (US) Inc. to obtain a revolving credit facility upto Rs 331,275,000 (USD 3,000,000) which carries an interest rate of 3-5% per annum on incremental basis each year upto 3 November 2018.
- 7.5 This represents interest free unsecured loan taken by Brainhunter Systems Ltd. from Fairfax Financial Holdings Limited (Rs 51,230,000 (CAD 1,000,000) [31 March 2015: Rs 34,663,860 (CAD 700,000)]). The loan is repayable on demand.



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8 Trade payables

Particulars	(Amount in Rs)	
	As at 31 March 2016	As at 31 March 2015
Dues to other than micro, small and medium enterprises*	675,518,164	417,275,456
Dues to micro, small and medium enterprises (refer note 39)		
	<u>675,518,164</u>	<u>417,275,456</u>
* includes payable to related parties (refer note 35)	1,523,999	2,194,187

9 Other current liabilities

Particulars	(Amount in Rs)	
	As at 31 March 2016	As at 31 March 2015
Current maturities of long-term borrowings (refer note 4.1, 4.3 and 9.1, 9.2)	35,077,141	31,593,698
Current maturities of finance lease obligations (refer note 4.2)	114,507,391	
Interest accrued and not due	5,199,610	1,578,966
Income received in advance	105,693,479	305,137,734
<b>Other Payables</b>		
Advance received from customers	145,889,620	117,980,823
Balances payable to government authorities	739,604,157	336,551,564
Bank overdraft	38,565,823	60,849,571
Payable to erstwhile minority shareholders (refer note 5)	6,666,666	6,666,667
Accrued salaries and benefits (refer note 9.3)	2,463,574,996	950,564,874
Provision for expenses	181,682,384	68,528,593
Uniform deposits	2,706,224	1,837,670
Provision for rent escalation	1,563,679	891,691
Other liabilities	116,079	9,170,771
	<u>3,840,847,249</u>	<u>1,891,357,672</u>

- 9.1 This includes term loan from National Skill Development Centre ('NSDC') of Rs Nil (31 March 2015 : Rs 30,000,000) which is secured against hypothecation of project assets and has been repaid during the year.
- 9.2 Current maturities of long term includes loan outstanding of Rs 128,181 (31 March 2015 : Rs 1,593,698) towards vehicle loan taken from HDFC Bank and is repayable in 36 equal monthly instalments.
- 9.3 Includes provision for bonus for the financial year 2015-16 aggregating Rs 453,637,437 computed based on the circular issued by Ministry of law and justice dated 31 December 2015 which requires Group to pay bonus at the specified revised threshold. (refer note 42).
- 10 Short-term provisions

Particulars	(Amount in Rs)	
	As at 31 March 2016	As at 31 March 2015
<b>Provision for employee benefits</b>		
Provision for gratuity (refer note 37)	152,183,206	878,664
Provision for compensated absences	44,725,352	53,006,120
	<u>196,908,558</u>	<u>53,884,784</u>
<b>Others</b>		
Provision for warranty (refer note 38)		12,000,000
Provision for onerous contracts (refer note 38)		1,077,806
	<u>196,908,558</u>	<u>66,962,590</u>



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11(a) Tangible Assets

Particulars	(Amount in Rs)							
	Leasehold improvements	Furniture and fixtures	Vehicles	Office equipment	Plant and machinery	Computer equipment	Computer equipment - leased	Total
<b>Gross book</b>								
Cost on Valuation								
As at 1 January 2014	60,387,166	29,893,557	8,475,656	20,755,402	63,577,890	55,306,888	-	238,296,568
Additions on Acquisition	21,010,678	25,018,130	410,346	-	12,082,612	62,378,368	-	170,900,234
Disposals during the period	7,278,717	21,807,430	-	41,174,352	17,171,289	34,948,361	-	172,380,135
As at 31 March 2015	80,836,617	75,814,947	8,836,102	61,939,754	91,418,020	151,997,617	-	470,433,057
Additions on Acquisition	195,645,937	28,361,459	5,877,952	59,660,465	20,087,093	6,285,793	315,602,232	631,521,631
Disposals during the year	10,022,231	15,538,862	3,422,434	32,296,634	10,891,643	50,169,663	53,031,253	173,372,720
As at 31 March 2016	175,459,323	188,637,544	12,291,620	89,303,585	100,613,470	108,113,547	362,571,009	767,079,558
Accumulated Depreciation								
As at 1 January 2014	38,774,317	25,817,147	2,896,426	16,193,809	36,185,136	42,786,432	-	162,453,267
Additions on Acquisition	17,351,079	21,619,008	361,470	-	6,279,769	56,003,937	-	101,615,263
Disposals during the period	19,298,965	5,896,982	3,930,591	4,888,153	20,527,087	16,093,159	-	70,635,837
As at 31 March 2015	67,584,417	52,428,967	6,988,487	21,081,962	61,666,988	114,837,173	-	324,577,994
Additions on Acquisition	130,391,761	27,960,950	4,495,182	49,815,404	11,504,377	3,605,303	151,233,771	378,928,948
Disposals during the year	15,651,917	7,018,245	2,277,878	17,885,933	25,539,016	27,914,316	29,038,887	115,656,092
As at 31 March 2016	182,324,261	73,371,672	9,205,791	53,011,433	47,632,349	90,528,160	152,033,651	568,100,124
Net Book								
As at 31 March 2016	72,762,805	30,305,982	3,291,044	66,292,152	52,981,121	7,585,387	206,537,358	298,929,434
As at 31 March 2015	13,252,200	23,385,980	1,847,615	40,857,792	29,751,032	36,760,444	-	145,055,063

Note:  
\* Represents translation of tangible assets of non integral operations into Indian Rupees.  
# Includes tangible assets having gross book value of Rs 631 million, accumulated depreciation of Rs 379 million and net book value of Rs 252 million taken over on acquisition of ASPI and MFExchange group with effect from 1 April 2015 and 1 January 2016.



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11(b) Intangible assets and intangible assets under development

(Amount in Rs)					
Particulars	Goodwill	Computer software	Computer software - leased	Total	Intangible assets under development
<b>Gross Book</b>					
<b>Cost or Valuation</b>					
As at 1 January 2014	51,281,280	29,132,497		80,413,777	
Additions on Acquisition	15,267,028	6,091,379		21,358,407	
Additions during the period		31,484,575		31,484,575	
Disposals during the period					
As at 31 March 2015	66,548,308	66,708,451		133,256,759	
Additions on Acquisition#		44,407,904	20,433,676	64,841,580	
Additions during the year		30,196,050		30,196,050	23,906,550
Disposals during the year					
Translation adjustment*		36,012	17,502	53,514	
As at 31 March 2016	66,548,308	141,348,417	20,451,178	228,347,903	23,906,550
<b>Accumulated Amortisation</b>					
As at 1 January 2014	18,431,377	19,755,117		38,186,494	
Additions on Acquisition	15,267,029	6,091,378		21,358,407	
Charge for the period	18,280,801	12,494,716		30,775,517	
Disposals during the period					
As at 31 March 2015	51,979,207	38,341,211		90,320,418	
Additions on Acquisition#		37,521,270	5,288,233	42,809,503	
Charge for the year	12,163,803	20,464,087	1,735,304	34,363,194	
Disposals during the year					
Translation adjustment*		17,622	(26,564)	(8,942)	
As at 31 March 2016	64,143,010	96,344,190	6,996,973	167,484,173	
<b>Net Book</b>					
As at 31 March 2016	2,405,298	45,004,227	13,454,205	60,863,730	23,906,550
As at 31 March 2015	14,569,101	28,367,240		42,936,341	

Note :

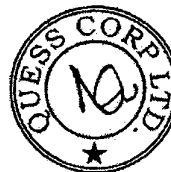
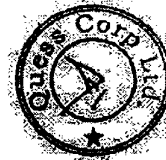
\* Represents translation of intangible assets of non integral operations into Indian Rupees.

# Includes intangible assets having gross book value of Rs 64 million, accumulated depreciation of Rs 42 million and net book value of Rs 22 million taken over on acquisition of ASPL and MFExchange group with effect from 1 April 2015 and 1 January 2016.

11(c) Goodwill on consolidation

Goodwill on consolidation represents the excess of purchase consideration over net asset value of acquired subsidiaries on the date of such acquisition. Such goodwill is tested for impairment annually or more frequently, if there are indications for impairment. An amount of Rs 2,045,547,531 (31 March 2015 : Rs 1,104,219,485) has been recognised as Goodwill on consolidation as per the requirements of AS 21 - Consolidated Financial Statements.

The Company has taken the view and stated in the significant accounting policies clause 1.1 "Basis of accounting and preparation of Consolidated Financial Statements" that the amalgamation within the Group (between the Company and its subsidiaries) does not have any economic substance and therefore amalgamation was ignored while preparing the consolidated financial statements.



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Notes to the consolidated financial statements for the year ended 31 March 2016

12 Non-current investments

Particulars	(Amount in Rs)	
	As at 31 March 2016	As at 31 March 2015
<i>(at cost, unless otherwise specified)</i>		
<b>Investments in equity instruments (refer note 41)</b>		
Unquoted, Trade Investments		
200,000 (31 March 2015 : Nil) fully paid up equity shares of par value of Rs 10 each of KMG Infotech Limited*	16,549,575	-
<b>Other non-current investments (refer note 41)</b>		
Unquoted, Trade Investments		
Investment in Styracorp Management Services	13,224,490	-
Investment in IME Consultancy	6,775,510	-
	<u>36,549,575</u>	
Aggregate amount of unquoted investments	36,549,575	-

\* Investment acquired on acquisition of MFExchange Holdings Inc. (refer note 46)

13 Deferred tax assets (net)

Particulars	(Amount in Rs)	
	As at 31 March 2016	As at 31 March 2015
Deferred tax liability		
Fixed assets	(72,433,124)	(25,607,945)
Deferred tax assets		
Gratuity and compensated absences	82,659,755	37,485,684
Provision for doubtful debts	36,038,011	6,644,135
Provision for bonus	163,203,854	-
Provision for disputed claims	7,830,691	7,690,857
Provision for interest on service tax	12,668,990	-
Provision for rent escalation	1,660,128	674,219
Others	<u>1,926,497</u>	<u>2,723,418</u>
	<u>233,148,803</u>	<u>29,610,368</u>

Deferred tax assets on the carry forward losses of certain subsidiaries within and outside India have not been recognised owing to brought forward losses.

14 Long-term loans and advances

Particulars	(Amount in Rs)	
	As at 31 March 2016	As at 31 March 2015
<i>(Unsecured and considered good)</i>		
Capital advances	7,569,807	3,064,498
Security deposits	83,286,761	61,000,864
Advance income tax (net of provision for tax)	717,533,956	449,711,273
Minimum alternate tax credit entitlement	1,281,119	1,281,119
Payment made under protest	15,371,182	15,371,182
Advance to employees	-	595,507
Others	<u>26,158</u>	<u>3,301,195</u>
	<u>825,668,983</u>	<u>534,325,638</u>

15 Other non-current assets

Particulars	(Amount in Rs)	
	As at 31 March 2016	As at 31 March 2015
Prepaid expenses	14,014,902	5,400,040
Bank deposits (due to mature after 12 months from the reporting date) (refer note 18.1)	21,740,219	4,329,637
	<u>35,755,121</u>	<u>9,729,677</u>

16 Inventories

Particulars	(Amount in Rs)	
	As at 31 March 2016	As at 31 March 2015
<i>(Valued at lower of cost and net realizable value)</i>		
Raw material and consumables	10,709,110	4,390,088
Stores and spares	7,867,832	883,281
	<u>18,576,942</u>	<u>5,273,371</u>



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17 Trade receivables

Particulars	(Amount in Rs.)	
	As at 31 March 2016	As at 31 March 2015
Receivables outstanding for a period exceeding six months from the date they become due for payment		
<i>Unsecured</i>		
Considered good*	337,613,659	372,842,668
Considered doubtful	131,641,833	81,896,536
Less: provision for trade receivables	(131,641,833)	(81,896,536)
	<u>337,613,659</u>	<u>372,842,668</u>
Other receivables		
Considered good	3,944,386,820	2,175,521,427
Considered doubtful	3,108,220	-
Less: provision for trade receivables	(3,108,220)	-
	<u>3,944,386,820</u>	<u>2,175,521,427</u>
	<u>4,282,000,479</u>	<u>2,548,364,095</u>
* includes receivables from related parties (refer note 35)	29,144,270	14,354,876

18 Cash and bank balances

Particulars	(Amount in Rs.)	
	As at 31 March 2016	As at 31 March 2015
<i>Cash and cash equivalents</i>		
Cash in hand	1,449,144	1,198,556
Balances with banks		
In current accounts	1,034,972,680	742,221,863
In deposit accounts (refer note 18.1)	30,000,000	16,855,900
	<u>1,066,421,824</u>	<u>760,276,319</u>
<i>Other bank balances</i>		
In deposit accounts (refer note 18.1)	27,107,871	57,971,929
	<u>27,107,871</u>	<u>57,971,929</u>
	<u>1,093,529,695</u>	<u>818,248,248</u>
Details of bank deposits		
18.1 Bank deposits with original maturity of 3 months or less included under 'Cash and Cash equivalents'	30,000,000	16,855,900
Bank deposits due to mature within 12 months of reporting date included under 'Other bank balances'	27,107,871	57,971,929
Bank deposits due to mature after 12 months of reporting date included under 'Other non-current assets'	21,740,219	4,329,637
	<u>78,848,090</u>	<u>79,157,466</u>

19 Short-term loans and advances

Particulars	(Amount in Rs.)	
	As at 31 March 2016	As at 31 March 2015
<i>(Unsecured, considered good)</i>		
Advance income tax (net of provision for tax)	12,106,244	272,150,952
Security deposits	74,805,751	56,759,295
Balances with government authorities	13,571,543	610,859
Advances to suppliers	43,618,087	3,599,983
Loans and advances to related party (refer note 35.3)	15,059,079	-
<i>Other loans and advances</i>		
- Employee advances	67,085,642	41,513,646
- Travel advances	10,809,888	2,860,991
- Other advances	2,199,912	16,096,593
	<u>239,256,146</u>	<u>393,592,319</u>

20 Other current assets

Particulars	(Amount in Rs.)	
	As at 31 March 2016	As at 31 March 2015
Unbilled revenue	2,873,280,439	1,501,996,331
Prepaid expenses	164,725,500	43,139,608
Interest accrued but not due	2,377,386	1,673,276
	<u>3,040,383,325</u>	<u>1,546,809,217</u>



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21 Sale of services

Particulars	(Amount in Rs)	
	For the year ended 31 March 2016	For the period from 1 January 2014 to 31 March 2015
Staffing and recruitment services	27,860,106,314	21,420,993,805
Training services	700,968,424	201,195,750
Facility management and food services	3,718,713,009	3,008,573,891
Operation and maintenance	1,137,830,385	874,914,533
Software and solution business	932,524,832	164,890,941
	<u>34,350,142,864</u>	<u>25,670,568,920</u>

22 Other income

Particulars	(Amount in Rs)	
	For the year ended 31 March 2016	For the period from 1 January 2014 to 31 March 2015
Interest on term deposits	7,045,725	8,595,584
Liabilities no longer required written back	1,579,200	8,417,954
Provision no longer required written back	14,551,626	25,030,608
Profit on sale of fixed assets, net	95,378	395,852
Interest income on income tax refund*	56,704,274	16,049,615
Bad debts recovered	1,417,539	-
Foreign exchange gain, net	-	8,358,964
Miscellaneous income	2,868,086	7,035,897
	<u>84,261,822</u>	<u>74,384,474</u>

\* Interest income on income tax refund is based on the refund order received from Income tax department during the year. This includes an amount of Rs 8,160,064 (for the period from 1 January 2014 to 31 March 2015 : Nil) received during earlier periods.

23 Cost of material and stores and spare parts consumed

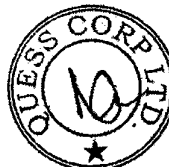
Particulars	(Amount in Rs)	
	For the year ended 31 March 2016	For the period from 1 January 2014 to 31 March 2015
Inventory of materials at the beginning of the year/ period	5,282,371	4,425,262
Add: purchases during the year/ period	494,398,286	523,506,388
Less: Inventory at the end of the year/ period	18,276,942	5,282,371
Cost of material and stores and spare parts consumed	<u>481,403,715</u>	<u>522,649,279</u>

24 Employee benefits expenses

Particulars	(Amount in Rs)	
	For the year ended 31 March 2016	For the period from 1 January 2014 to 31 March 2015
Salaries and wages	28,230,330,823	21,120,684,441
Contribution to provident and other funds	2,029,657,610	1,534,845,911
Staff welfare expenses	112,216,445	86,823,977
	<u>30,372,204,878</u>	<u>22,742,354,329</u>

25 Finance costs

Particulars	(Amount in Rs)	
	For the year ended 31 March 2016	For the period from 1 January 2014 to 31 March 2015
Interest expense	283,464,971	205,837,382
Other borrowing costs	24,433,542	12,459,395
	<u>307,898,513</u>	<u>218,296,777</u>





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27 Capital commitments

Particulars	Amount in Rs.	
	As at 31 March 2016	As at 31 March 2015
Estimated amount of contracts remaining to be executed on capital account and not provided for as at the balance sheet date.	3,063,845	-
	<u>3,063,845</u>	

28 Contingent liabilities and commitments

Particulars	Amount in Rs.	
	As at 31 March 2016	As at 31 March 2015
Affairs of Cumulative Preference Dividend	-	6,640
Provident fund	25,732,513	25,732,513
Bonus (refer note 42)	325,876,995	-
Direct and indirect tax matters *	115,867,488	7,977,846
	<u>467,476,996</u>	<u>33,716,999</u>

\* Includes balances pertaining to direct and indirect tax cases of Rs 109,093,234 acquired from ASPL.

Out of the disputed cases, service tax demands (including penalty and interest) pending with the Commissioner of Service Tax amounts to Rs 150,449,043 for the period October 2007 till March 2014. Against these disputed cases, ASPL had made a provision of Rs 53,214,555 till 1 April 2015. The balance amount of Rs 97,234,488 has been disclosed as contingent liability. The same represents the payment of Rs 97,234,488 made during the period October 2007 till March 2012 towards service tax collected from customers duly paid by the Company to the Service Tax authorities which has inadvertently not been considered by the Service Tax Department.

29 Earnings per share

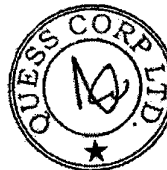
Particulars	Amount in Rs.	
	For the year ended 31 March 2016	For the period from 1 January 2014 to 31 March 2015
Nominal value of equity shares (Rs per share)	10	10
Net profit after tax for the purpose of earnings per share (Rs)	897,160,038	688,924,712
Weighted average number of shares used in computing basic earnings per share	113,215,610	92,294,525
Basic earnings per share (Rs)	7.92	7.46
Weighted average number of shares used in computing diluted earnings per share	115,421,839	115,701,641
Diluted earnings per share (Rs)	7.77	5.95

Computation of weighted average number of shares

Particulars	For the year ended 31 March 2016	For the period from 1 January 2014 to 31 March 2015
Number of equity shares outstanding at beginning of the year/ period	25,773,764	18,996,807
Number of equity shares outstanding at beginning of the previous year after right issue and bonus issue	-	20,762,088
- Adjustment of opening number of shares prior to right issue from 1 April 2015 to 22 December 2015 (25,773,764 * 1.09 * 265/366)	20,395,438	-
- Adjustment of opening number of shares post right issue from 22 December 2015 to 31 March 2016 (25,773,764 * 101/366)	7,112,432	-
Add: Weighted average number of equity shares issued during the year/ period	-	-
- 6,776,957 number of equity shares issued on conversion of compulsorily convertible preference shares on 10 November 2014 for 142 days	-	2,311,544
- Impact of bonus shares issued during the current year on conversion of compulsorily convertible preference shares on 10 November 2014 for 142 days	-	6,934,631
- Right issue of 2,560,000 number of equity shares issued on 22 December 2015 for 101 days	706,448	-
- Bonus issue of 85,001,292 number of equity shares issued on 5 January 2016	85,001,292	62,286,262
Add: Impact of potentially dilutive equity shares	113,215,610	92,294,525
- 6,776,957 number of compulsorily convertible preference share till the date of conversion i.e. 314 days from 1 January 2014 to 10 November 2014	-	5,111,441
- Impact of bonus shares issued during the current year on 6,776,957 number of compulsorily convertible preference share till the date of conversion i.e. 314 days from 1 January 2014 to 10 November 2014	-	15,334,324
- 871,000 number of ESOP to be issued after adjustment of bonus	-	2,961,351
- 2,729,428 number of ESOP including bonus at fair value	2,729,428	-
Weighted average number of shares outstanding at the end of year/ period	<u>115,421,839</u>	<u>115,701,641</u>

30 Payment to Auditors (net of service tax) included in legal and professional fees)

Particulars	Amount in Rs.	
	For the year ended 31 March 2016	For the period from 1 January 2014 to 31 March 2015
Statutory audit fees	7,100,000	5,000,000
Tax audit fees	700,000	1,000,000
Others	1,650,000	1,000,000
Out of pocket expenses	575,117	325,312
	<u>10,025,117</u>	<u>7,325,312</u>



Qeess Corp Limited and subsidiaries  
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 Notes to the consolidated financial statements for the year ended 31 March 2016

26 Other expenses

Particulars	(Amount in Rs)	
	For the year ended 31 March 2016	For the period from 1 January 2014 to 31 March 2015
Sub-contractor charges	323,767,536	229,404,117
Recruitment and training expenses	240,849,303	60,409,814
Rent (refer note 36)	287,431,348	193,871,002
Power and fuel	44,714,875	28,801,853
Repairs and maintenance		
- buildings	34,812,409	21,277,113
- plant and machinery	7,722,344	1,660,805
- others	140,770,970	22,093,484
Legal and professional charges	127,900,001	83,030,876
Rates and taxes	25,052,065	10,452,390
Printing and stationery	54,043,620	37,219,539
Consumables	48,542,362	41,926,054
Travelling and conveyance	225,476,636	198,206,152
Communication expenses	94,040,503	55,711,805
Provision for doubtful debts, net	24,861,242	21,391,860
Deposits and advances written off	13,698,198	1,000,000
Equipment hire charges	66,068,377	30,984,651
Insurance	19,402,350	11,770,772
Database access charges	18,354,156	16,030,311
Bank charges	3,694,378	8,031,852
Bad debts written off	-	3,794,073
Business promotion and advertisement expenses	21,564,820	7,151,712
Foreign exchange loss, net	864,087	-
CSR contributions	7,564,565	4,954,031
Share of loss from an investment in associate	-	3,064
Miscellaneous expenses	27,873,999	23,317,829
	<u>1,859,078,144</u>	<u>1,112,455,159</u>



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Notes to the consolidated financial statements for the year ended 31 March 2016

31 Earnings in foreign currency

Particulars	For the period from	
	31 March 2016	1 January 2014 to 31 March 2015
Staffing and recruitment services	151,842,968	402,158,360
Operation and maintenance	127,074,818	126,426,212
Software and solution business	150,087,582	56,872,748
	<u>429,005,368</u>	<u>585,457,320</u>

32 Unhedged foreign currency exposure

Foreign currency exposures on account of trade receivables not hedged by derivative instruments are as follows:

Particulars	As at 31 March 2016		As at 31 March 2015	
	Currency	Foreign currency Amount in Rs	Foreign currency	Amount in Rs
Trade receivables	USD	1,124,939	553,201	33,651,528
	EURO	22,819	1,720,439	

33 Expenditure in foreign currency

Particulars	For the period from	
	31 March 2016	1 January 2014 to 31 March 2015
Legal and professional fees	3,458,303	11,384,941
Travelling and conveyance	17,512,369	4,804,799
Rent	5,784,867	4,821,157
Communication expenses	156,138	893,901
Miscellaneous expenses	2,484,238	6,032,190
	<u>29,395,915</u>	<u>27,936,988</u>

34 Segment reporting

Business Segment

The Group's business is concentrated in various service offerings like temporary staffing services, executive search, contingency recruitment, housekeeping and facility management services, food services, skill development and training services and accordingly primary segment information is presented on the following service offerings:

- People and services
- Global technology solutions
- Integrated facility management
- Industrial asset management

Segment information is prepared in conformity with the accounting policies adopted for preparing and presenting the financial statements of the Group as a whole.

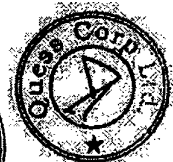
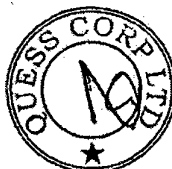
The Group has a corporate center, which provides various accounting and administrative support function. Segment information for this activity has been aggregated under "Unallocated".

Revenue identifiable to business segments have been disclosed under the respective business segment. Segment costs include employee benefit expense, cost of material consumed, recruitment and training expenses, stores and tools consumed, sub-contractor charges and operating expenses that can be allocated on a reasonable basis to respective segments.

Assets and liabilities in relation to segments are categorized based on items that are individually identifiable to that segment. Certain assets and liabilities are not specifically allocable to individual segments as these are used interchangeably. The Group therefore believes that it is not practicable to provide segment disclosures relating to such assets and liabilities and accordingly these are separately disclosed as 'unallocated'.

Business segment information for the period from 1 April 2015 to 31 March 2016 is as follows:

Particulars	People and services	Global technology solutions	Integrated facility management	Industrial asset management	Unallocated	Total
Segment revenue	19,498,466,373	9,211,243,499	3,718,713,009	1,921,717,783		34,350,142,564
Segment cost	(18,319,431,970)	(8,526,116,402)	(3,497,504,788)	(1,712,267,149)	(132,868,418)	(32,712,678,727)
Segment result	679,034,503	685,127,097	221,208,221	209,450,634	(132,868,418)	1,637,463,827
Other income	139,113	5,629,618	5,463,578	12,321,695	60,707,818	84,261,822
Finance charges					(307,898,313)	(307,898,313)
Depreciation	(49,043,365)	(32,810,798)	(46,687,922)	(11,647,201)		(160,189,286)
Profit before taxation	630,140,831	613,947,917	179,983,867	208,223,128	(308,699,113)	1,333,637,850
Taxation					(126,477,812)	(126,477,812)
Profit after taxation	630,140,831	613,947,917	179,983,867	208,223,128	(282,221,301)	1,333,637,850
Segment assets	3,315,659,700	4,724,509,910	1,411,883,727	718,675,851	1,197,959,227	12,378,678,615
Segment liabilities	2,376,795,590	1,544,663,717	381,891,808	144,345,833	4,675,949,908	9,323,845,876
Capital expenditure	98,608,363	86,824,487	24,446,376	9,040,381	8,555,311	227,475,320



**Quest Corp Limited and subsidiaries**  
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**Notes to the consolidated financial statements for the year ended 31 March 2016**

Business segment information for the period from 1 January 2014 to 31 March 2015 is as follows:

Particulars	People and services	Global technology solutions	Integrated facility management	Industrial asset management	Unallocated	Total
Segment revenue	14,035,422,903	7,355,981,311	3,008,573,891	1,270,590,785	-	25,670,568,920
Segment cost	(12,618,564,897)	(6,796,918,375)	(2,818,335,368)	(1,114,077,238)	(89,651,872)	(24,337,498,783)
Segment result	1,416,858,006	559,062,936	190,238,523	156,513,547	(89,651,872)	1,393,076,433
Other income	617,117	16,252,367	18,075,326	26,285,115	13,154,349	74,384,474
Finance charges	-	-	-	-	(218,296,777)	(318,296,777)
Depreciation	(27,670,062)	(25,711,672)	(45,072,148)	(2,952,467)	-	(101,411,354)
Profit before taxation	389,884,691	609,683,729	163,236,701	179,896,179	(394,798,200)	1,047,746,896
Taxation	-	-	-	-	(358,821,784)	(358,821,784)
Profit after taxation	389,884,691	609,683,729	163,236,701	179,896,179	(653,619,984)	488,924,712
Segment assets	2,001,076,854	2,746,887,820	736,561,408	861,693,228	783,783,712	7,178,973,822
Segment liabilities	933,088,881	963,559,477	294,048,698	278,254,867	2,201,775,484	4,671,637,727
Capital expenditure	103,203,013	14,881,461	17,898,020	13,522,266	-	149,504,760

Geographic Segment

Geographic segments	Revenue		Segment assets	
	For the period from		As at	
	1 April 2015 to 31 March 2016	1 January 2014 to 31 March 2015	31 March 2016	31 March 2015
- in India (domestic)	79,441,008,302	23,220,952,543	9,633,752,055	6,190,842,703
- outside India (export)	4,909,134,262	2,449,616,377	2,724,926,560	981,130,319
Total	34,350,142,564	25,670,568,920	12,378,678,615	7,178,973,822

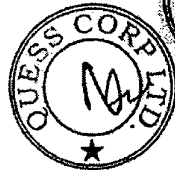
35 Related party disclosures

35.1 Name of related parties and description of relationship:

- Ultimate Holding Company: Fairfax Financial Holdings Limited
- Holding Company: Thomas Cook (India) Limited
- Subsidiaries:
  - Coachive Solutions Private Limited
  - MFx Infotech Private Limited
  - Brainhunter Systems Ltd., Canada
  - Mindwire Systems Ltd., Canada [formerly known as ZYLOG SYSTEMS (OTTAWA) LTD.]
  - Brainhunter Companies Canada Inc., Canada
  - Brainhunter Companies LLC, USA
  - Quest (Philippines) Corp (formerly known as Magna Ikya Infotech Inc., Philippines)
  - Quest Corp (USA) Inc. (formerly known as Magna Infotech Inc.)
  - Questcorp Holdings Pte. Ltd., Singapore
  - Questglobal (Malaysia) Sdn. Bhd. (formerly known as Brainhunter Sdn. Bhd., Malaysia)
  - Aravon Services Private Limited (formerly known as ARAMARK India Private Limited)
  - Ikya Business Services (Private) Limited
  - MFxchange Holdings Inc., Canada
  - MFxchange (Ireland) Limited
  - MFxchange US, Inc.
  - MFx Rosnoke Inc, USA (merged with MFxchange US, Inc. effective 31 December 2015)
- Fellow subsidiary: National Collateral Management Services Limited (w.e.f. 19 August 2015)  
Fairfax (US) Inc.
- Entity having common directors: Net Resources Investments Private Limited
- Entities in which key managerial personnel has significant influence: Styracorp Management Services  
IME Consultancy

Key executive management personnel

- |                   |   |
|-------------------|---|
| Ajit Isaac        | Chairman & Managing Director & CEO                      |
| Subrata Nag       | Wholetime Director & CFO                                |
| Rashmi Gupta      | Company Secretary (from 28 April 2014 to 24 March 2015) |
| N.V.S.Pavan Kumar | Company Secretary (from 26 March 2015)                  |



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35.2 Related party transactions during the year / period

Particulars	(Amount in Rs)	
	For the year ended 31 March 2016	For the period from 1 January 2014 to 31 March 2015
<b>Revenue from operations</b>		
Thomas Cook (India) Limited	173,248,231	139,948,983
Net Resources Investments Private Limited	-	191,280
National Collateral Management Services Limited	101,673,561	-
<b>Other expenses</b>		
- Travelling and conveyance	28,216,010	30,858,570
- Rent	31,420,692	20,332,392
<b>Finance costs</b>		
- Interest expense	2,029,459	-
<b>Purchase consideration (refer note 46)</b>		
- Purchase consideration paid	3,376	3,064
- Additional consideration	322,115,388	-
<b>Short-term loans and advances</b>		
- Loan given	15,059,079	-
<b>Short-term borrowings</b>		
- Short-term advances received from ultimate holding company	396,631,597	34,663,860
- Short-term advances repaid to ultimate holding company	280,065,457	-
<b>Right renunciation</b>		
Thomas Cook (India) Limited	**	-
Ajit Isaac	**	-

\*\*Renunciation of right issues

During the year, the Company vide its Board meeting dated 6 November 2015, has offered 2,560,000 equity shares of Rs 10 each on right basis, in pursuance of the requirement of section 62 of the Companies Act, 2013 read with the Companies (Share capital and Debentures) Rules 2014 in the ratio of 0.099 equity shares for every equity share held in the Company as on date to the existing shareholders. Thomas Cook (India) Limited has resolved not to subscribe to the right issue and has obtained the shareholders approval on 12 December 2015 and accordingly a resolution of renunciation was approved by the Board of Directors of the Thomas Cook (India) Limited vide circular resolution dated 18 December 2015 for renouncing 1,957,302 equity shares in favour Net Resources Investments Private Limited (a company owned by Mr Ajit Isaac). On 21 December 2015, Mr. Ajit Isaac renounced his rights of 461,516 shares in favour of Net Resources Investments Private Limited.

35.3 Balance receivable from and payable to related parties as at the balance sheet date:

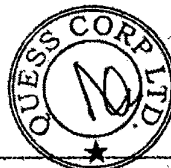
Particulars	(Amount in Rs)	
	As at 31 March 2016	As at 31 March 2015
<b>Trade receivables</b>		
Thomas Cook (India) Limited	29,144,270	14,139,953
Net Resources Investments Private Limited	-	214,923
<b>Trade payables</b>		
Thomas Cook (India) Limited	1,523,999	2,194,187
<b>Long-term provisions</b>		
Fairfax Financial Holdings Limited	322,391,371	-
<b>Short-term borrowings</b>		
Fairfax Financial Holdings Limited	51,230,000	34,663,860
Fairfax (US) Inc.*	265,020,000	-
<b>Short-term loans and advances</b>		
Synacorp Management Services	15,059,079	-

\* Balance acquired on acquisition of MFExchange Holdings Inc. (refer note 46)

35.4 Remuneration paid to key managerial personnel\*

Particulars	(Amount in Rs)	
	For the year ended 31 March 2016	For the period from 1 January 2014 to 31 March 2015
Ajit Isaac	14,520,000	14,898,351
Subrata Nay	9,075,000	8,898,287
N. V. S. Pavan Kumar (from 26 March 2015)	2,740,000	-
Rashmi Gupta (from 28 April 2014 to 24 March 2015)	-	1,050,000
	<u>26,335,000</u>	<u>24,846,638</u>

\* Managerial remuneration does not include cost of employee benefits such as gratuity and compensated absences since provision for these are based on an actuarial valuation carried out for the Company as a whole.



36 Leases

*Operating leases*

The Group is obligated under cancellable and non-cancellable lease for office and residential premises, which are renewable at the option of lessor and lessee. Total rental expense under cancellable and non-cancellable operating leases for the year ended 31 March 2016 amounted to Rs 114,254,676 (for the period ended 31 March 2015 : Rs 38,821,002) and Rs 173,176,672 (for the period ended 31 March 2015 : Rs 153,050,000) respectively.

Non-cancellable operating lease rentals payable (minimum lease payments) under these leases are as follows:

Particulars	Amount in Rs.	
	As at 31 March 2016	As at 31 March 2015
Payable within 1 year	240,324,782	109,861,505
Payable between 1-5 years	384,899,994	208,008,464
Payable later than 5 years	64,350,896	50,070,193

*Finance leases*

The Group has purchased assets under finance lease. Future minimum lease payments under finance lease obligations are as follows:

Particulars	Amount in Rs.	
	As at 31 March 2016	As at 31 March 2015
Payable within 1 year	125,820,364	-
Payable between 1-5 years	193,357,664	-
Total	319,178,228	-
Less : Finance charges	(22,188,268)	-
Present value of minimum lease payments	296,989,960	-

37 Gratuity Plan

The following table sets out the status of the gratuity plan as required under Accounting standard (AS) 15 "Employee Benefits" prescribed by Companies Act 2013:

Reconciliation of the projected benefit obligations

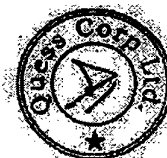
Particulars	Amount in Rs.	
	For the year ended 31 March 2016	For the period from 1 January 2014 to 31 March 2015
<i>Change in defined benefit obligation</i>		
Obligation at the beginning of the year/ period	106,281,244	13,102,428
Balances on acquisition	11,592,105	67,299,880
Current service cost	233,573,349	20,866,940
Interest cost	9,057,730	6,104,044
Benefit settled	(3,084,870)	(10,250,051)
Actuarial (gain)/ loss	(81,569,153)	9,158,003
Obligation at the end of the year/ period	275,858,405	106,281,244

*Change in plan assets*

Plan assets at the beginning of year/ period, at fair value	44,007,499	1,375,812
Balances on acquisition	8,465,350	37,474,260
Expected return on plan assets	4,204,492	2,931,954
Contributions	26,058,582	10,873,173
Benefit settled	(17,705,608)	(8,982,450)
Actuarial (loss)/ gain	(3,902,028)	334,750
Plan assets at the end of year/ period, at fair value	61,128,287	44,007,499

Reconciliation of present value of the obligation and the fair value of the plan assets

Particulars	Amount in Rs.	
	For the year ended 31 March 2016	For the period from 1 January 2014 to 31 March 2015
Fair value of plan assets at the end of the year/ period	(61,128,287)	(44,007,499)
Present value of the defined benefit obligations at the end of the year/ period	275,858,405	106,281,244
Liability recognised in the balance sheet	214,730,118	62,273,745
Current	152,183,206	878,664
Non-current	62,546,912	61,395,081



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Gratuity cost for the year/ period

Particulars	For the period from	
	For the year ended 31 March 2016	1 January 2014 to 31 March 2015
Current service cost	233,573,349	20,866,940
Interest cost	9,057,730	6,104,044
Return on plan assets	(4,204,492)	(2,931,954)
Actuarial (gain)/ loss	(77,667,125)	8,823,253
Net gratuity cost*	160,759,462	32,862,283

\* Gratuity cost for the year ended 31 March 2016 includes costs aggregating Rs 74,539,660 relating to previous years. The cost pertaining to billable employees is recognized as revenue in the current year.

Assumptions

Particulars	For the period from	
	For the year ended 31 March 2016	1 January 2014 to 31 March 2015
Interest rate	7.38% - 7.80%	7.80% - 9.25%
Discount rate	7.38% - 7.80%	7.80% - 9.25%
Estimated rate of return on plan assets	7.38% - 8.00%	8.75%
Salary increase	6.00% - 10.00%	6.00% - 10.00%
Attrition rate	30.00% - 70.00%	8.00% - 15.00%
Retirement age	58 years	58 years

The estimate of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors such as supply and demand factors in the employment market.

History of defined benefit obligations and experience (gains) and losses

Particulars	As at		As at		As at	
	31 March 2016	31 March 2015	31 December 2013	31 March 2013	31 March 2012	31 March 2012
Defined benefit obligation	275,850,405	106,281,244	13,102,428	11,935,799	7,315,784	
Plan assets	61,128,287	44,007,499	1,375,812	90,558		
Surplus/ (Deficit)	(214,722,118)	(62,273,745)	(10,747,317)	(8,661,167)	(7,315,784)	
Experience adjustments on plan liabilities	(52,001,445)	(6,662,940)	47,332	(54,746)	332,064	
Experience adjustments on plan assets	3,902,038	(334,750)				

38 Set out below is the movement in provision balances in accordance with paragraphs 66 and 67 of Accounting Standard 29, 'Provisions, Contingent Liabilities and Contingent Assets'

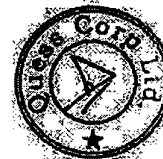
Particulars	(Amount in Rs)			
	Additional consideration for acquisition (refer note 46)	Disputed claims	Warranty*	Onerous contracts**
Balance as at 1 April 2015		22,626,824	12,000,000	1,077,806
Add: Provision as part of acquisition of subsidiary (refer note 45 and 46)	322,115,388	53,214,555		
Add: PCTA adjustment on transition	275,983			
Less: Utilisation/ reversal during the year			(12,000,000)	(1,077,806)
Closing balance as at 31 March 2016	322,391,371	75,841,379		

\*Warranty provision of Rs 12,000,000 was created for the projects to make good for any defects identified. During the year, the project on which warranty was provided was completed, hence reversed.

\*\*Onerous contract provision is created for project where the estimated cost of the project will be more than the economic benefits derived by the Group. In the current year provision was reversed on completion of project.

39 Does to micro, small and medium enterprises

The Ministry of Micro, Small and Medium Enterprises has issued an Official Memorandum dated 26 August 2008 which recommends that the Micro and Small Enterprises should mention in their correspondence with its customers the Entrepreneurs Memorandum Number as allocated after filing of the Memorandum. However, the Group does not have any amounts payable to such enterprises as at 31 March 2016 based on the information received and available with the Group. Also the Group has not received any claim for interest from any supplier under the Micro, Small and Medium Enterprises Development Act, 2006.



40 Employee stock options

The Company has introduced the 'IKYA Employee Stock Option Scheme 2009' ('the Option Scheme 2009') and has issued stock options on its own shares to specified employees of the Company. The scheme was approved by the Board of Directors in its meeting held on 19 November 2009. The Option Scheme 2009 provides for the creation and issue of 5,200,000 options (bonus adjusted) that would eventually convert into equity shares of Rs 10 each in the hands of the employees. The options has a vesting schedule over a three year period and are exercisable only upon the occurrence of the liquidity event. The scheme defines liquidity event as an initial public offering by the Company (or one of its subsidiaries) or dilution of voting right below majority of the existing shareholders. The exercise price of these stock options is Rs 10. All outstanding options were vested as 31 March 2015. As at 31 March 2016, the Company has 682,382 option outstanding. The cost of stock options have been accounted under intrinsic value over vesting period.

The movement of stock options are as follows:

Particulars	For the year ended 31 March 2016	For the period from 1 January 2014 to 31 March 2015
Number of options		
Options outstanding at beginning of the year/period	871,000	871,000
Less: Forfeited/ Lapsed during the year/period	(188,618)	
Options outstanding at end of the year/period	682,382	871,000
Options exercisable at the end of the year/period (including impact of bonus)	2,729,528	

During the year, 188,618 options was forfeited and resultant an amount of INR 12,655,983 was transferred from Share option outstanding account to General Reserve. Further, as detailed in note 2, the Company has issued Bonus shares and accordingly has passed a resolution vide its board meeting dated 22 December 2015 that the bonus will be equally applicable to the option holders at the time of exercise. Resultantly, 682,382 options will be converted into 2,729,528 shares at the time of exercise.

The Company, pursuant to resolutions passed by the Board and its Shareholders, resolutions dated 22 December 2015 and 23 December 2015, respectively, adopted Ques Corp Limited Employee Stock Option Scheme 2015 ('ESOP 2015'). Pursuant to ESOP 2015, options to acquire equity shares may be granted to eligible employees (as defined in ESOP 2015). The aggregate number of equity shares, which may be issued under ESOP 2015, shall not exceed 1,900,000 equity shares (bonus adjusted). The Company has not granted any options till 31 March 2016 under ESOP 2015 scheme.

41 Details of non-current investment purchased during the year:

Investments in equity instruments:

Particulars	No. of shares acquired	Face value per unit	As at 1 April 2015	Additions during the year	Sold during the year	As at 31 March 2016
KMG Infotech Ltd #	200,000	Rs.10		16,549,575		16,549,575

Other non-current investments:

Particulars	No. of shares acquired	Face value per unit	As at 1 April 2015	Additions during the year	Sold during the year	As at 31 March 2016
Styracorp Management Services*	NA	NA		13,224,490		13,224,490
IME Consultancy*	NA	NA		6,775,510		6,775,510

# Investments in KMG Infotech Ltd has been acquired through the acquisition of MFExchange Holdings Inc. (Refer note 46)

\* Styracorp Management Services ("Styra") and IME Consultancy ("IME") are sole proprietorship establishments incorporated in Dubai, United Arab Emirates.

On 5 December 2015, Quescorp Holdings Pte. Ltd ("QHP"), a subsidiary of the Company acquired 100% beneficial ownership in Styra and IME for INR 20 million and entered into business transfer agreement to assist in executing the beneficial ownership agreement, trust deeds, power of attorneys or other agreement, deeds or documentation in favor of QHP.

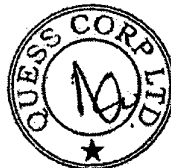
The Group, based on a legal advice received from an external lawyer of Dubai, has not consolidated these entities as the Management believe that these entities will continue to operate as sole establishments under the registered ownership of and professional licenses held by Ajit Isaac, in accordance with applicable laws of United Arab Emirates. The Group only holds the beneficial rights, title and interests and benefits derived therefrom assets and business of such entities, and does not directly or indirectly hold any voting power in these entities.

42 Bonus as per Bonus (Amendment) Act, 2015

The Payment of Bonus (Amendment) Act, 2015 (hereinafter referred to as the Amendment Act 2015) has been enacted on December 31, 2015 according to which the eligibility criteria of salary or wages has been increased from Rs 10,000 per month to Rs 21,000 per month (section 2(13)) and the ceiling for computation of such salary or wages has been increased from Rs 3,300 per month to Rs 7,000 per month or the minimum wage for the scheduled employment, as fixed by the appropriate government, whichever is higher. The reference to scheduled employment has been linked to the provisions of the Minimum Wages Act, 1948. The Amendment Act 2015 is effective retrospectively from 1 April 2014. Based on the same, the Group has computed the bonus for the year ended 31 March 2015 and 31 March 2016 aggregating Rs 325,876,995 and Rs 453,637,437 respectively.

For the year ended 31 March 2016, the Group has accrued a provision for Rs 453,637,437 in the books with a corresponding recognition of revenue based on the contractual terms and conditions of the agreement with the customers.

For the period ended 31 March 2015, the Group has obtained a legal opinion from an external lawyer and advised to take a position that the stay granted by the two High Courts of India on the retrospective application of the amendment would have a persuasive effect even outside the boundaries of the relevant states and accordingly no provision is currently required. The same if incurred by the Group will be billed back to customers including service charges.





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43 Corporate Social Responsibility

During the year ended 31 March 2016, the amount required to be spent by the Group on corporate social responsibility activities amounts to Rs 7.46 million in accordance with Section 135 of the Companies Act, 2013. However, the Group had incurred expenditure amounting to Rs 7.56 million during the year.

44 During the year, the Group has performed the reconciliations of tax provision created as per books of accounts with the income tax provisions filed in its return of income for the completed assessment years and written back additional provision aggregating Rs 64,564,102.

45 Acquisition of Aravon Services Private Limited (formerly known as Aramark India Private Limited)

During the year, the Company has entered into a Share Purchase Agreement (SPA) dated 12 February 2015, with Aramark India Holdings LLC, and Aramark Senior Notes Company for acquiring 100% stake in Aravon Services Private Limited for a consideration of Rs 100. The effective date of acquisition was 1 April 2015. Pursuant to the acquisition, the Company has acquired the following assets and liabilities which has resulted in a capital reserve of Rs 29,055,793.

Particulars	Amount in Rs
Fixed assets	22,165,640
Long term loans and advances	29,520,406
Inventories	2,911,056
Trade receivables	73,547,471
Cash and cash equivalents	19,448,899
Short-term loans and advances	13,052,828
Current assets and non-current assets	13,052,828
<b>Total assets (A)</b>	<b>175,673,424</b>
Long term provisions	53,214,555
Trade payables	10,990,512
Other current liabilities	75,591,896
Short-term provisions	7,219,568
<b>Total liabilities (B)</b>	<b>146,616,531</b>
Net assets acquired (C) = (A)-(B)	29,055,893
Less: purchase consideration (D)	100
<b>Capital reserve (E) = (C)-(D)</b>	<b>29,055,793</b>

46 Acquisition of MFExchange Holdings Inc.

During the previous period, the Company through its wholly owned subsidiary Quest Corp (USA) Inc. entered into a Share Purchase Agreement ("SPA") with Fairfax Financial Holdings Limited (the holding company) to acquire MFExchange Holdings Inc. ("MFEX"). As per the terms of the SPA, Quest Corp (USA) Inc. acquired 49% of the common shares for USD 49 with a condition to acquire remaining 51% for USD 51 and an additional consideration of 40% of the net income of MFEX group for each of the calendar years beginning on 1 January 2015 and ending on 31 December 2015, 31 December 2016, 31 December 2017, 31 December 2018 and 31 December 2019 respectively ("Additional Consideration").

Based on the same, Quest Corp (USA) Inc. in the current year has acquired remaining 51% of shares and resultantly MFEX group became the wholly owned subsidiary effective 1 January 2016. The additional consideration is estimated at Rs 322,115,388. The payment of additional consideration will depend on the actual audited results of MFExchange group. The aforesaid acquisition has resulted in goodwill of Rs 931,079,304 which is presented below.

Particulars	Amount in Rs
Fixed assets	252,459,320
Non-current investments	16,549,575
Trade receivables	92,881,899
Cash and cash equivalents	114,958,293
Short-term loans and advances	52,636,297
Current assets and non-current assets	65,978,395
<b>Total assets (A)</b>	<b>595,463,779</b>
Short-term borrowings	264,793,200
Other long-term liabilities	159,020,041
Trade payables	182,732,944
Other current liabilities	592,525,052
Short-term provisions	5,353,082
<b>Total liabilities (B)</b>	<b>1,204,424,319</b>
Net assets acquired (C) = (A)-(B)	(608,960,540)
Less: purchase consideration (D)	3,376
Less: additional consideration (E)	322,115,388
<b>Goodwill (F) = (E)-(D)-(C)</b>	<b>931,079,304</b>



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 Notes to the consolidated financial statements for the year ended 31 March 2016

**47 Statement showing amount of net assets, net assets as a percentage of consolidated assets, amount of share in profit or loss and share in profit or loss as a percentage of consolidated profit and loss**

Entity	Percentage consolidated	Net assets in Rs*	Net assets % to consolidated assets	Share in profit or loss in Rs*	Share in profit or loss %
<b>Parent</b>					
Quest Corp Limited	100%	4,367,168,858	126.37%	914,543,523	101.94%
<b>Subsidiaries - India</b>					
Araven Services Private Limited	100%	46,996,311	1.36%	19,847,285	2.21%
CoachEye Solutions Private Limited	100%	6,693,267	0.18%	(17,430,377)	-4.17%
INFEX Infotech Private Limited	100%	(17,154,423)	-0.50%	(55,361,776)	-6.17%
<b>Subsidiaries - Foreign</b>					
Quest (Philippines) Corp	100%	36,746,520	1.06%	13,158,727	1.47%
Brainhunter Systems Ltd.	100%	(345,358,917)	-10.01%	(86,823,277)	-9.68%
Quest Corp (USA) Inc	100%	(322,672,617)	-9.34%	7,595,168	0.29%
Questcorp Holdings Pte Ltd	100%	36,521,751	1.11%	(459,918)	-0.05%
Questglobal (Malaysia) SDN BHD	100%	14,970,450	0.43%	(659,736)	-0.07%
MFExchange Holdings Inc, Canada	100%	(369,078,381)	-10.68%	127,749,919	14.24%
Ulya Business Services (Private) Limited	100%		0.00%		0.00%
<b>Total</b>		<b>3,455,833,539</b>		<b>897,160,038</b>	

\* Amounts are after intercompany eliminations

- 48 During the previous period, the Company acquired 100% interest in Brainhunter Systems Ltd., Canada ("BSL") from ICICI Bank India. Prior to acquisition of BSL by the Company, equity shares of BSL were originally owned by Zylog Systems Limited ("ZSL") and were pledged in favour of ICICI Bank as security for loans availed by ZSL from ICICI Bank. ZSL defaulted on loan repayments and ICICI Bank invoked the pledge and sold the shares to the Company

During the previous period, the Company has received a notice from the official liquidator of Zylog, alleging that the acquisition of the equity shares of BSL by the Company was not in accordance with law and therefore void-ab-initio, as such sale and transfer of the equity shares of BSL had taken place subsequent to an order passed by the Honorable Madras High Court appointing the official liquidator for ZSL, liquidation. Further, the Company has also received letter from the RBI stating its inability to take on record the transfer of the equity shares of BSL until the winding up proceedings of ZSL have been completed and resolved. The Company is of the view, that they have a strong case and has taken a legal opinion.

The legal opinion reiterates that the case does not have merit and the sale is bonafide on the basis of the following:

- There is adequate precedent that upholds the principle that a secured creditor can independently exercise his rights outside winding up proceedings;
- ICICI Bank has enforced its security to realize its rights as a secured creditor and the sale is in compliance with Canadian law; and
- That the sale of equity shares of Brainhunter is not prejudicial to the parties and that the same has been undertaken in accordance with the provisions of the law

The Company has also obtained opinion from Canadian legal counsel which has confirmed that the acquisition is appropriate from a Canadian jurisdiction perspective.

Based on the legal opinions the management believes that the acquisition of BSL is appropriate.

**49 Subsequent events**

On 14 October 2015, Questcorp Holdings PTE Ltd., entered into a share purchase agreement to acquire 100% equity in Randstad Lanka (Private) Limited, a company that offers staffing and human resource solutions in Sri Lanka, for a consideration of Rs 37.91 million (LKR 85.15 million). The proposed acquisition got completed on 26 April 2016.

- 50 Financial statements for the year ended 31 March 2016 is not strictly comparable as the previous financial statements was for fifteen month period ended 31 March 2015. Further, the current year financials includes the results of the acquisition as described in note 45 and 46.

As per our report of even date attached  
 for B S R & Associates LLP  
 Chartered Accountants  
 Firm's Registration No.: 116231 W/W-100024

*Channur*

Vivek Dhawan  
 Partner  
 Membership No.: 092094

Place: Bengaluru  
 Date: 17 May 2016

for and on behalf of Board of Directors of  
 Quest Corp Limited  
 (formerly known as IKYA HUMAN CAPITAL SOLUTIONS LIMITED)

*N.V.S. Pavan Kumar*  
 N.V.S. Pavan Kumar  
 Chairman & Managing Director &  
 CEO  
 DIN: 00087168

*N.V.S. Pavan Kumar*  
 N.V.S. Pavan Kumar  
 Company Secretary  
 Membership No.: A17010

*Subrata Neg*  
 Subrata Neg  
 Wholesale Director &  
 CFO  
 DIN: 02234000

